

PRIME MINISTER

## PUBLIC EXPENDITURE

I am glad to say that the Foreign Secretary has now agreed the aid programme with the Chief Secretary on the basis of the Chief Secretary's last offer.

The Chancellor now believes that it would be helpful for you to mention that public expenditure will be on the agenda for next week's Cabinet. This is needed (as I have discussed with Andrew Turnbull) because the Treasury needs to get departments working properly on press notices etc. to back up the Autumn Statement. I suggest you say something along the following lines:

"I am glad to say that the Star Chamber has now completed its work and we shall therefore be able to discuss public expenditure and the Autumn Statement at Cabinet next week.

Last year's Autumn Statement was a success in part because of the effort which colleagues put into presenting their own departmental announcements on the day of the Autumn Statement and I hope that things will go equally well this year.

As ever, it is vital that nothing of the decisions should leak into the press before time. But it is particularly important this year because of the BP sale and our legal obligations under it. I hope colleagues will keep this very much in mind."

DAN

(D.R. NORNGROVE)

21 October 1987