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For Pal.

10 DOWNING STREET

From the Private Secretary

20 June 1980

Dear George,

British Council

The Prime Minister had a word with the Chancellor of the Exchequer this afternoon about Sir Robert Armstrong's minute of 17 June on the above subject.

The Chancellor said that he reluctantly agreed that the base figure for the British Council's Core Budget in 1983/84 should be £38 million at 1979 Survey prices, and that the extra £3 million required should be met from the contingency reserve. This was subject to the proviso, however, that if the Seebohm Review showed there was scope for further staff savings, the Treasury would have the right to review the Core Budget provision.

The Prime Minister said that departments should proceed on this basis.

I am sending copies of this letter to Martin Hall (HM Treasury), Murdo Maclean (Chief Whip's Office), Colin Munro (Foreign and Commonwealth Office), Geoffrey Green (Civil Service Department), Keith Long (Department of Trade) and David Wright (Cabinet Office).

Yours ever,

Tim Latham.

George Walden, Esq.,
Foreign and Commonwealth Office.

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