



Mr. Turnbull  
Date

10 DOWNING STREET

From the Press Secretary

LORD PRESIDENT

PUBLIC EXPENDITURE ROUND

I promised you a note on the public relations aspects of the PESC exercise which separates expenditure from revenue by several months. This fact carries its own penalty, but we are stuck with it.

This year, there is already a sense around that while the total of £139.1m will be complied with, there will be a certain amount of sleight of hand with the contingency fund and sale of assets to accommodate greater expenditure. The problem here will be to avoid the charge of U-turn and there will be temptations to argue that the Government has gone some way towards critics.

The main liability of course lies in the extent to which Departments leak and rehearse their case and their successes - or the Treasury its case and success - to the public. We cannot control this, but the more a self denying ordinance is observed the better our presentational position. You might find it useful to spread this word around.

The real lesson we learn from last year, however, is the problem of identifying politically sensitive passes which we sold in the course of bilaterals (as distinct from Star Chamber where you are in command). In my view we need to institute a mechanism this year which obliges the Chief Secretary and Departments, jointly, to inform you of any politically sensitive decisions - of the scale, for example, of student grants - which arise from bilaterals.

You cannot be expected to carry the can for decisions reached without your knowledge. The media have very clearly in their minds the bananaskin potential of the public expenditure round, and we need to build in protection for you now.

BERNARD INGHAM  
19 July 1985