

Development
in Kuwait
£7m

B/F



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10 DOWNING STREET

From the Private Secretary

21 April 1983

Revised Estimate of the PSBR Outturn 1982/83

The Prime Minister and Chancellor had a word yesterday afternoon about the revised outturn of £9.2 billion for the PSBR 1982/83. On the defence expenditure element of this, the Prime Minister understands that the last instruction from the Treasury to the MOD before the Budget was one seeking the elimination or minimisation of the underspend; but that the Ministry of Defence, while complying energetically with this request, were at the same time continuing to forecast a substantial underspend until well after the Budget.

B/F | The Prime Minister wants action to be taken to ensure no repetition of this situation in future years, which seems to her to be wide open to misunderstanding. She has enquired whether a Department which is predicting an underspend can be asked to take action designed to bring its prediction true, or whether this would be unacceptable, since it would in effect be to ask the Department concerned to accept a revised, and lower, cash limit.

I would be grateful if you would let me have a note on these points.

I am sending a copy of this letter to Richard Mottram (Ministry of Defence).

M. C. SCHOLAR

John Kerr Esq
HM Treasury.

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