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MR UNWIN

The Lord President has seen and approved the draft speaking note for the Prime Minister's use attached to your minute to me of today's date.

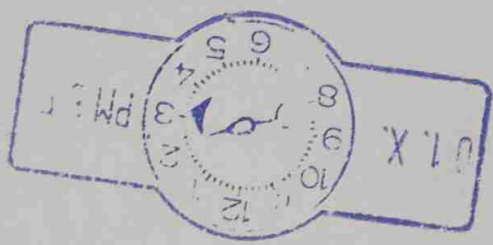
I am copying this note to David Norgrove and Richard Broadbent.

A handwritten signature in cursive script, appearing to read "Joan Macnaughton".

JOAN MACNAUGHTON
Private Secretary

1 October 1985.

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CABINET OFFICE

With the compliments of

J. B. UNWIN

70 Whitehall, London SW1A 2AS
Telephone 01 233



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cc. B. J. P.

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CONF FOR

P 01695

From: J B UNWIN
1 October 1985

cc Mr Norgrove - No 10
Mr Broadbent - Tsy

MISS MacNAUGHTON

I enclose, as discussed at the end of the Prime Minister's meeting yesterday, a short speaking note for the Prime Minister to use at Cabinet on Thursday on the setting up of the Star Chamber.

2. It would be most helpful to know, by this evening if possible, if the Lord President has any comments on it.

3. I am copying it to David Norgrove at No 10 and Richard Broadbent in the Chief Secretary's Office and should similarly be grateful to know by this evening whether they have any comments.

J B UNWIN



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DRAFT

SPEAKING NOTE FOR THE PRIME MINISTER

In the light of the Chief Secretary's Report, and of our discussion, I have decided to invite the Lord President, as last year, to be the Chairman of a small Group of Ministers to consider and report to the Cabinet on the outstanding expenditure issues arising from the Survey.

2. This follows the practice of last year and previous years. But I am sure that colleagues will appreciate that, given the size of the outstanding problems, the Group will need this year to consider individual programmes with the utmost rigour and severity to ensure that they are brought into line with the overall expenditure totals which we have collectively agreed and to which we are publicly committed. There is no sense or credit to the Government in setting totals which are not then achieved.

3. I earnestly hope, therefore, that colleagues with outstanding problems will rigorously reappraise them so that they are settled in the Group in a manner consistent with the overall public expenditure decisions we have already taken.

4. There has, of course, already been extensive speculation in the press about the establishment of a 'Star Chamber'. I see no objection to confirming, in response to any enquiries, that, as in the course of previous public expenditure surveys a small group of Ministers has been set up to consider and report to the Cabinet on issues arising from this year's Survey. But it is most important that no further information on our discussion to date, or on the subsequent discussions in the Ministerial Group, should be given to the press. Previous experience shows how damaging and divisive such leaks can be. It is also particularly important that no details should be disclosed at next week's Party Conference and no commitments entered into that would in any way

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prejudice our public expenditure discussions.