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For E(A) 1 A
is all this week's
agenda



CABINET OFFICE	
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19 APR 1985	
FILING INSTRUCTIONS	
FILE No.	

cc- Mr Gregson
Mr Wiggins
Mr Dart / Roberts

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Norman Tebbit MP
Secretary of State for Trade and Industry
Department of Trade and Industry
1 Victoria Street
London SW1E 6RB

18 April 1985

Dear Secretary of State

MISC 108

We are to discuss in E(A) on Thursday 25 April the report of MISC 108. I understand that the net additional cost of the report's recommendations is about £6m in 1986-87 and 1987-88 (of which £5m represents the support to local enterprise agencies) with the overall net additional cost falling to something under £4m in 1988-89. All the additional costs fall to your programme.

Normally, as I am sure you will agree, proposals for additional spending ought to be brought together and considered in our annual survey of spending, for which we have recently agreed guidelines, so we can determine which programmes can be afforded within the agreed spending totals.

Nigel Lawson and David Young have had a preliminary talk and are agreed that if E(A) on 25 April endorses MISC 108's proposals, offsetting public expenditure savings will have to be found in the years 1986-87 to 1988-89.

The purpose of this letter is to ask you and members of MISC 108 (who endorsed the expenditure proposals) to identify within their existing provision items of lower priority (not necessarily related to small firms) where the necessary offsetting savings can be found. I assume that your view will depend on the priority you attach to expenditure supporting local enterprise agencies compared with other claims on your resources. I would be grateful to know your views before E(A) meets next Thursday about the relative priority you attach to the net additional costs of implementing the MISC 108 proposals compared to the other claims on your resources.

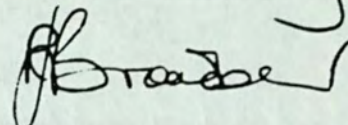
→ Mr Roberts

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This is not a procedure which I, or I imagine you, would normally adopt at this stage of the annual public expenditure cycle. But in view of the importance the Group attach to early announcement of the additional expenditure, I think that exceptionally we must be prepared to do so in this case.

I am sending copies of this letter to David Young, Members of MISC 108 and to Sir Robert Armstrong.

Yours sincerely



for PETER REES

[Approved by the Chief Secretary]

22 APR 1985

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response

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Secretary of State for Trade and Industry

26 April 1985

CONFIDENTIAL

The Rt Hon Peter Rees QC MP
Chief Secretary
HM Treasury
Treasury Chambers
Parliament Street
London SW1P 3AG

D Peter,

MISC 108

Thank you for your letter of 18 April.

2 While I endorse the central idea in the report of help for small firms being concentrated at the local level I must, at present, keep an open mind on the priority this might have relative to other claims on my Department's expenditure. You will know that there has been a shift in other DTI programmes towards small firms, notably the new policy on innovation support which I announced on 25 March, and also the BOTB's support for exporters. So that you too can keep an open mind on the priority additional small firms schemes might have relative to other public expenditure programmes, I propose to submit an additional bid for the MISC 108 proposal on the LEAs in my forthcoming PES return.

3 I am sending a copy of this letter to David Young, members of MISC 108 and to Sir Robert Armstrong.

NORMAN TEBBIT

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6 APR 1985

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PS/
Secretary of State for Trade and Industry

26 April 1985

Andrew Turnbull Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Dear Andrew,

MISC 108

As requested I am copying to you the letter my Secretary of State has sent to the Chief Secretary.

Yours ever

J F MOGG
Private Secretary

Encl