

blind copy: Sir R Armstrong
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From: J B UNWIN
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LORD PRESIDENT

1985 PUBLIC EXPENDITURE EXERCISE

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Following the Ministerial changes, I have had a word with the Treasury about the outlook for the 1985 public expenditure exercise and thought it might be helpful to let you know the outcome.

Timetable

2. After preliminary discussion with Mr MacGregor the Treasury are still aiming to keep to the kind of timetable we had in mind before the recess. This is broadly as follows:-

<u>9 September</u>	: Treasury/Spending Department bilaterals start.
<u>3 October</u>	: Cabinet discuss Chief Secretary's report on the bilaterals.
<u>14 to 28 October</u>	: meetings of Star Chamber.
<u>28 October to 1 November</u>	: Consultation with the Prime Minister and preparation of Star Chamber report.
<u>7 November</u>	: Cabinet discussion and decisions
<u>12 November</u>	: Decisions announced in Autumn Statement.

3. This is pretty tight, but manageable. The most likely slippage is, I think, the report back to Cabinet on 3 October after the bilaterals. If this date is missed, the next regular date after the Party Conference is 17 October. This would, of course, delay the Star Chamber process and almost certainly rule out 12 November for the Autumn Statement. I know that the Chancellor wants to keep aiming at that date, but would not in practice be too distressed if it had to be postponed until the end of November.

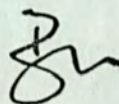
Composition of Star Chamber

4. We discussed this before the recess, and the recent changes do not make a great deal of difference. It would, however, be possible to include Mr Tebbit in the team as

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a non-departmental Minister and still to co-opt Mr Brittan with his new responsibilities on a personal basis. I do not think there are likely to be any major expenditure disputes between the Treasury and DTI. On this basis, you might like to think in due course of a team, under yourself, consisting of Messrs [Biffen] Tebbit and Wakeham as non-Departmental representatives, together with the Chief Secretary and (as last year) Messrs Brittan and Younger ^{Edwards?} on a personal basis. The only difference from last year would be the substitution of Mr Wakeham for the third departmental Minister; but I should not have thought that it would be appropriate this year to co-opt the new Home Secretary.

5. ^{now} No decisions are necessary, but, if you can spare the time, it might be useful for us to have another talk later this month when we see how the bilaterals are shaping up.



J B UNWIN