

PRIME MINISTER'S ENGAGEMENTS

The Prime Minister arrived at Heathrow at 10.29 am.

There is likely to be a meeting of Ministers this afternoon at 4.00 pm; at 6.00 pm the Prime Minister will have an Audience of The Queen; at 10.00 pm she will be in the House for a three-line whip - Second Reading of the Health Services Bill.

ANSWER OF SUBSTANCE

No 120: John Townend (Bridlington) to ask the Secretary of State for Education whether he plans to increase the charge for school meals next year; and if he will make a statement.

STATEMENTS/BILLS

The Housing Bill will be presented today; published tomorrow at 12.30 pm; with a press conference at 2.30 pm at Marsham Street.

The consultative document on drink/drive will be published tomorrow at 3.30 pm with a press conference at the Leicester Square Theatre at 3.30 pm.

We could not confirm any statements today - the Lobby should check the board at noon.

The Prime Minister had ruled out the idea of a statement on the US trip before she left. We could not confirm whether this was still the case - there could be a PNQ (unlikely) or she could cover points in PM's Questions tomorrow.

NEW YEAR HONOURS

The list would be published at 0001 hours on Monday 31 December. A briefing for the Lobby would be held at 12 noon on Thursday 27 December at No 12 Downing Street. Members of the Lobby not able to attend the briefing could arrange for collection of the material (by an authorised messenger) from No 10 one hour after the briefing. We thought it unlikely that non-Lobby members should attend the briefing but this was a question for the Lobby Committee.

MR PETER REES, M/S TREASURY

In reply to whether or not any change was planned for Mr Rees, we said the PM had answered "No" to a similar question recently and the Chancellor of the Duchy had also dealt adequately with the question in the House last night.

Criminal Justice (Scotland) Bill published today; Scottish Lobby at 3.30 pm in small Ministerial Conference Room.

The morning Lobby was repeated.

A meeting of Ministers had begun at 4.00 pm. Present were: The Prime Minister; Home Secretary; Foreign Secretary; Chancellor of the Exchequer; Secretaries of State for Industry, Employment; Minister of Agriculture, Fisheries and Food; Secretaries of State for Environment, Trade, Energy; Chief Secretary, Treasury; Secretaries of State for Scotland, Wales; Paymaster General; Minister of Transport; M/S, CSD; Mr Philip Goodhart, PUSS, Northern Ireland Office.

BRITISH LEYLAND

We could offer no guidance on whether there would be a statement on BL.

BINGHAM REPORT

The Attorney General had made a statement on the Report at 3.30 pm in the House. We did not know whether Appendix 3 to the Report would now be published - it had been withheld initially because of a possibility of criminal proceedings - but the Attorney General had said that this decision was up to the Foreign Secretary (The Bingham Report had been made to the Foreign Secretary).

We had no information on the question of a wider enquiry. [The House of Commons had voted for a further enquiry in February of this year. The decision had been taken that a Committee of the Lords and Commons should conduct the enquiry but, although passed in the Commons, it had been rejected in the Lords and, therefore, fell. The election also intervened. This Government would have to consider what kind of enquiry it wanted and would be useful (now that Bingham has reported) and take a decision. There is nothing to suggest that even if the Commons once again voted in favour of some sort of further enquiry that the Lords would not reject it again. There is also the fact that the Bingham Report was very thorough and there is little left to investigate.]

US VISIT

The visit was the first the Prime Minister had made to the US since taking office. It had been an extremely successful visit. The overriding impressions were the warmth of the welcome for the PM; the excitement generated in seeing her; and the impressiveness of President Carter who obviously had command of all the subjects under discussion.

The Lobby was given an outline of each of the main events both in Washington and New York.

Clarification was given on:

- i Arms for the RUC: The PM had made it clear that the RUC was a non-sectarian, properly constituted police force in the UK which was entitled to have the most modern and effective weapons. The first batch of 3,000 Ruger revolvers had been received and we were anxious to get the second batch as soon as possible. It would be difficult for the PM politically if the US did not fulfil the remainder of the order. It was apparent that the President would have political problems if the US did supply the rest of the weapons - Senator O'Neil was strongly opposed to the sale and had sufficient signatures to support him. We confirmed that the PM had examined both the old and new weapons at No 10 (simply to allow her to discuss their differences knowledgeably).

- ii Iran: The US were considering a number of ways of putting pressure on Iran. The PM had made clear that the US had the UK's full support for the way they were handling the situation. The UK would also give full support to a Chapter VII resolution to the UN Security Council from the US. On the question of financial sanctions against Iran, the PM had made clear that under existing legislation the UK could not block assets for political reasons. [The Foreign Affairs Council last week had discussed economic steps in relation to Iran but no decision had been taken]. The UK was considering what it could do. The PM had made the point that unilateral action by one country was unlikely to be effective if other countries did not also act.

The PM had pointed out that no arms or spares had gone to Iran since the hostages had been taken and trade had fallen off considerably since the revolution.

- iii Polaris replacement: We were not yet ready to make decisions on this. It had not featured in discussions with the President and had only been touched on, in a tangential way, with Defence Secretary Brown.