

pr cc (personal) to Paul Curray
(No 10)

FROM: MISS S P B WALKER
DATE: 2 JUNE 1988

1. MR TURNBULL ^{AT 2/6}
2. CHIEF SECRETARY

cc Chancellor
Sir P Middleton
Mr Anson
Mr Phillips
Mr Monck
Mr Odling-Smee
Mr Sedgwick
Mr MacAuslan o/a
Miss James

1988 SURVEY: DEPARTMENTAL BIDS

I attach a table showing the bids submitted by departmental Ministers. For one or two of the smaller departments we await further information or clarification of the size or status of particular bids, but the general pattern is clear. The table also shows initial estimates of the likely outturn on local authority relevant current expenditure and nationalised industries' EFLs, provided by LG and PE respectively, and a rough calculation of the territorial consequences of the bids received.

2. The totals of bids are about £8.4 billion, £11.3 billion and £14.8 billion. This compares with initial bids of £7.6 billion, £10.6 billion and £13.7 billion at this stage in last year's Survey. The totals include large bids from MOD, Transport (for roads), Health (pay and the expected results of the NHS review), Education and Housing.

3. Ministers' letters also mention various other potential items of expenditure for which they have not bid: these may emerge as further bids later in the Survey, or as claims on the Reserve. Major items are:

i. pay: the MOD bids include nothing for AFPRB awards after 1988 (Mr Younger mentions a 'planning assumption' of £90 million in 1990-91 and £200 million in 1991-92); the HPSS letter includes no bid for real pay increases resulting from the 1989 review body awards;

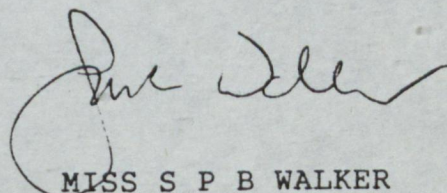
ii. the results of various reviews: Mr Moore bids for the 'probable outcome' of the NHS review; various aspects of

MAFF and DTI programmes are under review; DES have not bid for new forms of student support.

- iii. the international tin agreement: potential costs to DTI of an unfavourable result from current litigation - up to £600 million in 1990-91;
- iv. launch aid: Lord Young mentions possible bids for Rolls Royce and BAe;
- v. increases in prescription/dental charges: the HPSS bid does not assume further savings from increases in charges after 1988-89;
- vi. housing benefit: the Scottish Office bids do not include the housing benefit consequences of changes in local authority rents;
- vii. comparability: both the Welsh and the Northern Irish letters complain about the unfairness of the territorial consequences formulae, and Mr King has based his bids on the assumption of a block budget of 2.85 per cent of comparable GB provision rather than the current formula of 2.75 per cent;
- viii. MOD payments to BNFL for the disposal of nuclear waste: a separate submission from DM explains the background - a maximum cost of £70-80 million in each of the Survey years.

4. The savings offered by IBAP and ECGD are, of course, dependent on the weather on the one hand and exchange rates and interest rates on the other. In the case of IBAP in particular IAE think the bid may be optimistic. It is also noticeable that Mr Ridley has not yet declared his hand on receipts.

5. We hope to be able to let you have expenditure divisions' forecasts of the Survey outcome around 13/14 June.



MISS S P B WALKER

SECRET
SUMMARY SCORECARD

Date of last Update:
02/06/88

	1989-90 BASELINE	1989-90 DEPT POSITION	1990-91 BASELINE	1990-91 DEPT POSITION	1991-92 BASELINE	1991-92 DEPT POSITION
Ministry of Defence	19,969.0	298.0	20,575.0	934.0	21,075.0	1,380.0
FCO - Diplomatic, Information, Culture	743.0	38.9	761.0	59.4	780.0	61.2
FCO - Overseas Development Administration	1,505.0	44.0	1,551.0	75.0	1,590.0	94.0
European Communities	1,470.0	420.0	1,320.0	190.0	1,353.0	0.0
Intervention Board for Agricultural Produce	1,690.0	-301.6	1,845.0	-286.7	1,891.0	-192.1
Ministry of Agriculture, Fisheries and Food	786.0	37.2	801.0	47.2	821.0	65.1
Forestry Commission	64.0	9.1	65.0	11.8	67.0	13.0
Department of Trade and Industry	1,282.0	97.1	1,222.0	98.3	1,225.0	-19.2
Export Credits Guarantee Department	139.0	-46.0	120.0	-49.0	123.0	-90.7
Department of Energy	309.0	9.2	316.0	-9.3	323.0	-19.6
Department of Employment	4,185.0	194.4	4,241.0	246.9	4,347.0	258.3
Department of Transport	2,244.0	394.0	2,299.0	456.0	2,357.0	605.0
DOE - Housing	2,378.0	524.0	2,399.0	602.0	2,459.0	936.0
DOE - Other Environmental Services	904.0	413.0	935.0	345.0	958.0	304.0
Home Office & Legal Departments	2,428.0	377.7	2,522.0	532.1	2,585.0	610.3
Department of Education and Science	5,156.0	632.1	5,293.0	842.1	5,425.0	975.9
Office of Arts and Libraries	454.0	0.0	471.0	0.0	483.0	50.0
DHSS - Health and Personal Social Services	18,559.0	1,867.0	19,445.0	2,595.0	19,931.0	3,483.0
DHSS - Social Security	50,889.0	756.5	53,347.0	1,363.3	54,681.0	2,678.7
Scotland: negotiable	5,033.0	27.5	5,206.0	26.8	5,336.0	24.6
Scotland: formula		492.6		628.5		815.3
Wales: negotiable	2,101.0	38.9	2,169.0	35.0	2,223.0	32.6
Wales: formula		225.3		284.7		373.8
Northern Ireland: negotiable	5,323.0	40.0	5,508.0	72.0	5,645.0	101.0
Northern Ireland: formula		135.5		172.9		224.2
Chancellor's Departments	4,019.0	45.1	4,162.0	120.9	4,268.0	233.9
Other Departments	397.0	38.2	415.0	48.2	425.0	122.4
DOE - Property Services Agency	-163.0	26.0	-162.0	72.3	-166.0	69.9
Nationalised Industries	114.0	217.4	-274.0	277.0	-282.0	-110.0
Local Authority Relevant	33,520.0	1,300.0	34,517.0	1,522.0	35,380.0	1,739.0
TOTAL (excluding Reserve & privatisation)	165,126.0	8,351.1	170,692.0	11,313.4	174,918.0	14,819.6

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