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CABINET

REVIEW OF EXPENDITURE PROGRAMMES
DURING PERIOD IN OPPOSITION

Note by the Chief Secretary, Treasury

1. Attached to this note is a list of reductions in expenditure for the years 1980-81 to 1982-83 which we discussed in Opposition.
2. For most of the large programmes (health, social security, housing and "other" local authority expenditure) the reductions shown reflect discussions earlier this year. For others reductions agreed in 1978 were broadly updated by Conservative Research Department in the light of the previous Government's last public expenditure White Paper (Cmnd 7439), published in January 1979.
3. The reductions shown are from the totals for each programme (including Scotland and Wales) in Cmnd 7439, and are at 1978 Survey prices, since this is the price basis on which they are recorded.

W J B

Treasury Chambers

22 May 1979

SUMMARY OF EXPENDITURE CHANGES

(£million, 1978 Survey prices)

	<u>1980-81</u>	<u>1981-82</u>	<u>1982-83</u>
Overseas Aid and other overseas services	-57	-96	-130
Agriculture, Fisheries, Food and Forestry	-40	-46	- 46
Trade	-2	-3	-3
Industry	-210	-345	-523
Energy	-12	-12	-22
Employment	-425	-500	-565
Roads and Transport	-210	-310	-375
Health	-71	-100	-100
Social Security	-2	-142	-282
LA	-130	-191	-252
Housing	-1,163	-1,607	-2,096
Education	-250	-400	-592
Other LA	-494	-624	-754
Northern Ireland	-80	-120	-155
	<u>-3146</u>	<u>-4496</u>	<u>-5895</u>

In addition, once-for-all savings through sales of assets or issues of shares were envisaged for action as soon as possible, as follows (all figures in 1978 Survey prices):-

National Enterprise Board	(£50 million);
National Freight Corporation	(£40 million);
British National Oil Corporation	(£300 million);
British Airways	(£40 million);
British Gas	(£600 million).

(discussions on British Gas were not completed before the Election.)

Programme	Changes proposed on Cmnd 7439			Comment
	1980 - 81	1981 - 82	1982 - 83	
<u>Overseas Aid and other overseas services</u>				
Overseas Aid	-50	-75	-100	
Overseas representation, information and external relations	- 7	-21	- 30	
Total	-57	-96	-130	
<u>Agriculture, Fisheries, Food and Forestry</u>				
Administration	-26	-26	- 26	
Forestry	- 9	-10	-10	
ADAS charges	- 5	-10	- 10	
Total	-40	-46	- 46	
<u>Trade</u>				
Promotion of tourism	- 2	- 3	- 3	

Programme	Changes proposed on Cmnd 7439			Comment
	1980 - 81	1981 - 82	1982 - 83	
<u>Industry</u>				
Regional aid	-55	-110	-220	
SDA and WDA	-35	- 40	- 40	
General industrial R & D	-15	- 20	- 25	
NEB	-55	-110	-160	
Selective assistance	-30	- 30	- 28	
Future industrial support	-20	- 35	- 50	
Total	-210	-345	-523	
<u>Energy</u>				
Research (mainly nuclear)	- 12	- 12	- 22	
<u>Employment</u>	-425	-500	-565	End short-time-working scheme; review charges; review Health and Safety Commission and Executive; cut waste in Manpower Services Commission

Programme	Changes proposed on Cmnd 7439			Comment
	1980 - 81	1981 - 82	1982 - 83	
<u>Roads and Transport</u>				
Motorways	-30	-30	-30	
Local road maintenance	-20	-40	-45	
Subsidies and concessionary fares	-160	-240	-300	British Rail, bus, ferry, underground
Total	-210	-310	-375	
<u>Health</u>				
Prescription charges	- 55	- 55	- 55	Assuming prescription charges to be raised to 60p
Pay beds	- 16	- 30	- 30	Restoration of pay beds
Abolish Area Health Authorities	-	- 15	- 15	
Total	- 71	-100	-100	

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Programme	Changes proposed on Cmnd 7439			Comment
	1980 - 81	1981 - 82	1982 - 83	
<u>Social Security</u>				
Uprating	-100	-250	-400	Indexing long-term benefits to prices rather than to earnings
Unemployment benefit	-27	-27	-27	Increase the waiting period from 3 to 5 days
Sickness benefit (administration)	-25	-25	-25	Administrative saving from requiring employers to pay the first 4-6 weeks of sickness benefit
Offset by:-				
Christmas bonus	+100	+100	+100	
Disabled	+30	+30	+30	
Earnings rule	+20	+30	+40	Gradual abolition
Total	- 2	-142	-282	
<u>PSA</u> (including work done for all Departments)	-130	-191	-252	
Total	-252	-333	-534	

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Programme	Changes proposed on Cmnd 7439			Comment
	1980 - 81	1981 - 82	1982 - 83	
<u>Housing</u>				
Rent subsidies	-427	-712	-997	
Option Mortgages	-48	-48	-48	
Sale of homes net of associated lending	-118	-123	-175	
Housebuilding	-570	-724	-876	
<u>Community Land Act</u>				
Total	-1163	-1607	-2096	
<u>Education</u>				
Current expenditure on:-				
Primary schools			-180)Expenditure per pupil to stay at present)level, plus a further reduction in)auxiliary staff level - broad equivalent of about 22 figures relating to usual percentage of comparable programmes.
Secondary schools			-289	
Meals			- 90	
Transport			- 80	
Schools Council			- 3	
Assisted places scheme			+ 50	
Total	-250	-400	-592	

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Programme	Changes proposed on Cmnd 7439			Comment
	1980 - 81	1981 - 82	1982 - 83	
<u>Other IA expenditure</u>				
LA administration	-300	-400	-500	
Local charges	- 20	- 20	- 20	
Urban programme	- 80	-100	-120	
Sales of land and other assets	- 30	- 40	- 50	
Community Land Act	- 64	- 64	- 64	
Total	-494	-624	-754	
<u>Northern Ireland</u>				
Total	- 80	-120	-155	Never discussed at shadow Ministerial level - broad equivalent of above GB figures according to usual percentage of comparable programmes.