



10 DOWNING STREET

From the Private Secretary

3 December 1980

NHS Cash Limits

The Prime Minister and the Chancellor had a word this evening about the announcement of the NHS cash limits. They agreed that the Chancellor should not press the Secretary of State for Social Services to agree to make the announcement this week. However the Chancellor said that he thought it would be important to announce this cash limit and possibly those for other parts of the public service soon - particularly if the impression continued to gain ground that, as a result of the firemen's settlement the Government was relaxing its stance on public service pay. He proposed to discuss with Mr. Jenkin and Lord Soames the timetable for further announcements. In addition, he would include in one of his weekend speeches a general statement on public sector pay, which would restate the Government's position in general and would attempt to put the firemen's settlement into perspective. The Prime Minister agreed that the latter would be helpful.

I am sending a copy of this letter to David Wright (Cabinet Office).

T. P. LANKESTER

John Wiggins, Esq.,
HM Treasury.

CONFIDENTIAL

Em. M.
Public 5
Cash limits.

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be Mr Vereker.