

Econ Pol  
Public Exp Pt 20



Prime Minister

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cc JV

4 pps

PRIME MINISTER

Please also see the  
two minutes from Mr Nott and one from  
Sir D Rayner (attached). I see little  
alternative but to postpone a Cabinet  
discussion at X, given that you will  
not wish to confuse the Sept 9 long-term

END-YEAR FLEXIBILITY FOR PUBLIC EXPENDITURE PROGRAMMES public expenditure  
discussion with this

The Secretary of State for Defence sent me a copy of his minute  
to you of 20 July. - attached to Pt 20

issue.

Agree?

Yes not

PLS 22/3

pt 19 — 2. I fear he has misunderstood the point of my memorandum  
C(82)29 about end-year flexibility. I was not recommending a  
scheme for flexibility. I was reporting to Cabinet, as required  
by an earlier remit, the work which has been done by officials  
in drawing up such a scheme.

3. The report is worded neutrally. It outlines the kind of  
scheme which might be practicable if it could be afforded. But  
as I said in my covering note, allowing the carry-forward of  
underspending would add to total public expenditure.

4. The Treasury view (which I realise Ministry of Defence  
officials do not fully share) is that the cost of the limited  
scheme described in the paper would be of the order of £300 -  
£450 million a year. The Cabinet decisions on public expenditure  
on 15 July precludes an addition of this size to the existing  
planning totals.

5. I hope therefore that the Secretary of State will not press  
his argument. But if he must, I suggest that a decision should  
be reserved until October, when I report back to Cabinet on the  
results of my bilateral discussions with spending Ministers, and  
we can see more definitely the overall position for 1983-84 and

later years. I must advise against a separate discussion now of end-year flexibility for only one Department, because it would involve taking decisions out of their proper context.

6. I am sending a copy of this minute to the Secretary of State for Defence and to Sir Robert Armstrong.

L.B.

LEON BRITTAN  
22 July 1982



22 JUL 1982



COLLECTOR