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From the Private Secretary

1 October 1987

1987 PUBLIC EXPENDITURE SURVEY

The Prime Minister has seen the Chief Secretary's minute of 30 September about the progress of the public expenditure survey. In the light of this, the Prime Minister will now be establishing a small group, under the Chairmanship of the Lord President, to consider the outstanding issues and to make recommendations to Cabinet.

I am sending copies of this letter to other members of the Cabinet and to Eleanor Goodison (Office of the Arts and Libraries) and to Trevor Woolley (Cabinet Office).

D. R. Norgrove

Ms. Jill Rutter,
H. M. Treasury.

pm

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FROM: CHIEF SECRETARY

DATE: 30 September 1987

PRIME MINISTER

1987 PUBLIC EXPENDITURE SURVEY

At its meeting on 23 July, Cabinet endorsed the objectives of ensuring not only that the level of public expenditure should be held as close as possible to the existing planning totals, but also that its share of national income, without allowing for privatisation proceeds, should not exceed the path in the previous year's White Paper. I was asked to conduct bilateral discussions against these objectives.

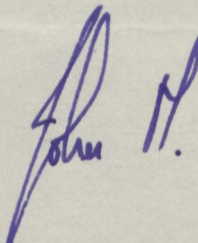
2. I have now had at least one discussion with nearly all colleagues and it has been possible to make a substantial degree of progress in reducing the number of outstanding issues. Agreement has been reached on over half of the nationalised industries and discussions are continuing on the rest. A number of departmental programmes have been settled or are close to settlement. I will be continuing discussions with those colleagues over the next few days. However, it is clear that on some programmes difficult issues remain.

3. At the Cabinet discussion in July it was envisaged that, if it was impossible to reach agreement on all programmes bilaterally, you would establish a small group, under the chairmanship of the Lord President of the Council, to consider the outstanding issues and make recommendations to Cabinet. You may feel that it would now be appropriate to establish such a group so that it could begin work after the Party Conference on any questions which by then are still unresolved.

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4. As in previous years, I will ensure that the outcome on all programmes and the main policy changes involved are reported to Cabinet at the end of the Survey.

5. I am sending copies of this minute to Cabinet colleagues, Richard Luce and to Sir Robert Armstrong.



JOHN MAJOR