

PRIME MINISTER

PUBLIC EXPENDITURE SURVEY AND SOCIAL SECURITY

You are meeting Lord Whitelaw at 12 noon on Monday to talk about the approach to Cabinet on 3 October and the Star Chamber. The Chancellor, Chief Secretary and Brian Unwin (provided you agree) will also be present.

I understand that the Chief Secretary will be seeing Lord Whitelaw for half an hour before your meeting, to bring him up to date.

On the approach to Cabinet, you have already agreed with the Chancellor that it would be better not to go into detail on individual programmes but to try to set the right climate for the operation of the Star Chamber. The Treasury should provide you with a speaking note. The Chief Secretary will be putting to you overnight on Monday a draft of his paper for Cabinet, and you might give him the opportunity to raise any points on that at the meeting, if he wishes to do so.

You discussed the composition of the Star Chamber with the Chancellor and Chief Secretary, and agreed provisionally on Mr Tebbit, Mr Wakeham, Mr Edwards and Mr Brittan (provided the DTI had by the time of the Star Chamber reached a settlement). Is this still feasible, and acceptable to Lord Whitelaw?

It would be useful for the Chancellor or Chief Secretary to outline how they see the timetable.

There is one programme that may be worth discussing in particular: social security. Below are a minute by the Treasury and comments by David Willetts. The first two pages of the Treasury minute (a summary) and paragraph 19 of the detailed note give a flavour. You might want to discuss how this problem is to be tackled.

There is a slot available in your diary for Tuesday afternoon

in which you might see Mr Fowler. You could use this to find out from him how he sees the picture and to emphasise to him your view that he needs to find ways to deliver the much-needed savings. You could discuss on Monday whether this would be useful and the best approach.

There is then a question how the social security reviews are to be handled as between MISC 111 (due to meet on 15 October) and the Star Chamber which will also be operating in the latter part of October.

The Treasury are reported to be inclined to think that MISC 111 should only look at SERPS leaving all the more detailed discussion of the social security proposals to be handled in the public expenditure context in the Star Chamber.

The Cabinet Office believe this would be wrong: MISC 111 should at least be given the opportunity to express views on where the social security reforms have got to.

A possibility is that the emphasis at MISC 111 might be mostly, but not exclusively, on SERPS, so that a wider group of colleagues can at least have some say, before the Star Chamber.

A discussion would help the Cabinet Office in putting together proposals.

*Revised
Duty Clerk.*

ff DAVID NORGROVE

27 September 1985

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