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PRIME MINISTER

The press treatment was indeed as successful as could have been hoped for - but the squeals will come when the detailed implications are worked

MS.

PRIME MINISTER

LOCAL AUTHORITIES: PUBLIC EXPENDITURE REDUCTIONS out.

MS

As we agreed at Cabinet on Thursday, together with John Biffen, Mark Carlisle, Patrick Jenkin, Norman Fowler, Nicholas Edwards, Tom King and John Stanley, I saw yesterday the leaders of the local authority Associations to explain to them the reductions in current expenditure we were looking for in 1980/81. I delivered the statement which had been agreed previously by colleagues.

The Associations were grateful for the advance warning of the 5% reduction and undertook to convey this to their members. Naturally, they expressed concern about the effects on services, while welcoming their new freedom to increase charges in certain areas. My judgement is that their reaction was not as hostile initially as might have been expected. Their statements to the press seem to have been fairly moderate.

It became clear during the meeting that they had already made arrangements to talk to the press. At least one press conference had been arranged. They specifically asked that the statement I had given them should be treated as a public document. In these circumstances, it was clearly not possible to maintain the "in confidence" treatment that we had discussed at Cabinet. I therefore agreed that they could release the terms of the statement. I also decided then to see the Press, and gave radio and television interviews which put our side of the case. This seems to have resulted in a balanced treatment of the announcement in the media.

I am copying this to Cabinet colleagues, Norman Fowler and Sir John Hunt.

MS



- 2 AUG 1979