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FROM: CHIEF SECRETARY  
DATE: 14 June 1985

PRIME MINISTER

CABINET ON SUNDAY, 23 JUNE:

## PUBLIC EXPENDITURE PRIORITIES

Before our discussion on Tuesday of the handling of Sunday's Cabinet meeting I thought it would be helpful to give you an indication of the kind of presentation I would like to give as an introduction to the discussion.

2 The presentation would last about 10 - 15 minutes and would be illustrated by four or five slides (charts and graphs). It would begin with the policy objectives which public expenditure control is designed to serve, and an assessment of the government's record so far in control of total spending. There might then be an analysis of changes in priorities between individual programmes since 1979, and a forward look at further changes into the next decade. The presentation would end with an attempt to point to the nature of the task ahead in holding public spending constant in real terms, as in last year's Green Paper, The Next Ten years.

3 My aim would be to set the discussion off on the right track, and to point up the dilemmas we will face in the years ahead - but not, of course, in such a way as to make our task in this year's Survey even more difficult than it will be. I do not think it would be helpful to attempt overtly at the outset to direct the course of the discussion. But since there will be no agenda or new papers for the meeting you may think it would be helpful to prepare colleagues in advance

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..... by a letter from your private office outlining what is in mind. A draft letter is attached. If it would help I will, of course, let you have an advance copy of the text of my presentation before our discussion on Tuesday.



for PETER REES

[Approved by the Chief Secretary]

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DRAFT LETTER FROM MR TURNBULL

TO: MISS JANET LEWIS-JONES  
PRIVATE SECRETARY TO LORD WHITELAW

Although there will be no formal agenda the Prime Minister thinks that it may assist Sunday evening's discussion of public expenditure priorities if her colleagues are given notice of the scope of the discussion as she sees it.

The Prime Minister has asked the Chief Secretary to open the discussion with a presentation on public expenditure background and priorities. This will indicate the policy objectives which public expenditure control is intended to serve, and assess the government's record so far in control of total spending; analyse changes in priorities between individual programmes since 1979 and into the next decade; and point to the nature of the task ahead in holding public spending constant in real terms, as envisaged in last year's Green Paper, The Next Ten Years.

The Prime Minister has asked me to say that she hopes that colleagues will approach the discussion from the standpoint of the government as a whole, rather than with the objectives of their individual Departments in mind. She hopes, too that

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the discussion will centre on priorities and on the broad political choices between areas of expenditure which the Government must make given the constraints which it will inevitably face. She hopes therefore



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omit? the discussion will centre upon public expenditure priorities and prospects into the next Parliament and beyond, and not on individual issues which arise in this year's Public Expenditure Survey.] She has, accordingly, as my letter of 6 June recorded requested that no agenda or papers (other than the Green Paper) be before the meeting, so that the discussion may be unconstrained by particular issues of the present Survey and may range widely over the prospects into the 1990s.

I am sending copies of this letter to the private secretaries of the other members of the Cabinet and to Sir Robert Armstrong.

ANDREW TURNBULL

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