



10 DOWNING STREET

Prime Minister <sup>①</sup>The Public Expenditure Scorecard

Line 4 shows the position in relation to baseline if

- (i) MAFF accept the MISC 106 offer
- (ii) Mr Jenkins yields the housing savings in full
- (iii) Mr Walker delivers £1.9 billion on EFL's, ie with no waiving of corporation tax.

The gap can be bridged in two ways

- (i) By returning to the PEWP figures, which means adding back the benefit of NIS which the Treasury had knocked off in constructing baseline. This can be justified by pointing to corporation tax moving in the other direction
- (ii) by upping 1987-88 by  $2\frac{1}{4}$  per cent rather than 3 per cent.

In your discussions with Mr Walker you will want to push him past £1.9 billion. This would allow some relief to be given to Mr Jenkins. An extra £100 million a year would allow Mr Jenkins £200 million extra in years 1 and 2.

If Mr Walker is difficult eg by trying to clawback even some of the £1.9 billion, you might consider doing a deal with Mr Jenkins and leaving him as the one to go to Cabinet, though this would be a high risk option.

AT  
1/11

OUTCOME

Banker<sup>7</sup>  
-62 -85

218  
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2.2 bn  
EPZ's  
600

	1985-85	1986-87	1987-88
1. Net effect of agreed/expected programmes (scorecard attached)	211	525	-671
2. Required change from other programmes to get to baseline	-211	-525	+671
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Programmes agreed in MISC etc			
Defence	105	0	300
FCO/ODA	0	0	0
DOE other	-29	9	-1
Urban programme	-30	-55	-55
Health	198	286	597
Social Security	519	296	1,327
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Outstanding MISC proposals			
Housing	-527	-452	-480
AFF	-36	-88	-112
Territorial consequences	0	-30	+30
Gas and Electricity	-67	-175	9
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3. Total	+133	-209	1,615
4. Distance from Survey baseline (3-2)	344	316	944
5. Return to PEWP figures	451	436	[450]
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6. Distance from PEWP	-107	-120	[494]
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memo item 3.25 growth in 1987-88			340