

PRIME MINISTER

Nationalised Industry Cash Limits

Paragraph 8(iv) in the Cabinet Office brief - which says that the Treasury have "in most cases uprated the volume totals agreed in the summer by a standard figure of 17%" - is not right. The correct position is as follows.

The volume figures already agreed, are expressed in 1978/79 prices. To arrive at 1980/81 prices for cash limits purposes, they have either been uprated by 32% for the two year period - this works out at 16% between 1978/79 and 1979/80 and 14% for 1979/80 to 1980/81; or where their own forecasts work out at lower than 14% for 1980/81, the volume figure has been uprated by that lower figure.

The Chancellor has been briefed on this basis, but I am none the less showing him a copy of this note just to confirm.

I. P. LANKESTER

1 November 1979