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FROM: CHIEF SECRETARY
DATE: 5 October 1988

PRIME MINISTER

1988 PUBLIC EXPENDITURE SURVEY : STAR CHAMBER

At its meeting on 14 July, Cabinet adopted the objectives that public expenditure should be held as close as possible to the existing planning totals, and that its share of national income, without allowing for privatisation proceeds, should continue to decline steadily over the 3 Survey years. I was asked to conduct bilateral discussions against these objectives.

2 I have now had at least one discussion with nearly all colleagues and several meetings with some, and it has been possible to make a substantial degree of progress in reducing the number of outstanding issues. A number of departmental programmes have been settled; others are close to settlement. I will be continuing discussions with colleagues over the next few days and at Brighton next week. However, it is clear that on some programmes very difficult issues remain.

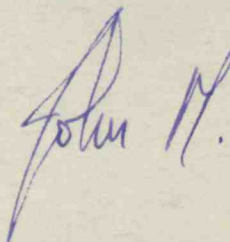
3 Cabinet agreed in July that, if it was impossible to reach agreement on all programmes bilaterally, you would establish a small group, under the chairmanship of the Secretary of State for Energy, to consider the outstanding issues and make recommendations to Cabinet. You may feel that it would now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

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 While negotiations continue on a significant number of programmes, I would be grateful if colleagues could agree with the Treasury any references they may make in their Party Conference speeches to policy developments with expenditure implications.

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6 I am sending copies of this minute to Cabinet colleagues, the Minister for the Arts and for Overseas Development, the Attorney General, the Lord Advocate and to Sir Robin Butler.



JOHN MAJOR