



cc B/CP
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SECRET

PRIME MINISTER

CABINET: PUBLIC EXPENDITURE SURVEY

The Chief Secretary's minute of 30 September reports briefly to you and to the rest of the Cabinet the current outcome of this year's public expenditure bilaterals. Without revealing any figures or details he reports that discussions are continuing on a number of departmental programmes but that difficult issues remain on some programmes. He suggests that you should now establish a small Group under the Lord President to consider the outstanding issues and make recommendations to the Cabinet.

2. At tomorrow's meeting of the Cabinet you may wish to confirm that as agreed by the Cabinet at their meeting on 23 July (CC(87) 25th Conclusions, Item 5), you propose to establish a small Group under the Lord President, in accordance with recent practice.

3. You will want to avoid any substantive discussion at this stage. The Chief Secretary is still engaged in bilateral negotiations and it is too early to give any more detailed assessment. It is not customary either to discuss the composition of the Star Chamber at Cabinet (this is a matter for you to decide).

4. You may wish to take the opportunity to ask colleagues to:

- avoid any new spending commitments (other than those already collectively agreed) at the Party Conference;

- to clear beforehand with the Chief Secretary any public statements at the Party Conference which have implications for public expenditure.

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5. You may also wish to indicate that, so far as the press are concerned, no statement on public expenditure will be volunteered. However, if questions are asked, it will be confirmed that the Star Chamber has been set up in accordance with recent practice.

RTJW.

R T J WILSON
Cabinet Office
30 September 1987