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Qa 05158

To: MR LANKESTER

From: J R IBBS

EFLs for 1981/82

1. In E(80)121 the Chief Secretary asks for a decision on which of the approaches to selecting further reductions in EFLs for 1981/82 should be adopted.
2. My view is that alternative (i) an across the board cut would be a damaging approach and should be avoided.
3. Of the selective cuts which the Chief Secretary lists as part of alternative (ii) I would be concerned about the £60m. investment cut for Post Office telecoms because the work which the CPRS has been doing in this area indicates that, because of the opportunities for new growth sectors in the broad field of information technology, it is important to ensure that modernisation of the basic telecommunications network is not delayed. I understand that the Secretary of State for Industry believes that he can find the required £60m. saving by means (further privatisation) which avoid an additional investment cut. I think this is the right way to solve the problem.
4. I am sending a copy of this minute to Sir Robert Armstrong.

21 October 1980

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