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Announced to  
Christ Seaberg  
The Chancellor and  
Mr Atkins have reached  
agreement on a call  
on the Contingency Reserve  
(£35m plus a possible £13m)  
Agree subject to any  
objections from whom?

PRIME MINISTER

ms

NORTHERN IRELAND: CLAIM ON THE CONTINGENCY RESERVE

The Secretary of State for Northern Ireland wrote to me on 4 July making a claim on the Contingency Reserve because of ... particular resource problems he faces this year (I enclose a copy of his letter). Following detailed examination of the claim between our respective officials, I have discussed the position with Humphrey Atkins and this minute reports the outcome. 12  
30/7

2. In his letter, the Secretary of State said that the difficulties arose mainly on the industrial development front and he quantified them "as of the order of £50 million". In fact, further consideration has revealed the gap between requirements and resources to be nearer £60 million. This of course represents a major claim and, as you know, the position on the Reserve this year is very tight and causes me considerable concern. In these circumstances it is essential that we take a rigorous approach to any proposal that involves additional expenditure on programmes.

3. The problem facing the Secretary of State before he put forward his claim involved sums considerably larger than the £60 million. But the bid has been held to that figure by some difficult decisions involving the elimination of demands totalling about £85 million and the reallocation of sums totalling about £50 million. By doing this he has gone a long way to close the gap foreseen this year between the resources available to him and the demands likely to be made on them. I am



satisfied that there is no scope for the Secretary of State to make further major reductions but he has agreed to find a further £6 million.

4. In the light of our discussion, I am prepared to make available £35 million from the Reserve. This does not include finance for the De Lorean car project, which I deal with below.

5. The Secretary of State's claim includes additional finance of £19 million for the De Lorean car project which involves the creation of up to 2000 new jobs in West Belfast. The case for providing additional finance has been put to E(EA) Committee and I have agreed that this should depend on their decision. If the Committee decides that further funds should be made available to the project on merits, I have agreed with the Secretary of State that a further £13 million should be allowed this year as a separate claim on the Contingency Reserve.

6. Unless you or any of our colleagues wish the matter to be discussed in Cabinet, the Secretary of State would like to announce the addition to his programme and the necessary reallocations in the House before the Recess. In the announcement, the terms of which would be agreed in the usual way, he would say that he was receiving an addition to his allocation from the Reserve, in order to make it clear that this did not represent an increase in the overall total of public expenditure.

7. I take this opportunity to mention that any additional expenditure on the fishing industries in the UK will also be a charge on the Contingency Reserve. We are to discuss this in E Committee shortly.

8. I am copying this minute to other members of Cabinet, the Minister of Transport, and to Sir Robert Armstrong.

W J B

JOHN BIFFEN  
29 July 1980