



Prime Minister (2)

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Carroll

Treasury Chambers, Parliament Street, SW1P 3AG
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1 February 1982

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New Michael,

BUDGET PAPERS

Thank you for your letter of 9 December about Budget security.

The Chancellor shares the Prime Minister's concern to avoid any leak of the 1982 Budget proposals. The investigators' report into the 1981 Budget leak gave the Treasury's Budget security arrangements a clean bill of health, but the Chancellor has nevertheless approved a number of measures designed to reinforce them. They are as follows:-

- i. There will be a new system of spot-checks on Budget papers within the Treasury designed to ensure that the required security procedures are properly observed.
- ii. The Chancellor has instructed that knowledge of Budgetary matters should be restricted to the maximum extent possible. The "need to know" principle is to be applied rigorously. Access to Budget papers will be confined to those who have an unambiguous need to know about particular proposals, either for direct operational reasons or because of their interaction with other parts of the Budget. Staff concerned with Budget matters have been reminded of the need to apply the rules strictly, and to pay particular attention to the circulation of all Budget papers.
- iii. Sir Douglas Wass has issued a notice to all Treasury staff reminding them of the correct procedures for handling Budget papers and of their personal responsibility for the safekeeping of Budget information. Sir Lawrence Airey and Sir Douglas Lovelock have issued similar reminders to the staff in Inland Revenue and Customs & Excise. I have written to the Private Secretary to the Governor of the Bank.



iv. The Chancellor has given instructions on the handling of contacts with the press in the coming weeks. Discussion of matters bearing on the Budget must not take place unless specifically authorised by him; and any such discussion must be recorded and reported. This rule will apply to Ministers, advisers and officials at all levels. The normal day to day work of the Treasury Press Office in meeting requests for unclassified background information will, of course, continue, but the recording arrangements will apply to the Chancellor's Press Secretary and her Deputy.

It is of course important that necessary occasional contacts with other Departments on some Budgetary matters should be treated with equal discretion. This is not an area where general rules can easily apply, but we shall ensure that such contacts are kept to an absolute minimum, and that those concerned are reminded of the need to treat information relating to the Budget with the utmost care.

I have noted how Budget papers will be handled within No. 10. We shall ensure that copies are sent only to you.

Yours truly,

J.O. Kerr

J.O. KERR
Principal Private Secretary