



10 DOWNING STREET

From the Press Secretary

1 December 1981

Jan David,

I held a meeting this morning with the Heads of Information of all Departments most closely involved in the public expenditure exercise. You will wish to hear the outcome.

First of all the Chancellor will make his statement at 3.30 pm tomorrow and this will be supplemented by 3 written answers from HM Treasury - on public expenditure programmes (Department by Department), external financing limits for nationalised industries and the Industry Act forecast.

The DHSS will publish the Government Actuary's Report with an associated written answer setting out the full details of changes in National Insurance contribution rates and limits, and changes in health service charges.

The Department of the Environment will set out in a series of written answers the RSG statement, the allocation between services within the overall total, including council house rent guidelines, and housing capital expenditure; and possibly other DOE services.

It is intended that all these written answers will be timed for 4.30 pm when the Chancellor sits down.

All Departments will be encouraged to produce their own material on the implications of the public expenditure review. Briefing arrangements for the Departments central to the announcement are:

We have agreed that the Treasury should have as clear a field as possible with radio and television; the Chancellor and the Chief Secretary are accepting as many radio and television bids as possible.

However it is agreed that the Secretary of State for the Environment should also accept radio and television interviews to deal with the very important and tricky problem of local government finance.

So far as other Ministers are concerned it is agreed that they will not take up invitations for radio and television tomorrow evening. This, of course, does not apply to Scottish, Welsh and Northern Ireland Ministers addressing their own communities through their own radio and television channels.

So far as the lobby and press conferences are concerned, the Chancellor and Chief Secretary have accepted an invitation to see the lobby immediately after the statement. Both of them are also to see the backbench Finance Committee at 6.30 pm.

Mr Heseltine is to hold a press conference for local government correspondents at 5:00 pm.

The Chancellor is proposing to see economic and possibly political correspondents from Thursday onwards.

We have strongly urged all other Departments to ensure the most positive presentation of their aspects of the announcements tomorrow afternoon and subsequently. DHSS propose, at this stage, to do no more than brief their particular clientele extensively.

Mr Vereker will finalise a speaking note on the public expenditure exercise directed particularly at the implications for pay bargaining for issue at Thursday lunchtime. I attach a draft (not copied to others) for you to examine overnight.

We are pursuing with Departments the balance sheet of presentational plusses and minuses and will report later. So far little material has arrived. We expect much more in the course of the day.

David Heyhoe, Esq.,
PPS to the

B INGHAM

Lord President of the Council

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