

CONFIDENTIAL



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Caxton House Tothill Street London SW1H 9NA

Telephone Direct Line 01-213 6400

Switchboard 01-213 3000

Rt Hon Michael Heseltine MP
Secretary of State
Department of the Environment
2 Marsham Street
London SW1

7 May 1980

PSA EXPENDITURE ON NEW WORKS IN 1980/81

You asked in your letter of 16 April for savings to be identified which could be used for new works in 1980/1 since PSA was not able to meet more than a small part of the items listed in the table attached to your minute to the Prime Minister of 24 March. John Biffen has suggested in his letter of 30 April that colleagues aim to let you have comments by 2 May.

In your list of new work I am most concerned about that which is necessary at Unemployment Benefit Offices to make possible the taxing of short-term benefits in 1982. That item was shown as £2.3m in the list but we have since heard from the PSA that a later estimate is £3.7m.

Discussions are taking place between my officials and yours about this programme of new work. I have been able to identify savings of £350,000 which could be made available. John Biffen suggests stopping two schemes which are underway. Since that would ease the position somewhat in 1980/1 I support his proposal.

I am sending copies of this letter to the recipients of yours.

Yours
T. M.

-7 MAY 1960

