



DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon Leon Brittan QC MP
Chief Secretary
Treasury
Parliament Street
London SW1P 3AG

30 March 1982

Dear Leon,

PUBLIC EXPENDITURE SURVEY 1982

Thank you for sending me a copy of your minute to the Prime Minister.

2. I have two reservations on the proposals in the Annex:-

Local Authority Current Expenditure

I have already commented in my letter to you of 10 March (copied only to colleagues with local authority responsibilities) on the proposals summarized in paragraph 8. I do not dissent from (i) and (iii); but (ii), as it is now drafted, is much too restrictive. As I said in my previous letter, I cannot accept a repetition of last year's experience when I had to take last-minute action to escape the outcome of separately deciding the local authority and the Vote components of my education programme in two different Cabinet committees, with no opportunity for me to strike an acceptable balance between the two. We must ensure that our decisions on local authority expenditure at each stage are taken not in isolation but in the appropriate context so that I am able to construct a defensible education programme within the total cash available to me which the Cabinet can approve as a whole.

Options

It is right that additional bids should be accompanied by offsetting savings (though I hope that what is said in paragraph 11 about new or increased charges will be interpreted flexibly). But I very much doubt, from past

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experience, whether there is much to be gained from asking officials to produce options for reductions of 2 per cent in 1983-84 rising to 4 per cent in 1985-86. We have examined all the likely (and unlikely) candidates in recent Surveys and there is a risk that the consideration of across-the-board options in the summer will result in needlessly damaging leaks in what will be a crucial period for us politically. (This is particularly true of local authority expenditure, and we agreed with Michael Heseltine last year that, in the interests of realism, we should not in any case discuss options with the local authority associations.) I suggest that it would be much better not to ask for options in the first part of this Survey but to look at possible selective savings collectively later on in the year when we shall have details of the inescapable additional bids, a new economic assessment and the study of long term trends in expenditure to which you refer.

3. If you can reassure me on the first point and accept my suggestion on the second, I myself would not wish to raise your proposals in Cabinet on 1 April.

4. I am sending copies of this letter to the Prime Minister, the other Members of the Cabinet and Sir Robert Armstrong.

Yours

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