

CONFIDENTIAL



Prime Minister

CCPV. ②

To note. An attempt
by CST to put pressure on
one of the Ministers whose bids
are particularly, and
unexpectedly, high.

Treasury Chambers, Parliament Street, SW1P 3AG

BHP
9/7

The Rt Hon Michael Howard QC MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
London
SW1H 9NF

9 July 1990

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Dear Michael

1990 PUBLIC EXPENDITURE SURVEY: EMPLOYMENT

in P&S folder

Thank you for your letter of 24 May, setting out the position you will be taking in the forthcoming Survey.

2. I thought it would be only right to warn you now that I was surprised by the size of the bids you are making. They range from around £430 million to over £500 million for the Survey years. As you know, Cabinet agreed on 19 April that bids to increase planned levels of public expenditure could not be afforded and that any necessary increases in spending in particular areas should be offset by savings elsewhere. I have to say that, in view of the exceptionally severe pressures we face in this year's Survey I shall not be able to agree bids on the scale you propose, and indeed I shall have to look for significant reductions below your baseline.

3. We shall of course be discussing the bids later in the year but you may find it helpful to have this reaction now. By the time we do come to discussions I hope the area of disagreement will be less. Can I therefore ask you to consider carefully again the extent to which you could both reduce your bids and make offsetting savings, and let me have your further reaction before the holiday? You may for example want to take account of the internal review of the Training Agency which has I understand now been set in hand.

4. I am copying this letter to the Prime Minister.

Yours
Norman

NORMAN LAMONT