

MR NORGROVE

PUBLIC EXPENDITURE

I attach a short speaking note for the Prime Minister to use in opening the discussion at Cabinet tomorrow. I have discussed this with the Treasury.

2. As I mentioned to you on the telephone, it looks as if, taking into account all the consequential (except the social security estimating changes), the total net excess over baseline will be something like £290 million, £320 million and £135 million. These figures should be substituted for the (hastily calculated) numbers in paragraph 6 of my earlier minute to you on the housing agreement.



J B UNWIN

SECRET

Presentation

CABINET, 7 November: Public Expenditure

OPENING SPEAKING NOTE FOR THE PRIME MINISTER

I am very grateful to the members of MISC 120, and the Lord President in particular, for the enormous skill and effort they have devoted to the task the Cabinet gave them. This was to make recommendations on those public expenditure issues that had not been resolved between the Chief Secretary and the spending Ministers concerned, within the framework of the Cabinet's firm and announced decision in July on the public expenditure planning totals for next year and the two following years.

2. The task we set them was very difficult. They were faced with a larger number of disagreed issues, and higher outstanding bids, than in any previous year. Given the size of the problem, the Cabinet will therefore want me to congratulate the Lord President and his colleagues on being able to recommend proposals that entail relatively small excesses over the baseline totals.

3. This represents a considerable achievement which should enable the Government publicly to confirm our determination to stick to the planning totals to which we are committed; and the Chancellor of the Exchequer to proceed with his autumn statement on 12 ^{November} ~~December~~.

4. I am grateful also for the cooperation of all our colleagues responsible for spending programmes both in the discussions prior to and with the Star Chamber. I know that in many cases the proposals agreed have meant willingness to take and defend very difficult decisions. I am grateful to colleagues for the readiness to do this, and so to enable us to validate our collective public expenditure targets.

5. I should like to ask the Lord President to comment on the MISC 120 report and to explain the position which I understand has now been reached on housing. Subject to that I hope we can endorse the recommendations so that the Chancellor can proceed with the preparation of his autumn statement.

SECRET

