



Prime Minister

To note.

PRIME MINISTER

MUS 25/11

LOCAL AUTHORITY CURRENT EXPENDITURE 1983-84 and 1984-85

Cabinet on 12 November provisionally agreed a total of £18 billion for local authority relevant current expenditure in England in 1982-83. Since then I have discussed the totals for 1983-84 and 1984-85 with colleagues and I am writing now to record what we have agreed.

2. As you know, I proposed in my paper to Cabinet on 20 October C(81)51, that we should plan for real reductions in local authority relevant current expenditure of 2% a year in 1983-84 and 1984-85. We agreed that this would give local authorities a clear signal of our determination to secure future cuts in spending despite the substantial readjustment for 1982-83. On the basis of a total of £18000 million for England in 1982-83, the total for 1983-84 is £18698 million and for 1984-85, £19240 million. The consequences of these totals for Scotland and Wales are, using the formula, increases of £90 million and £41 million for Scotland and £45 million and £21 million for Wales.

3. The distribution of these two totals between services, which we will publish in the White Paper, caused us more difficulty. It is desirable to give local authorities an indication of the Government's policy objectives for the different services but, on the other hand, our primary aim must be to deliver our target for the total of local authority spending. The following service distributions of the target reductions have therefore been agreed, but it is proposed that they should be described as provisional in the White Paper:

	<u>1983-84</u>	<u>1984-85</u>
MAFF	80	80
Trade	49	50
Employment	66	68
Transport	1484 =	1537 =
? DOE - housing	95	98 ?
DOE - other environmental services	2258	2327
Home Office	2949	3089
Education	9435 =	9589 =
Office of Arts and Libraries	310	320
Personal social services	1972	2082
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Total	18698	19240

These are the services totals that will be included in the White Paper chapters on programmes (although Keith Joseph may wish to make a small change in the provision between Arts and Libraries and Education without altering the combined total). Of course, we will look again at these figures in the normal way during next year's survey.

4. I am sending copies of this letter to all members of the Cabinet and Sir Robert Armstrong.

L.B.

LEON BRITTAN  
24 November 1981