

O-CH/NL)0569

PART A

Part. A.

CONFIDENTIAL
(Circulate under cover and notify REGISTRY of movement)

Begins: 26/5/88
Ends: 7/10/88

THIS FOLDER HAS BEEN REGISTERED ON THE REGISTRY SYSTEM

PO - CH / NL / 0569.
PT.A.

Chancellor's (Lawson) Papers:
Treasury Parliamentary Business 1988

DD's: 25 Years

Phillips

8/5/96.

PO - CH / NL / 0569.
PT.A.



DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Richmond House, 79 Whitehall, London SW1A 2NS

Telephone 01-210 3000

From the Secretary of State for Social Services

CHIEF SECRETARY	
REC.	- 1 JUN 1988
ACTION	Mr Saunders
COPIES TO	CX Sir Peter Middle Mr Anson Mr Phillips Mrs Peirson Mr Turnbull Mr Call.

CONFIDENTIAL

The Rt Hon John Major MP
Chief Secretary to the Treasury
HM Treasury
Parliament Street
LONDON
SW1P 3AG

Extraneous: we have not been seen to Cleveland report yet - but I will be acknowledged if it helps to sort. No approval for act. See who proposed.

26 May 1988

Dec 88

TRAINING SUPPORT PROGRAMME: CHILD CARE

I expect to receive very shortly the Cleveland Child Abuse Inquiry report and, subject to colleagues agreement, I am planning to publish it in the first week of July. It is highly probable that the report, as many before it, will recommend that greater attention be given to developing and extending child care training. It is vitally important that social services staff - including field social workers involved in the diagnosis and assessment of child abuse and those staff working with children in care who may be victims - receive appropriate further training. The need to take action to improve performance in these critical tasks is reinforced by the escalating numbers of child abuse cases; for example, the NSPCC "at risk" registers show a 43% increase in names added in the two years to 1987.

You will be aware that, in last year's discussion of local authority expenditure provision, I obtained colleagues' agreement to the introduction of a Training Support Programme for those working with the elderly, based on a specific grant. This has been widely welcomed and is already showing clear signs of worthwhile results.

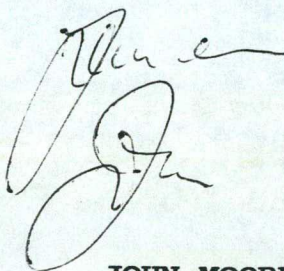
E.R.

The Health and Medicines Bill contains powers which would enable us to extend this targetted approach to the improvement of training in the child care field. Subject to your agreement, I would like to include in our response to the Cleveland report that we propose to make such an extension of the Training Support Programme, based on further specific grant of £7 million covering £10 million of expenditure. A more detailed explanation of the proposal is annexed to this letter.

While I would not normally have wished to press you on this at this stage, I am convinced that it will be of considerable importance politically to demonstrate an immediate positive response to the Cleveland report and to the widespread anxieties about the quality of services dealing with child abuse. This need has been further strengthened by the criticism of our decision not to endorse the CCETSW proposals for the training of future social workers, which we have answered by saying that we prefer a balanced programme of improvement which gives due weight to enhancing the skills of existing social workers, not least in handling child abuse.

To assist you in considering this request, I should mention that I shall not be seeking any increase beyond inflation in the existing Training Support Programme. I do however expect to put forward in the normal way a proposal for a specific grant of about the same order in respect of social service provision for the needs of those with AIDS or HIV infection.

I am copying this letter to the Prime Minister, members of E(LA) and Sir Robin Butler.

A handwritten signature in black ink, appearing to read 'John Moore', written in a cursive style.

JOHN MOORE

ANNEX A

SOCIAL SERVICES TRAINING SUPPORT PROGRAMMEPROPOSAL TO EXTEND PROGRAMME TO CHILD CARE

1. I wish to extend the coverage of the Training Support Programme to cover child care for the following reasons:

- Local authorities along with other agencies are facing an escalating problem of child abuse and in particular child sex abuse. NSPCC "at risk" registers (about 10% of the total) showed an increase in added names from 1586 in 1985 to 2137 in 1986 to 2266 in 1987 (1987 figure is provisional). The proportion of sexual abuse has increased dramatically. The Cleveland Child Abuse Inquiry like many before it is likely to point up a lack of appropriate training as a major contributory factor to the mishandling of child sex abuse cases.

- There is a particular shortage of the skills relevant to the proper assessment of child abuse, even amongst experienced social workers. Both the findings of recent research and work by our own Social Services Inspectorate have indicated that although social workers often have a grounding in the signs and symptoms of physical abuse and neglect they lack the skills to translate their knowledge into effective assessment when cases of child abuse were identified (which raises some concern about the adequacy of basic qualifying training). I intend to make the training in the skills of assessment an important priority in my programme.

- Although social workers take a lead role in handling child abuse cases they are not the only social services staff group who will have to deal with children who have been the victims of abuse. It is very important that residential and day care workers who handle cases of abused and sexually abused children receive appropriate training.

- I am anxious to see greater emphasis placed on training in the implications of child care law. A number of Child Abuse Inquiry reports have pointed to a need for better training in this field. This might take the form of specialist training for local authority lawyers or more general training for social workers and others engaged in working with children. The forthcoming Child Care and Family Services Bill, due to come before Parliament in 1988/89 will have important training implications both in 1989/90 and beyond and I hope I will be able to use the Training Support Programme as a means of covering that need.

2. I am strongly convinced that a specific grant presents the most effective way of achieving these aims. Our strategy for the Training Support Programme has been to focus on authorities making coherent plans for the training of relevant staff groups which can they can manage and implement over the duration of the programme and beyond. The mechanism of the Training Support Programme with its process of annual bidding for indicative allocations of grant allows me to keep a firm check on authorities' progress against their plans and to target authorities activities onto areas I see as priorities.

3. The programme would cover in its first year of operation the following staff groups:

- field social workers including team leaders - 26,882
- staff in residential care homes for children - 20,397
- staff working in day nurseries - 10,666
- other management and advisory staff with child care responsibilities

4. I intend to administer the child care scheme on the same basis and as part of the Training Support Programme. The main features of the Training Support Programme as we have set it up in 1988/89 for the elderly are:

- authorities expected to draw up training plans covering a 3-5 year period for the relevant staff groups and to set themselves annual targets based on those plans.

- annual guidance from the Department on Ministerial priorities for the programme.

- a system of bidding against indicative allocations of grant. Confirmation of grant is dependent on approval of authorities' training targets and in future years on their performance.

- annual returns on progress against targets. Regular monitoring by the Social Services Inspectorate of authorities progress against their plans.

5. There is at present only a limited amount of suitable training available covering child abuse. I have under way a modest central programme - worth £326,000 in 1988/89 - of six projects to produce training materials, train a small number of specialist staff and provide central resources in sexual abuse training. I plan to extend this in 1989/90 to some extent but this only makes a small contribution to training needs. I intend to bring into discussions at an early stage CCETSW and other social services training agencies on how the training support programme might be used to develop necessary training. In the first year of the programme, I intend to encourage social services departments to appoint a specialist training officer post in child care who could:

- utilise fully as part of in-service training, the increasing number of open learning packages on the subject

- arrange training contributions from external consultancies and agencies

- enhance Social Services Departments capacity to contribute to multi-disciplinary learning under the auspices of area review committees

- arrange and support an increased supply of practice placements in work with children and families for social work students

4 ' TIMING

6. I seeking an early agreement to my proposals for the Training Support Programme for 1989/90 :

- to allow me to make a positive response to the report of the Cleveland Child Abuse Inquiry to be published in July.
- to give Social Services Departments sufficient time to develop training plans and make arrangements for their training activities in 1989/90.

DHSS

May 1988



MP

FROM: MISS M P WALLACE

DATE: 2 June 1988

PS/CHIEF SECRETARY

cc Sir P Middleton
Mr Anson
Mr Phillips
Miss Peirson
Mr Turnbull
Mr Saunders
Mr Call

TRAINING SUPPORT PROGRAMME: CHILD CARE

The Chancellor has seen Mr Moore's letter of 26 May. He has commented that he finds this extraordinary: we have not even seen the Cleveland report, but it seems most unlikely that it will hold the Government responsible.

MP

MOIRA WALLACE

prep. (Ch 100 busy)

FROM: R B SAUNDERS

DATE: 23 June 1988

CHIEF SECRETARY

cc **Chancellor**
Financial Secretary
Paymaster General
Economic Secretary
Sir P Middleton
Mr Anson
Mr Phillips
Mr Edwards
Miss Peirson
Mr Turnbull
Mr Potter
Mr Fellgett
Mr Rayner
Mr Groves
Mr Call

CHILD CARE SPECIFIC GRANT

The attached submission from Mr Groves sets out clearly and in detail the weaknesses in Mr Moore's case for a new specific grant for child care training in the personal social services programme. The proposal however has to be seen in the light of the forthcoming report on the Cleveland inquiry.

2. The report will create a major splash. The headlines have already begun about the criticisms it makes of individuals (forgetting of course about the qualifications attached to those criticisms) and of the breakdown in relations between the various authorities involved. But attention will soon turn to the "serious" issues raised by the report, among which training (including joint training of those in different authorities) will feature prominently. The report criticises the lack of central co-ordination in this area. So Mr Moore's judgement that he must be able to announce a central initiative may well be right, although - as the Chancellor has pointed out - the Government can hardly be blamed for the events in Cleveland.

3. We understand that DOE's views are mixed. They of course share our presumption against specific grants. But they have been heavily lobbied by DHSS and some senior officials are said to be sympathetic to their case. There is some awkwardness in our

committing ourselves too firmly on this - if we were to agree with Mr Moore's line, this might undermine our negotiating position with Mr Ridley later in the year on the overall settlement for 1989-90.

4. I suggest the way out of this problem is to invite Mr Moore to make his case at a meeting of E(LA) before the Cleveland Report is published. It is in any case ultimately a matter of political judgment how great the pressure will be as a result of Cleveland. The attached draft reply therefore sets out in general terms the case against the grant, but without committing you either way, and suggests that it should be discussed in E(LA).

A handwritten signature in black ink, consisting of stylized, overlapping letters that appear to be 'R B' followed by a large, sweeping flourish.

R B SAUNDERS

see covering minute
RBS

FROM: P W GROVES
23rd June 1988

1. MR SAUNDERS
2. CHIEF SECRETARY

cc: Chancellor
FST
PMG
EST
Sir P Middleton
Mr Anson
Mr Phillips
Miss Peirson
Mr Edwards
Mr Turnbull
Mr Potter
Mr Fellgett
Mr Call

CHILD CARE SPECIFIC GRANT PROPOSAL

Summary

1. Mr Moore's letter of 26 May requests approval of a specific grant of £7 million, covering £10 million of expenditure, to extend his Training Support Programme to child care. He also gives notice of his intention to put forward a specific grant of about the same amount in respect of social service provision for the needs of those with AIDS or HIV infection. This submission argues that an insufficient case is advanced for an exception from the general presumption against specific grants but that a concession as part of the Government's response to the report of the Cleveland Inquiry may be difficult to resist.

Background

2. Specific grants take up nearly a quarter of total AEG available and equate to 11% of total local authority relevant expenditure. On the Personal Social Services side, last year, exceptionally, a DHSS proposal for a specific grant - a social services training grant for the elderly - was conceded for the first time. A bid for a social services training specific grant had been turned down the previous year. In putting this new proposal forward, DHSS may be hoping to boost their programme of specific grants in the last year before the new planing total comes into operation. From 1989, they will have to weigh their bids for specific grants against central government priorities in the Survey.

3. Mr Moore's request is made against the background of the Cleveland Child Abuse Inquiry Report and criticism in some quarters of the Government's rejection of the £40 million package for social work training, proposed by the Central Council for Education and Training in Social Work (CCETSW) - though the Government accepted a more limited package. He points to the escalating numbers of child abuse cases and to an anticipated political need, following the Cleveland Report, to allay public anxieties about the quality of services dealing with child abuse.

4. The Cleveland Report, a full copy of which we have now received, finds that:

" It was our overwhelming impression that the training provided nationally is inadequate... There is an urgent need for training in child abuse and child sexual abuse to be properly co-ordinated and validated on a national basis. We share and endorse the concern expressed by the national social work organisations that a new initiative and additional resources are needed to ensure adequate training for the various professional groups involved. "

5. Mr Moore's personal note to you last week emphasises the Report's findings on weaknesses in training social workers in particular (and his view that the Opposition will focus on this). He says that he would like to say as much as possible in his statement on publishing the Report. He wants to publish the Report on July 5th or 6th, since he has agreed this with Lord Justice Butler-Sloss. Mr Moore's note urges his bid for a specific grant for social work training improvements and its importance in relation to media and parliamentary attention on the Report.

Discussion

6. As a rule, the Treasury opposes specific grants. One general concern is that they are clearly designed to lever-up local authority public expenditure in a specific area. As there is no equivalent pressure for expenditure reduction in some other area, the result is an increase in out-turn in public expenditure.

7. A second general objection is that they reduce the ability of local authorities to deliver services efficiently and economically. An activity supported in part or in full by specific grant is regarded by the local authority service department as "their own" and "free". It is thus difficult for local authority management and budgetary control procedures to operate fully to ensure minimum cost. In short, it provides a classic case of why divorcing management and financial responsibility can lead to inefficiency.

8. In the annex to his letter, Mr Moore sets out in more detail his case for a new specific grant. Briefly, the reasons he covers are: the escalating problem of child abuse, especially child sex abuse; a shortage in skills to assess child abuse; the need similarly to train residential and day care workers; the need for training in child care law; the belief that a specific grant made through the Training Support Programme could be closely monitored.

9. Mr Moore also comments briefly on current grants he is making in the child abuse field to six projects run by voluntary organisations, academic institutions and medical bodies (under Section 63 of the Health Service and Public Health Act 1968). He says that he plans to extend these in 1989-90, bringing CCETSW into the discussions and encouraging social services departments to appoint a specialist training officer post in child care who would co-ordinate training opportunities in this area. Presumably, such an expanded central initiative at least mitigates the "need" for a specific grant. Indeed, the current grants were established last year precisely to fill "inadequacies and shortcomings in service provision".

10. The grants (£0.3 million this year, £0.6 million next year) cover areas such as: in depth training among professionals in the treatment of child abuse; a grant to create a national database on training materials in child abuse; development of specific training packages for senior managers in Social Services Departments and Health Authorities; training to improve awareness wherever this is needed; and training to achieve better inter-professional co-operation. It is not clear then why these grants

do not suffice. Mr Moore does not explain why another specific grant is the only solution.

11. What is also lacking from Mr Moore's letter is an examination of what the objectives and targets of this grant would be. We still lack this firm information in respect of the specific grant for the elderly. In addition, he does not explain why, in the light of the well-publicised cases, local authorities will not already be taking steps to give child abuse greater priority.

12. Mr Moore makes favourable mention of the specific grant for training for working with the elderly which you - and E(LA) - exceptionally agreed to last year. He says that it is already "showing clear signs of worthwhile results". However, it is clearly far too early to say this since the effects of the expenditure will only be shown in several years time as the resulting new courses - which cannot yet have begun - are completed and evaluated. Indeed, in a recent letter from DHSS about this grant (at official level), they confirm this view telling us that, as this is a new programme, they have not yet been able to monitor performance and outputs. In addition, Mr Moore seems to be unaware that this grant was agreed for one year only.

13. Mr Moore also advances a political case for his proposal, based on the Butler-Sloss Report on the Cleveland cases. He and Mr Newton are, we understand, expecting the Government to come under pressure on this front and they see an announcement of a specific grant as a way of heading this off. However, a specific grant is not the only response to such pressure. There is an alternative line by which Mr Moore could emphasise what he is already doing in this area both in terms of grants and of encouraging good practice through the Social Services Inspectorate. There is also the recent package of general improvements to social work training (although as you will know it has been criticised in some quarters as insufficiently generous). Moreover, I have heard that Scottish Office Ministers are watching very closely to see your reaction to Mr Moore's proposal. If you were to accept it, Mr Forsyth would be keen to press for a similar grant for Scotland. There might also be renewed pressure in other areas where specific grants would otherwise be considered nonstarters.

CONFIDENTIAL

14. You may feel, however, that the political need to say something positive on Butler-Sloss is so strong that it outweighs the general presumption against specific grants (and the weaknesses in Mr Moore's case). If so, you might want to consider offering him a specific grant for a three year period tapered at 70% in the first year, 50% in the second and 25% in the third. The draft reply does not however offer this compromise but instead suggests that Mr Moore should bring his case to an early meeting of E(LA).

Philip Groves.

P W GROVES

DRAFT LETTER FROM CHIEF SECRETARY TO MR MOORE

CONFIDENTIAL

The Rt Hon John Moore MP
Secretary of State for Social Services
Department of Health and Social Security
Richmond House
79 Whitehall
London SW1A 2NS

June 1988

TRAINING SUPPORT PROGRAMME: CHILD CARE

Thank you for your letter of 26 May proposing a new specific grant for child care.

I fully appreciate and share your concern that social services staff - especially those involved in the diagnosis and assessment of child abuse - receive appropriate training. I note too the references to training in the Cleveland Report.

You will be aware of our reservations about specific grants generally. The first is that, being designed to lever-up expenditure in a specific area, they allow no equivalent pressure for expenditure reduction in some other area, resulting in an increase in out-turn in public expenditure.

A second objection is that they reduce the ability of local authorities to deliver services efficiently and economically. An activity supported in part or in full by specific grant is regarded by the local authority service department as "their own" and "free". It is thus difficult for local authority management and budgetary control procedures to operate fully to ensure minimum cost. In short, this is a classic case of why divorcing management and financial responsibility can lead to inefficiency.

On the proposal itself, you say that the child abuse training initiatives currently underway are making only a small contribution to training needs. These grants were established to fill inadequacies and shortcomings in existing provision in precisely some of those areas which your specific grant would be intended to cover. Presumably, they at least mitigate the perceived need for another specific grant. And local authorities will presumably have already taken steps to reorder their priorities to meet the problems of which the child abuse statistics you cite are evidence. Furthermore, your current proposals do not appear to include the specific targets and objectives against which success or failure might readily be measured.

You refer to last year's agreement at E(LA) to the introduction of a Training Support Programme for those working with the elderly - which, by the way, was agreed for one year only - and you say that this is already showing worthwhile results. However, it is surely far too early to say this since the effects of the expenditure will only show themselves over several years as new courses are established, completed and evaluated. Indeed, I understand that your officials have told mine that, this being a new programme, they have not yet been able to monitor performance and outputs. I would be grateful if you could let us have the evidence underlying the claim in your letter in order to help us consider whether the grant should be continued next year.

I accept that the Butler-Sloss Report on the Cleveland affair may put pressure on the Government to be seen to be funding action in this area. But in response to that report, you could point to what you are already doing in this area both in terms of grants and of encouraging good practice as well as the more general improvements to social work training which you intend to make following your recent discussions with the Central Council for Education and Training in Social Work (CCETSW).

If nevertheless you feel you must pursue this proposal, I think you should seek an early opportunity to do so with colleagues in E(LA).

I note your intention to propose again a grant in respect of social service provision for the needs of those with AIDS or HIV infection. I should leave you in no doubt however that I would expect to see a much stronger case for this than has been advanced in the past. There already exist several specific AIDS initiatives, and I am not clear on what basis a new specific grant could be justified.

I am sending a copy of this letter to the Prime Minister, members of E(LA) and Sir Robin Butler.

JOHN MAJOR



DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Richmond House, 79 Whitehall, London SW1A 2NS

Telephone 01-210 3000

From the Secretary of State for Social Services

mps pd

The Rt Hon John Major MP
Chief Secretary to the Treasury
HM Treasury
Parliament Street
LONDON
SW1P 3AG

CHIEF SECRETARY	
REC.	24 JUN 1988
ACTION	<i>Mr Saunders</i>
	<i>Ch. S. Peter Middle</i>
	<i>Mr Anson Mr H Phillips</i>
	<i>Miss Beeson Mr Tunhill</i>
	<i>Mr Call</i>

24 June 1988

Dear John

TRAINING SUPPORT PROGRAMME: CHILD CARE

I wrote to you on 26th May, in advance of receipt of the Cleveland Child Abuse Inquiry Report, seeking agreement to an early announcement that the Training Support Programme would be extended to the field of Child Care once the legislation permits.

We have now received the Report and it confirms our view that we must take and be seen to be taking urgent action to improve training in this field, particularly with relation to child sexual abuse. Some quotations will show the strength of the Report's view on this:-

Recommendations

Para 9. 'Training is one of the major needs shown by the Cleveland experience'. There is an urgent need to give immediate in service training to professionals.

Report

Para 15.5. "It was our overwhelming impression that the training provided nationally is inadequate".

and "Many social workers experienced difficulty in responding to sexually abused children because they had not received the training necessary to the task they were undertaking".

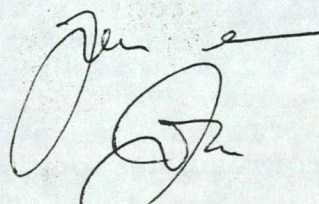
E.R.

Para 15.6. "There is an urgent need for training in child abuse and child sexual abuse to be properly co-ordinated and validated on a national basis. We share and endorse the concern expressed by the national social work organisations that a new initiative and additional resources are needed to ensure adequate training for the various professional groups involved."

Our response to the Report will be seen as politically quite inadequate if we do not address one of the few issues where we do have the prospect of some central control and action. The experience with the Programme we are running this year for staff working with elderly people shows that a specific grant is a very powerful means of ensuring significant progress. We will come under tremendous pressure from our own supporters as much as from others - to use our extended powers to achieve some much needed progress in child care training. We will have lost a valuable political opportunity if we seem to be doing this only in response to pressure from others rather than from our own desire to press forward with some positive measures. And I have no doubt whatsoever that we would need to concede this in due course. Moreover until we can make some progress in preparing staff better for the immensely difficult tasks they face in the field of child sexual abuse, we will continue to have inquiry after inquiry once things have gone badly. Since the statistics show that known cases of child sexual abuse continue to rise inexorably the situation can only get worse unless we take rapid action to improve the capacity of staff to respond effectively and humanely.

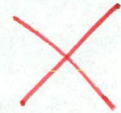
Tony Newton will be making an oral statement to the House on 6 July in response to the Report and will be sending a draft of that statement to members of H shortly. I attach substantial importance to his being able to announce in the statement the extension of the training support programme to the child care field. I hope therefore that I can now have your agreement to my proposals. If you see any difficulties in agreeing, I suggest that we need to discuss the issue at the meeting of E(LA) on 29 June.

I am copying this letter to the Prime Minister, members of E(LA) and Sir Robin Butler



JOHN MOORE

CONFIDENTIAL



DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Richmond House, 79 Whitehall, London SW1A 2NS

Telephone 01-210 3000

From the Minister for Health

The Rt Hon John Wakeham MP
Lord President of the Council and Leader
of the House of Commons
Privy Council Office
Whitehall
LONDON
SW1A 2AT

CHIEF SECRETARY	
REC.	27 JUN 1988
ACTION	Mr Sanders - with attachment to be returned + advice
COPIES TO	Cx, FSI, PMG, EST
Sir P Middleton, Mr Anson, Mr Phillips	
Mr Edwards, Miss Pearson, Mr Turnbull	
Mr Potter, Mr Jellicott, Mr Rayner, Mr Call	

24 JUN 1988

John Wakeham

On 9 July 1987 I announced to the House the establishment of a statutory inquiry headed by a High Court Judge into child abuse in Cleveland. The Judge, Mrs (now Lord) Butler-Sloss, was assisted by three assessors with experience of medical, social work and police services.

I received the Report of the Inquiry on 6 June, and immediately set in hand arrangements for printing and publication. Copies of the report, which runs to some 800 typescript pages, have been circulated to Government Departments on a 'need to know' basis; and initial reactions are that its recommendations are generally helpful. The Judge has also prepared a short version of her report. A copy of this is attached. Publication is proposed at the earliest feasible date - 6 July - and will be announced by means of a statement to Parliament. The date has been chosen partly for the convenience of Lord Justice Butler-Sloss who will issue a prepared statement in Middlesbrough. Neither she nor her expert assessors will be interviewed.

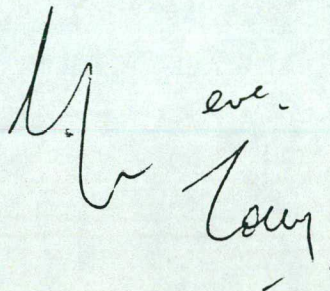
The full report is critical of a number of individuals concerned with the events in Cleveland - notably Mrs Richardson, the Social Services Department's consultant on child abuse, Drs Higgs and Wyatt, the two paediatricians centrally involved, Dr Irvine, the Senior Police Surgeon and Stuart Bell, the Middlesbrough MP. The chief constable and director of social services are also criticised for failing to take corrective action quickly enough. All these and others criticised significantly will be given advance copies of the Report on the morning of publication, at the same time as it is released under embargo to the media. Other than this it is not intended to issue advance copies of the report, although I propose that officials should hand over to the main agencies involved - the local authority, regional health authority and the police - relevant extracts two or three days in advance of publication, as well as the full report on the day. This is I am sure essential so that they can prepare their initial response. Officials will do what they can to prevent defensive or divisive local reactions.

The report also makes a number of recommendations about good practice. We can respond positively and quickly to these. Along with publication of the Report I intend to issue, jointly with the Welsh Office, a circular and guidance to social services and health authorities on 'Working Together for the Protection of Children from Child Abuse'. A draft was widely circulated in 1986, it has now been substantially amended to take account of comments and of the Cleveland recommendations. I propose that my officials should give the relevant professional and other organisations informal briefings on the guidance shortly before publication. The Home Office and Department of Education and Science are also planning to issue circulars on the same day and may wish to give similar briefings in the fields for which they are responsible.

We are corresponding separately with the Chief Secretary about the case for specific grants to local authorities in respect of social services training in child care and will adjust the draft statement as necessary in the light of the outcome.

I enclose a ^{preliminary} draft of the statement I propose. If you or copy recipients have any comments on this or on the arrangements, I shall need to know by 1st July.

I am sending copies of this letter and enclosures to the Prime Minister, members of H Committee, and Sir Robin Butler.

A handwritten signature in dark ink, appearing to read 'Tony Newton'. The signature is written in a cursive style with a large initial 'T' and 'N'.

TONY NEWTON

Enc.

KW/DNo.10

DRAFT.

On the 9th of July last year I announced that my Rt Hon Friend had ordered an inquiry into the arrangements for dealing with suspected cases of child abuse in Cleveland. The inquiry arose from an unprecedented rise in the number of cases of child sexual abuse diagnosed in Cleveland during May and June, and the serious concern expressed in this House and elsewhere about how those cases were being dealt with.

I am extremely grateful to Lord Justice Butler-Sloss for agreeing to undertake this inquiry, and to the three assessors who helped her, Professor David Hull, Mr John Chant and Mr Leonard Soper all of whom supported her conclusions and recommendations. Mr Rt Hon Friend has published her report today. It is also available in a short version and copies of both are in the Vote Office.

The Report contains some criticisms of the part played by individuals in the events of last year. It will be for their employers to consider these and take any action which is appropriate.

The report confirms that communications and co-operation between the agencies in Cleveland fell short of what was required, and that those in authority were unable to act sufficiently speedily or effectively to restore the orderly and effective handling of cases. Action in some cases was taken too precipitately, with insufficient attention to the weight of the evidence, the interests of the child and the parents, and the possibility of taking action falling short of removing the child from home.

Nevertheless, many children undoubtedly received protection that was needed. I am sure the House would wish to join me in expressing regret and sympathy to those families for whom the standard of service provided fell short of what should have been.

A number of important lessons should be learned at once from the report.

First, it is of fundamental importance that in assessment of child sexual abuse professionals should work closely together with agreed guidelines.

Second, medical examination forms only part of multi-agency assessment, and the reflex anal dilation test should not on its own be regarded as sufficient evidence of child sexual abuse. This view is confirmed in a report of a sub committee of the Standing Medical Advisory Committee which my Rt Hon Friend is also publishing today, and distributing widely to the medical profession.

Third, when all the available evidence supports a conclusion that the child needs protection against sexual abuse, action needs to take account of all the circumstances including those of the family, and immediate removal of the child will not always be necessary.

Fourth, wherever practicable, whatever action has to be taken, parents should be consulted, involved and kept informed of what is done. They should be given reasonable access to their children unless this would be against the child's best interests.

Fifthly, better training of all the professions in the handling of child sexual abuse is urgently needed.

The report stresses the importance of effective inter-agency working, and that is the subject of comprehensive guidance which my Department and the Welsh Office are issuing today. This guidance takes in the messages of the Report. Parallel circulars are being issued to the police and education authorities by my Rt Hon Friends the Home Secretary and the Secretary of State for Education and Science.

A report by the Social Services Inspectorate on a survey of current arrangements for inter-agency working is also being published today. It shows good progress in almost all areas. In the relatively few areas where further progress needs to be made we will monitor the situation closely to ensure that satisfactory arrangements are developed.

Also being published today is guidance for senior nurses on the management of child abuse work, prepared by the Standing Nursing and Midwifery Advisory Committee. Guidance on social work practice will be issued in October.

Copies of the reports and guidance to which I have referred have been placed in the Library.

Those recommendations in the report that require legislation will be considered when we implement our proposals in the White Paper on The Law on Child Care and Family Services which are intended to provide a clearer and fairer framework for the protection of child care services to families and for the protection of children at risk. The report supports our proposals, and we will introduce legislation as soon as the Parliamentary timetable allows.

We already have in hand a number of initiatives on the prevention and management of child abuse. We will press ahead with these and begin discussions immediately on how we can build on those initiatives and develop a further programme to meet the needs rightly identified in the Report. [Reference to Specific Grant if approved.]

It is clear from the Report that some of the events in Cleveland should not have occurred. But I invite the House to remember the uniquely difficult circumstances facing doctors, the police and social workers when evidence of sexual abuse is presented. Those circumstances will always be fraught with tension, anxiety and some uncertainty. We should thank and support those who daily take on responsibility for dealing with these appallingly difficult cases. Given the difficulties they face it will never be possible to ensure that no errors are made. I hope and believe that this, Report, together with the action I have announced today, will make it significantly less likely that such an unhappy series of events will happen again in this country.

CONFIDENTIAL



DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Richmond House, 79 Whitehall, London SW1A 2NS

Telephone 01-210 3000

From the Minister for Health

The Rt Hon John Wakeham MP
Lord President of the Council and
Leader of the House of Commons
Privy Council Office
70 Whitehall
London SW1A 2AT

CHIEF SECRETARY	
REC.	27 JUN 1988
Mr Sanders,	
Cx FST, PMG, EST. Sec of Middlesex	
Mr Anson, Mr Phillips, Mr Edwards 24 JUN 1988	
Miss Pearson, Mr Turnbull, Mr Potter	
Mr Jelliffe, Mr Rogers, Mr Call	

John

**CHILDREN AND FAMILY SERVICES BILL : EMERGENCY PROTECTION ORDERS
AND CARE ORDERS**

I wrote to you earlier today about the terms of 'the Government's initial response to Lord Justice Butler-Sloss' report on the Cleveland Child Abuse Inquiry, which will be published on 6 July. This letter seeks colleagues' agreement in the law governing emergency protection and child care procedures.

As you know, we published our proposals for reforming child care law in the White Paper 'The Law on Child Care and Family Services' (Cm 62, Jan 1987) and have approval for a Bill of some 80 clauses in next session's programme. I have reviewed our proposals in the light of the Judge's recommendations, in consultation with interested Departments at official level.

The Judge supports the White Paper and makes a point of saying that our proposals should be implemented as a matter of urgency. In response to her recommendations we shall:

- i. make clear that applications for emergency protection orders, which authorise removal of the child, need not be made ex-parte, though in practice full hearings on notice to the parents will usually not be practicable;
- ii. omit the requirement that extensions of emergency protection orders and interim care orders should be granted only in exceptional circumstances (which the Judge thought might be difficult to prove), but provide for specific criteria which magistrates should follow rather than, as she suggested, give them complete discretion;

- iii. make refusal to disclose to the court the whereabouts of a child who is the subject of an emergency protection order subject to penalties which could include imprisonment;
- iv. provide that magistrates should be able to dispense with attendance of the child during court proceedings, subject to the child being allowed to attend if she/he wishes;
- v. provide that court clerks should be required to keep records of all emergency protection orders made, including those made by single justices outside court hours.

Virginia Bottomley and others have been pressing for a medical assessment order as a lesser alternative in some situations when an emergency protection order might seem unnecessarily strong. Their aim is to promote co-operation between parents and social workers and avoid as much as possible the trauma of removing children suspected of having been abused from home. The Judge makes clear that she does not favour a separate order which with different grounds and effects would be confusing and potentially dangerous. Instead she proposes the EPO might be conditional in certain circumstances. I shall be considering this. In any case, however, I intend to provide a new duty on the holder of the EPO not to remove or keep a child away from home if satisfied that to leave him or return him would not put him at risk. This would reinforce our concern that children under the order should not be kept away from home unnecessarily.

Although Lord Justice Butler-Sloss did not address this question, I now think it necessary to give parents and guardians an earlier opportunity to challenge emergency protection orders than would be possible under the White Paper proposals. Under these proposals they would have to wait for up to eight days until an extension of the order is applied for or care proceedings are initiated. This is too long a period to go unchallenged and could get us into further trouble with the European Convention on Human Rights. I therefore propose that parents, guardians and others who had custody of the child at the time of removal should, in cases where the order was made on ex-parte application, be able to apply to a magistrates court for discharge of the order after 72 hours. I would not expect this opportunity to be heavily used.

The Judge also recommends that, subject to practice directions, parents should in future be able to initiate wardship proceedings in cases which would otherwise have to be pursued in magistrates courts; and that a new Office of Child Protection should be established to improve the handling of child care business by the courts. These proposals are for James Mackay to consider in the first instance. They are relevant to the case for a family court on which, I understand, he will shortly be writing to you.

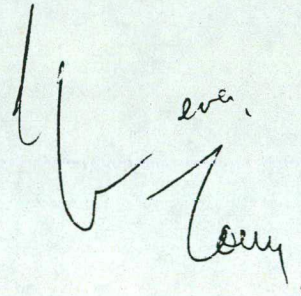
James Mackay will also be seeking policy clearance from colleagues in due course for inclusion in the Bill of provisions to reform private child law. I understand that these provisions will be based on proposals prepared following public consultation by the Law Commission who, in accordance with their usual practice, will shortly be publishing a report and draft Bill in support of their proposals. This draft Bill will include clauses on the Court's powers to make care and supervision orders in proceedings initiated by local authorities

as well as in family proceedings. These particular provisions cover matters of public rather than private child law, and strictly run beyond the scope of the Law Commission's report. I am told that the Law Commission have included such clauses to show how the agreed objective of complete consistency between the two schemes could be achieved, for example, by having the same grounds and effects for compulsory committals to care in all civil proceedings. They will make clear in their report that their draft clauses on public law are intended to be illustrative only, and therefore have no official standing. We have an opportunity to consider the detailed provisions on public child law reform when the draft Bill prepared by Parliamentary Counsel is available. In the meantime I am content that the care order clauses should be trailed in this way without any commitment by the Government.

I trust that these additional limited proposals are acceptable to colleagues. We shall, of course, be expected when the Bill is introduced to indicate how we have provided for the recommendations on child care law in the Cleveland Report, and I am confident that these changes will be seen as a reasonable response.

I shall be writing separately to you about other aspects of the Children and Family Services Bill and we shall be producing more precise estimates of cost in due course, including any changes (not likely to be substantial) attributable to the proposals in this letter. As a rough estimate we now expect the full additional cost, including local authority expenditure, legal aid and court costs (but not including any costs attributable to changes in court jurisdiction) to be of the order of £7-8 million, with one-off start costs principally on local authority staff training of about £4.5 million. The Treasury are aware of these figures.

I am copying this letter to James Mackay, Douglas Hurd, Kenneth Baker and Peter Walker, to other members of H Committee and to Sir Robin Butler.

A handwritten signature in black ink, appearing to read 'Tony Newton', with a small 'eva.' written above it.

TONY NEWTON



CH/EXCHEQUER	
REC.	25 JUL 1988
ACTION	Mr K. S. Wright
COPIES TO	CST, FST, PMG Sir P Middleton Dame A Mueller Mr Anson, Mr Phillips Mrs Case Mr Revolta

26/7

HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

25 July 1988

Dear Alison,

DATA PROTECTION ACT: GUIDANCE ON HANDLING REQUESTS FOR PERSONAL DATA IN MINISTERS' CASES AND PQS

It has always been a matter of Departmental policy for Ministers to take care over what personal information about individuals they disclose to MPs and Peers, but the need for care has increased with the precise legal framework that now surrounds information stored on or extracted from computers following the implementation of the Data Protection Act 1984.

With the increasing use of computer technology for the storage of information which might be sought by MPs and Peers it may well be prudent to give guidance to staff on how to handle requests for personal data covered by the Data Protection Act. However, the Home Secretary would not wish to have any such guidance issued in this Department before being sure that the Business Managers and Ministerial colleagues are agreed on the line it takes. I therefore attach the latest draft of a note for officials in this Department. This follows and is broadly similar to an earlier draft which was circulated to other Government Departments on 9 May by our Parliamentary Clerk.

The draft circulated on 9 May received the general approval, at official level at least, of other Departments, with comments on only four aspects. We have revised the draft (where it is marked X) to accommodate the point raised by the Ministry of Agriculture, Fisheries and Food, and (at Y) we have gone as far as we think we should to accommodate the Ministry of Defence. We accept the Ministry of Defence's point that our guidance should not imply that paper files which completely and intentionally duplicate information stored on a computer can safely be used to circumvent the Act. Nevertheless, the Home Secretary is concerned that Ministers do not expose themselves to the criticism that they are using the Data Protection Act as a convenient excuse for withholding information which is not in fact covered by the Act and to which MPs can reasonably feel entitled to have access.

/We have also

Ms Alison Smith

We have also gone as far as we think we can to accommodate (at Z) the third point, which was raised by the Department of Employment, that we should regard MPs and Peers who have been approached by data subjects for help as exempted from the need to be registered as a "disclosure" under the Act. Given the sensitive nature of some of the information held in this Department at least, we would feel very uneasy about disclosing personal data, where we were not covered by the relevant registration including MPs and Peers, without unambiguous evidence from the data subject, which goes beyond a general wish for an MP or Peer's assistance, that he or she is willing for such details to be disclosed.

The only other point raised was that of guidance on requests for data made by Select Committees. We think that this is best left for Cabinet Office to consider what, if any, guidance it should issue on the matter in addition to its existing Memorandum of Guidance for Officials appearing before Select Committees.

The Home Secretary would be grateful to know if colleagues are content with the terms of the attached draft by 10 August. If there is general agreement, copies of the final version will be circulated to Departments for their information in order to avoid inconsistencies in approach. Copies of this letter go to the Principal Private Secretaries in the Departments listed in the Appendix, and to Dominic Morris, Nick Gibbons, Murdo Maclean, Rhodri Walters and Trevor Woolley.

Yours sincerely,

P J C Mawer

P J C MAWER

DRAFT 19.7.88

cc Private Secretaries
Mr Yates
Deputy Secretaries
Under Secretaries

Heads of Divisions

GUIDANCE ON DEALING WITH MINISTERS' CASES AND PQs REQUESTING PERSONAL DATA AS DEFINED BY THE DATA PROTECTION ACT 1984

1. In very broad terms, the Data Protection Act 1984 defines personal data as information which is (a) stored on, or extracted from, a computer (b) consists of factual data or opinions and (c) relates to a living individual. (For a precise definition see paragraph 8(b) of the Departmental Data Protection Guidelines, issued under cover of HD Notice 12/1987.) All references to personal data in this note should be interpreted accordingly.

2. Where an MP or Peer requests personal data, under cover of either a Minister's Case or a PQ, or where the reply to his or her letter or PQ calls for the inclusion of any personal data even though it has not been specifically requested, extra care needs to be taken to ensure that the provisions of the Act are complied with. Even though Parliamentary privilege may in fact protect a Minister from prosecution under the Act or from civil proceedings as a result of anything said in either House of Parliament or in a PQ, it would be quite inappropriate for Ministers to be seen to be disregarding the law. Having said that, it is also important that Ministers should not be unnecessarily restricted in their dealings with MPs or Peers. It should be noted therefore that the principles of the Data Protection Act do not apply to information held on a paper file, even if the computer system has helped to locate that information. Similarly, if a reply to an enquiry is formulated from information held on a paper file then, even if some information from that file has subsequently been put on to a computer file, the Act would not apply to the paper file. Nor does the Act apply if the reply is formulated from computer-generated information held on a paper file if the source record has since been erased from the computer. Y X

3. This note attempts to provide broad guidance on dealing with such requests. Further general advice, or advice on specific cases, may be obtained at any time from either (a) the departmental Data Protection Liaison Officer or (b) the Departmental Data Protection Co-ordinator (see Annex A).

MINISTERS' CASES

4. If a request for personal data is contained within a Minister's case letter, it must first of all be established in Division whether or not the MP or Peer in question is making a specific request for subject access on behalf of a data subject. In reaching a decision on this staff will need to consult the DPLO - see paragraph 7 of HON 54/1987. For guidance on what to do in the case of a specific request for subject access see Annex B.

5. If the MP or Peer is not making a specific request for subject access on behalf of a data subject, the Department's ability to disclose the data will rest primarily on whether or not the registration covering those personal data identifies MPs or Peers as a possible 'disclosure'. Within the Home Office, MPs and Peers may be regarded as a possible disclosure only where recorded specifically as such against disclosure code D 382 in the relevant registration (ie the register entry must include 'D382 - Members of Parliament and Members of the House of Lords - Disclosure'). Where MPs and Peers are so registered it will nevertheless still be for the Division, in preparing the reply, to determine whether or not it is appropriate in the circumstances of the case to disclose the information.

6. Given the areas of work covered by the Home Office and the level of correspondence with MPs and Peers, Divisions should ensure that any decision not to register them as a possible disclosure is soundly based. Ministers could be asked by MPs to justify such decisions.

7. If the registration does not specify an intention to disclose information to MPs or Peers, any disclosure of personal data would almost certainly breach the requirements of the Act and could constitute a criminal offence unless it is clear from the data subject's letter that he or she has consented to the information being disclosed to the MP or Peer. It is also possible that an unauthorised disclosure could provide grounds for a claim for civil damages. In cases of any doubt therefore, the reply to the MP or Peer should indicate that the information requested was subject to the provisions of the Data Protection Act 1984 and could not be disclosed without the express written permission of the individual(s) concerned. Z

PARLIAMENTARY QUESTIONS REQUESTING PERSONAL DATA

8. Because the replies to Questions are published in Hansard and hence made public a reply, Parliamentary privilege notwithstanding, would almost certainly frustrate the purposes of the Data Protection Act 1984. Where a request for information which comes within the scope of the Data Protection Act is made via a Question the data requested should not be given in the published reply.

9. In cases where it is nevertheless considered appropriate and it lies within the terms of the Data Protection Act to send a letter to the MP or Peer conveying the information sought, the draft reply to the PQ should be:

"I will write to the hon Member/my hon Friend." (Commons)

"I will write to the noble Lord/my noble Friend." (Lords)
In cases where it is not thought appropriate or it does not lie within the terms of the Data Protection Act to give disclosure by letter the draft reply to the PQ should be:

"Disclosure of the information requested by the hon Member/noble Lord would be contrary to the provisions of the Data Protection Act 1984."

Such a reply should, however, be given only where the Data Protection Act 1984 is the sole reason for withholding the information sought. If the disclosure would not in any event have been made, eg because it is departmental policy not to do so, that should continue to be used as the reason for declining to provide the information requested.

10. Where a letter is sent in reply to a Question in these circumstances it should not be copied to the library of the House.

11. The guidelines in this note on PQs will be incorporated in the forthcoming new edition of the PQ Handbook.

J A GILBERT
Parliamentary Clerk

ANNEX A

DEPARTMENTAL DATA PROTECTION LIAISON OFFICERS

<u>Broadcasting & Miscellaneous Department</u>			
Mr J P Emery	T2 Division	Room 605, QAG	273-3163
[Mr P Nelson, NTVLRO, BRISTOL BS98 1TL Tel: 0272-219344]			
<u>Criminal Justice & Constitutional Department</u>			
Mr R K W Parker	C6 Division	Room 434A, QAG	273-3520
<u>Criminal Policy Department</u>			
Mrs I Brand	C5 Division	Room 227, QAG	273-2078
<u>Establishment Department</u>			
Ms G Hunt	Est. Div. 4	Room 724, Abell	211-3800
<u>Equal Opportunities & General Department</u>			
Mr J Chilles	I Division	Room 1286, QAG	273-2876
<u>Finance & Manpower Department</u>			
Miss R M Thomas	Finance Div. 1	Room 371, QAG	273-2227
<u>Fire & Emergency Planning Department</u>			
Mr F J Archer	G1 Division	Room 935, QAG	273-3925
<u>Immigration & Nationality Department</u>			
Mr A F Wade	B5 Division	Room 423, Lunar	2822-2258
<u>Passport Department</u>			
Mr R I Henderson	Passport Dept	Room 236, Clive	271-8508
<u>Police Department</u>			
Mr E Whittaker	F7 Division	Room 524, H/Ferry	211-5970
<u>Prison Service</u>			
Mr S F Redmayne	P S I T Group	Room 140, Cleland	211-8942
<u>Private Office</u>			
Mr J A Gilbert	Private Office	Room 864, QAG	273-3170
<u>Research & Planning Unit</u>			
Miss J M Brooks	RPU	Room 254, QAG	273-3985
<u>Statistical Department</u>			
Mr R M Taylor	Stats. Dept.	Room 846, QAG	273-2682
<hr/>			
<u>Data Protection Co-ordinator</u>			
Mr G R Sampher	I T Division	Room 716, Clive	271-8674

Home Office
June 1988

SPECIFIC REQUESTS FOR SUBJECT ACCESS

1. If it is clear that the MP or Peer is making a specific request for subject access on behalf of a data subject, that request, in order to be valid within the terms of the Act, must at the very least include (a) either the registration number to which the application relates or, where that is not provided, sufficient information to permit the Department to determine that registration beyond doubt (b) sufficient information to verify the identity of the data subject (c) sufficient information to locate the data requested (d) the subject access fee and (e) written confirmation of the MP or Peer's authority to act on the data subject's behalf. The nominated Data Protection Liaison Officer within each department of the Office will be able to help Divisions establish the validity of any such applications.
2. Where the application is valid, the DPLO will assume responsibility for obtaining the data requested (in accordance with the Departmental Subject Access Procedures) and, subject to local arrangement, will either prepare, or provide a contribution to, the draft reply. In so doing, the DPLO will take full account of any departmental policy, as well as advice from those directly responsible for the data in question, as to whether or not one of the many statutory exemptions applies. Under no circumstances should individuals assume the application of any exemption without the prior agreement of the DPLO.
3. Where the application is not valid (as will most likely to be the case) the DPLO will be able to supply a Home Office Subject Access Request Form (ITD/DP/SA/1) and a Summary of Home Office Registrations. These should then be sent to the MP or Peer with a suitable explanatory letter drafted for the Minister. The following form of words covers most eventualities, but would obviously need to be tailored to meet the needs of each individual case:-

"As you will know, the Act requires data subjects to (a) provide sufficient information to help the data user confirm the data subject's identity (b) provide sufficient information to help locate any information that may exist (c) subject to the statutory maximum of £10, pay any fee requested by the data user and (d) where the data user has more than one registration, to specify the registration(s) to which the request relates by giving either the registration number(s) or sufficient information to determine the registration(s) beyond doubt. In addition, where the request is being made on behalf of a data subject, sufficient proof of authority to act on the data subject's behalf must be provided.

I am therefore enclosing a form which, together with its explanatory note, shows what information etc is required in, order to make a subject access request to Home Office records. The booklet 'Summary of Home Office Registrations' also enclosed gives additional information on the many and varied registrations made by this Department, and advises what fee is payable for requesting access to each of them.

E.R.

If your constituent wishes to pursue this request it would be helpful if he/she could complete the form (or provide the information requested therein) and return it as soon as possible either via yourself or direct to us quoting ref:
If you do this on your constituent's behalf, I am afraid I must ask you to provide additionally suitable evidence of your authority to do so."

APPENDIX

Ministry of Agriculture, Fisheries and Food

Attorney General's Office

Lord Chancellor's Department

Ministry of Defence

Department of Education and Science

Department of Employment

Department of Energy

Department of the Environment

Foreign and Commonwealth Office

Department of Health and Social Security

Northern Ireland Office

Scottish Office

Department of Trade and Industry

Department of Transport

Treasury

Welsh Office

From: THE PRIVATE SECRETARY



CH/EXCHEQUER	
REC.	28 JUL 1988
ACTION	Mr K. S. WRIGHT
COPIES TO	C ST, FST, PMG, SIR P. MIDDLETON, DAME A. MUELLER, Mr ANSON, Mr H. PHILLIPS, MRS CASE, Mr REVOLTA.

✓
29/7

HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

27 July 1988

Dear Alison,

DATA PROTECTION ACT: GUIDANCE ON HANDLING REQUESTS FOR PERSONAL DATA IN MINISTERS' CASES AND PQs

You will by now have received my letter of 25 July attaching draft guidance on this issue. One of our Ministers here has raised a supplementary point. He asks whether the Lord President thinks it advisable for a Parliamentary Question on this matter to be answered in October, covering all Departments. I should be grateful if you could cover this point in letting me have your reply to my earlier letter.

Copies of this letter go as before.

P J C MAWER

Ms Alison Smith

The Rt. Hon. Tony Newton OBE MP
Chancellor of the Duchy of Lancaster
and Minister of Trade and Industry

Philip Mawer Esq
Principal Private Secretary to
Rt Hon Douglas Hurd CBE MP
Home Secretary
Home Office
50 Queen Anne's Gate
LONDON
SW1H 9AT

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Switchboard
01-215 7877

Telex 8811074/5 DTHQ G
Fax 01-222 2629

CH/EXCHEQUER	
REC.	04 AUG 1988
ACTION	MR KSWRIGHT
COPIES TO	CST, FST, PMG, SER
	P MIDDLETON, DAME A
	MUELLER, MR ANDSON, MR PHILLIPS, MRS CASE, MR REDOLTA.

4/8

Direct line 215 5147
Our ref
Your ref
Date 3 August 1988

DATA PROTECTION ACT: GUIDANCE ON HANDLING REQUESTS FOR PERSONAL DATA IN MINISTERS' CASES AND PQs

Thank you for your letter of 25 July seeking comments on draft guidance to be issued within the Home Office.

Ministers in this Department are content with the terms of the guidance you propose to issue.

Copies of this letter go to Principal Private Secretaries in the Departments listed in the Appendix.

DAVID STYLES
ASSISTANT PRIVATE SECRETARY

AULAAD

APPENDIX

Ministry of Agriculture, Fisheries and Food

Attorney General's Office

Lord Chancellor's Department

Ministry of Defence

Department of Education and Science

Department of Employment

Department of Energy

Department of the Environment

Foreign and Commonwealth Office

Department of Health

Department of Social Security

Northern Ireland Office

Scottish Office

Department of Transport

Treasury ✓

Welsh Office

NM2ABJ

H/EXCHEQUER	
RE	09 AUG 1988 ✓ 9/8
ACTION	MR KS WRIGHT
COPIES TO	EST, FST, PMG,
	SIR P MIDDLETON, DATE
A MUEWER, MR ARSON, MR PHILLIPS, MRS CASE, MR REVOLTA	



SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ

01 211 6402

CHIEF SECRETARY	
NO.	- 9 AUG 1988
ACTION	CX.
COPIES TO	

P J C Mawer Esq
Private Secretary to
The Home Secretary
Home Office
Queen Anne's Gate
LONDON
SW1H 9AT

8 August 1988

Dear Philip

DATA PROTECTION ACT: GUIDANCE ON HANDLING REQUESTS FOR PERSONAL DATA IN MINISTERS' CASES AND PQS

Thank you for your letters of 25 and 27 July.

My Secretary of State is content with the draft guidance note attached to your first letter. The sensitivity of the issue has been drawn to the attention of officials in the Department and, should any requests for disclosure of information from MPs or Peers be received, we shall follow the same approach.

We agree that it is for the Cabinet Office to consider what guidance should be issued on requests for data made by Select Committees. Since the Energy and other Select Committees are now showing interest in obtaining data from computer databases in Departments, we very much hope that the Cabinet Office will take this up urgently.

Turning now to your letter of 27 July, my Secretary of State would welcome a PQ in October covering all Departments. This would hopefully steer MPs and Peers towards seeking personal data held on Department's computers with due regard to the provisions of the 1984 Act. A PQ should also provide a helpful frame of reference if some of these requests had to be refused.

I am copying this letter to the Principal Private Secretaries in the Departments listed in the Appendix to your letter and also to Dominic Morris, Nick Gibbons, Murdo Maclean, Rhodri Walters and Trevor Woolley.

Yours ever,

S HADDRILL
Principal Private Secretary

S Haddrill



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

My ref C/PSO/9074/88

Your ref:

P J C Mawer Esq
Private Secretary to
The Home Secretary
Home Office
Queen Anne's Gate
LONDON
SW1H 9AT

CHIEF SECRETARY	
REC	- 9 AUG 1988
ACTION	CX
COPIES TO	

- 8 AUG 1988

Dear Philip

DATA PROTECTION ACT: GUIDANCE ON HANDLING REQUESTS FOR PERSONAL DATA IN MINISTERS' CASES AND PQs

Your letter of 25 July to Alison Smith in the Lord President's office asked for comments from the Home Secretary's colleagues on the terms of a draft internal circular on the handling of Parliamentary Questions and Ministerial correspondence in the light of the Data Protection Act.

Officials in this Department had seen a copy of the first draft and had indicated that they were broadly content. I write now to confirm that we are similarly content with the latest draft and look forward to receiving the final version in due course. We are currently working on similar internal advice for this Department.

/ Copies of this letter go to those listed in yours.

CH/EXCHEQUER	
REC.	09 AUG 1988 ✓ 9/8
ACTION	MR KS WRIGHT
COPIES TO	CST, FST, PMG, SER P MIDDLETON, DAME A MUELLER, MR ARBO, MR PHILLIPS, MRS CASE, MR REVOLTA

Yours ever

N T E HOYLE
Private Secretary



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

PH

P J C Mawer Esq
PS/The Rt Hon Douglas Hurd MP
Home Office
Queen Anne's Gate
LONDON
SW1

CH/EXCHEQUER	
REC.	10 AUG 1988
ACTION	MR IS WRIGHT
COPIES TO	CST, FST, PMG SIR P MIDGINGTON, DAME A MUELLER, MR ANSON, MR PHELPS, MRS CASE, MR REVOLTA

9 August 1988

✓ 10/10

Dear Philip,

Your letter of 25 July to Alison Smith asked for comments from Ministerial colleagues on the terms of a draft internal circular on the handling of Parliamentary Questions and Ministerial correspondence in the light of the Data Protection Act.

Officials in this Department had seen a copy of the first draft and had indicated that they were broadly content. I write now to confirm that we are similarly content with the latest draft and look forward to receiving the final version in due course. We are currently working on similar internal advice for this Department.

Copies of this letter go to Private Secretaries in the Departments listed in the Appendix to your letter, Alison Smith, Dominic Morris, Nick Gibbons, Murdo Maclean, Rhodri Walters and Trevor Woolley.

Yours sincerely,

Deborah Lamb

DEBORAH LAMB
Private Secretary



MO 21/1L

CHIEF SECRETARY	
REC.	12 AUG 1988
ACTION	CX
COPIES TO	

MINISTRY OF DEFENCE
 MAIN BUILDING WHITEHALL LONDON SW1A 2HB
 Telephone 01-218 2111/3

10 August 1988

San Philip,

DATA PROTECTION ACT: GUIDANCE ON HANDLING REQUESTS FOR PERSONAL DATA IN MINISTERS' CASES AND PQS

Thank you for your letter of 25th July which enclosed draft guidance to be issued within the Home Office on the above.

We are content here for the revised draft to be circulated to Departments for information in order to avoid inconsistencies in approach.

Copies of this letter go to Principal Private Secretaries in the Departments listed in the Appendix.

Yours sincerely,

W C Clark

(W C CLARK)
 Private Secretary

P J C Mawer Esq
 PS/Home Secretary

CH/EXCHEQUER	
REC.	12 AUG 1988
ACTION	MR KS WRIGHT
COPIES TO	CST, FST, PMG SER P MIDDLETON, DAME A. MUELLER, MR ANDREW MR PHILLIPS, MRS CASE, MR REDDLE

✓ 12/8



APPENDIX

Ministry of Agriculture, Fisheries and Food
Attorney General's Office
Lord Chancellor's Department
Department of Education and Science
Department of Employment
Department of Energy
Department of the Environment
Foreign and Commonwealth Office
Department of Health
Department of Social Security
Department of Trade and Industry
Northern Ireland Office
Scottish Office
Department of Transport
Treasury
Welsh Office

JH/S/59



Department of Employment
Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-273.....5805.....
Switchboard 01-273 3000 Telex 915564
GTN Code 273 Facsimile 01-273 5124

Minister of State

P C J Mawer Esq
Private Secretary to the Secretary
of State for the Home Department
Home Office
Queen Anne's Gate
LONDON
SW1H 9AT

12 August 1988

CH/EXCHEQUER	
REC.	16 AUG 1988
ACTION	MR KS WRIGHT ✓ 16/8
COPIES TO	CST, FST, PMG,
	SIR P MIDDLETON
	DAME A MUELLER
	MR ANDERSON, MR PHILLIPS
	MRS CASE, MR REVOLTA

Dear Phillips

DATA PROTECTION ACT: GUIDANCE ON HANDLING REQUESTS FOR PERSONAL DATA IN MINISTERS' CASES AND PQs

You wrote to Principal Private Secretaries on 25 July enclosing copies of the proposed guidelines and asked for comments. I am replying in Nick Wilson's absence on leave.

As you know our officials have been in contact with yours about our one point of concern. We see that you have been able to move some way towards reflecting this in the draft and we are now content with the terms of the draft.

I am copying this to recipients of your letter.

Yours sincerely

Robert Ledsome

R J LEDSOME
Parliamentary Clerk



SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

P J C Mawer Esq
Private Secretary to the
Home Secretary
Home Office
Queen Anne's Gate
LONDON
SW1H 9AT

CH/EXCHEQUER	
REC.	16 AUG 1988
ACTION	MR KS WRIGHT
COPIES TO	CST, FST, PMG.
	SIR P MIDDLETON, DAME A MUELLER,
	MR ANDON, MR PHILLIPS
	MRS CASE, MR REVILLA

[Handwritten signature]
- 16/8 Action this to PMG
15 August 1988

Dear Philip,

DATA PROTECTION ACT: GUIDANCE ON HANDLING REQUESTS FOR PERSONAL DATA IN MINISTERS' CASES AND PQs

Thank you for your letters of 25 and 27 July about internal guidance on the handling of Parliamentary Questions and Ministerial correspondence in the light of the Data Protection Act.

Officials had seen an earlier draft of the Home Office internal guidance and were broadly content with its terms. On receipt of your final version, we would propose to issue similar advice within the Scottish Office.

We are not entirely convinced of the need for a Parliamentary Question as the procedures are an essential and inevitable consequence of very recent legislation. But if the general view is that an announcement would be helpful, we would not object.

*Yours sincerely
Margaret Jones*

PP DAVID CRAWLEY
Private Secretary

I am sending copies of this letter to recipients of yours.

PRIME MINISTER



HOUSING AND LOCAL GOVERNMENT BILL 1988/89

CH/EXCHEQUER

REC.	17 AUG 1988
ACTION	CST
COPIES TO	

✓ 17/8

I am writing to seek policy approval to abolish the Homeloan scheme in next session's Housing and Local Government Bill.

The Scheme

17/8/88

Homeloan is an ineffective scheme designed to give cash help to first-time homebuyers. Intending beneficiaries must go through a bureaucratic procedure of registration and then save with a building society or other savings institution for at least two years. Depending on how much they save they are then eligible for a grant of between £40 and £110 and, if they have saved at least £600, they also qualify for a loan of £600 free of interest and capital repayments for five years. They are entitled to these benefits only if they buy a house costing less than the prescribed limit for their region.

There is simply no incentive for anyone to save for two years in order to qualify for these trifling sums. In that time, the rise in the price of houses will more than wipe out the benefit. The scheme has never attracted its intended target, which is two-thirds of first-time buyers. Last year there were only 2,500 customers - just 0.4% of first-time buyers - and the gross cost to the Department of the Environment was just over £1.75 million (if it reached its intended target, the scheme would cost over £290 million). At the moment the Department's Homeloan accounts are showing a surplus, since repayments of loans now exceed the amounts being paid out in loans and grants.

In 1986 the Environment Select Committee described the scheme as trivial and recommended that it should be reviewed. This call for a review was repeated last year. Last year the Building Societies Association, whose members shoulder most of the costs of



administering the scheme, recommended that it should be discontinued.

The choice is between abolition and improvement. Improving the scheme to the point where it was effective would have serious cost implications, which would be difficult to justify at a time when the annual numbers of first-time buyers are running at very high levels. Moreover, the availability of large grants and interest-free loans would simply fuel increasing house prices without necessarily making it easier for would-be first-time buyers. I therefore recommend that we grasp the nettle and abolish the scheme entirely. I understand that the provision will require only one or two clauses; and it can be accommodated within the clause limit for the Bill agreed with the Business Managers.

Presentation

Abolition of the Homeloan scheme could be depicted by our opponents as removing the Government's only form of assistance to first-time buyers at a time when they are already finding life difficult because of rapidly rising prices, increasing mortgage rates and the withdrawal of double mortgage tax relief for joint purchasers.

I would propose the following response:-

- we reviewed the scheme, in line with the recommendation of the Environment Select Committee;
- we have concluded that it is clearly not cost-effective in its present form;
- we could not justify increasing the grant for the reasons given above;



- in any case, we already give considerable assistance to first-time buyers through mortgage interest tax relief.

Conclusion

I should be grateful for your agreement and that of colleagues to the abolition of the Homeloan scheme being included in the Housing and Local Government Bill.

I am copying this letter to Malcolm Rifkind, Peter Walker, Tom King, other members of E(LF) and to Sir Robin Butler.

A handwritten signature in black ink, consisting of the letters 'N R' in a stylized, cursive script.

N R
17 August 1988

CC: PPS, CST, PMG, EST,
Mr Finnegan,
Mr Odling-Smee,
Mr N.L. Williams,
Mr W. White,
Mr MacPherson.



CABINET OFFICE

70 Whitehall London SW1A 2AS Telephone 01-270 0135

CONFIDENTIAL

MP
Financial Sec
Tary

For Information

26 August 1988

Dear Private Secretary,

THE QUEEN'S SPEECHES ON THE PROROGATION AND THE OPENING OF PARLIAMENT

The Queen's Speeches and Future Legislation Committee (QL) will meet in October to prepare for consideration by Cabinet drafts of the Queen's Speeches on the Prorogation of Parliament and on the Opening of Parliament.

I should accordingly be grateful if you would let me have by Wednesday 21 September the texts of any passages which your Minister wishes to propose for inclusion in either of the Speeches. It should be assumed that both of the Speeches will follow the normal sequence, with a section on foreign and European Community policies followed by one on domestic policies and legislation. References in the State Opening Speech to legislation should be confined to the more politically important measures, corresponding broadly with the "programme" category of Bills proposed for next Session, and contributions to both Speeches should be as concise as possible.

I should be grateful if you would use separate sheets of paper for the material proposed for each Speech and let me have three copies of each text.

I am sending copies of this letter to the Private Secretaries to all members of the Cabinet, and to the Private Secretaries to the Law Officers, the Chief Whips in the Commons and Lords and the Financial Secretary, Treasury.

Yours sincerely
William Fleming

WILLIAM FLEMING

CONFIDENTIAL



CABINET OFFICE

70 Whitehall London SW1A 2AS Telephone 01-270 0135

CONFIDENTIAL

H/EXCHEQUER	
REC.	30 AUG 1988
ACTION	MISS J SIMPSON
COPIES TO	FST
	MR DYER
	MR PICKFORD

✓ 2018

26 August 1988

BF 14/9

Dear Private Secretary,

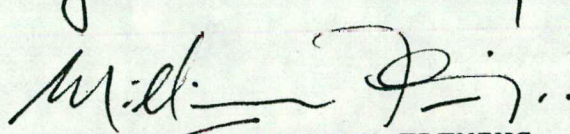
THE QUEEN'S SPEECHES ON THE PROROGATION AND THE OPENING OF PARLIAMENT

The Queen's Speeches and Future Legislation Committee (QL) will meet in October to prepare for consideration by Cabinet drafts of the Queen's Speeches on the Prorogation of Parliament and on the Opening of Parliament.

I should accordingly be grateful if you would let me have by Wednesday 21 September the texts of any passages which your Minister wishes to propose for inclusion in either of the Speeches. It should be assumed that both of the Speeches will follow the normal sequence, with a section on foreign and European Community policies followed by one on domestic policies and legislation. References in the State Opening Speech to legislation should be confined to the more politically important measures, corresponding broadly with the "programme" category of Bills proposed for next Session, and contributions to both Speeches should be as concise as possible.

I should be grateful if you would use separate sheets of paper for the material proposed for each Speech and let me have three copies of each text.

I am sending copies of this letter to the Private Secretaries to all members of the Cabinet, and to the Private Secretaries to the Law Officers, the Chief Whips in the Commons and Lords and the Financial Secretary, Treasury.

Yours sincerely

WILLIAM FLEMING

CONFIDENTIAL

*John
Sam
John*

6/9/88

6f to APH
~~10~~
4.10
→ Andrew



C.

You may like to mention to Alan Howarth at Prayers tomorrow the cardinal importance of not having a Supply Day on the economy before the Mansion House (i.e. 19 or 20 October).

~~the matter~~ You could then raise it formally with the Chief Whip when you see him next Monday.

I'm still trying to find out from his office whether the Opposition actually have one left.

AMH

6.9.

C.

A Prayer meeting last month decided it would be a good idea to have a Members' Brief on the economy ready for when the House returns. You may like to discuss at Prayers tomorrow.

AMH

Members' Brief



FROM: G R WESTHEAD

DATE: 7 September 1988

PS/CHANCELLOR

2 *GR*

cc: Mr Philips
Mr S N Wood

PROPOSED PRICE INCREASES FOR THE REPORTS OF PARLIAMENTARY DEBATES (HANSARD)

The Economic Secretary has considered the attached submission from the Controller of HMSO, Mr Dole, which proposes increases in the price of Hansard for 1988-89.

2. The Economic Secretary is content with Mr Dole's recommendations which are intended to continue the process of eliminating the Exchequer subsidy on Hansard within the life of this Parliament. He would propose to minute the Prime Minister and all E(A) Committee members by the way of the draft at Annex A.

3. Before the Economic Secretary minutes the Prime Minister, he would be grateful for the Chancellor's approval to this course of action.

Guy Westhead

GUY WESTHEAD

ASSISTANT PRIVATE SECRETARY

DRAFT LETTER FROM THE ECONOMIC SECRETARY,
TREASURY TO MEMBERS OF THE E(A) COMMITTEE

PRIME MINISTER

PROPOSED PRICE INCREASES FOR THE REPORTS OF
PARLIAMENTARY DEBATES

Following a thorough review five years ago, it was agreed that the subsidy for supporting sales of Hansard at well below cost should be gradually reduced. Accordingly, annual increases have seen the price of the Commons Daily Part raised from £1.00 to £3.70 while the Lords Daily Part price has risen from £1.00 to £3.25. Over the same period, the annual subsidy required has been reduced from £6.0m in 1983-84 to £2.3m for 1988-89.

As expected, there has been some sales resistance to the higher prices and print runs have fallen, thus increasing unit costs. Nevertheless, the loss in sales has so far been more than offset by the extra revenue raised and there have been relatively few direct complaints from customers about the increases.

I suggest, our aim should be, to eliminate the subsidy altogether over the course of this Parliament and I therefore propose to further increase prices by an average of 13% with effect from the start

of the next Session. The largest increases (17.6%) would apply to the two categories requiring most subsidy, House of Commons Daily Parts and Standing Committee Debates. I propose to increase the price of these from £3.70 to £4.35. In the case of House of Lords Daily Parts, which are normally half the size of the Commons equivalent, I propose a smaller rise, from £3.25 to £3.60. The price of Weekly Parts would increase proportionately (with some adjustment in the case of Lords to reflect the fact that they now more frequently sit five days a week) while increases for Bound Volumes, which no longer need subsidisation, would be just under 5%.

These increases should raise an additional £0.5m in a full year unless there is much more sales resistance than hitherto. Meanwhile HMSO will continue to do all they can to reduce the costs of production.

I would be grateful for your agreement to this course of action. I would propose to announce the increases in the normal way by Written Answer.

I am copying this to other members of E(A), to the Leaders of both Houses and to both Chief Whips.

PETER LILLEY

PS/ECONOMIC SECRETARY, TREASURY

cc Mr Steven Wood, Treasury

PROPOSED PRICE INCREASES FOR THE REPORTS OF PARLIAMENTARY DEBATES

1. When the HMSO Trading Fund was established in 1980 it was decided that two long-standing central subsidies should be retained. One allows Hansard to be sold at a price lower than the full costs of production and distribution; the other, smaller subsidy allows rate-supported public libraries to buy HMSO publications at half price.

2. Both subsidies were comprehensively reviewed in 1983 by the Treasury and HMSO. Ultimately, Ministers decided that the subsidy to libraries should continue but the Hansard subsidy should be gradually reduced by increasing prices "little and often".

3. Consequently, the price of Daily Parts has been progressively increased as follows:

1983-84 Session :	from £1.00 to £1.50
1984-85 Session :	from £1.50 to £1.95
1985-86 Session :	from £1.95 to £2.50
1986-87 Session :	from £2.50 to £2.95

with pro-rata increases to Weekly Parts, Indexes and Bound Volumes.

4. By 1987/88 successive increases had removed the need for any subsidy for Bound Volumes, and we were approaching the point where no subsidy would be required for Lords Daily and Weekly Parts. Accordingly, instead of one across-the-board percentage increase, Ministers last year agreed proposals for differential rises averaging 18% and ranging from around 5% (for Bound Volumes) to almost 40% (for Standing Committee Debates). The

highest increases were concentrated on those items requiring the greatest degree of subsidy, ie Commons parts, now averaging over 100 pages a day, and Standing Committee Debates, where very low print-runs mean that unit costs are particularly high. The opportunity was also taken to end the tradition of pricing Commons and Lords Daily parts identically, even though the latter is normally only half the size of the Commons equivalent.

5. As expected, regular price increases in excess of inflation have had an impact on sales as customers review their requirements and decide they can do without - or with fewer copies. (Most sales are, of course, to Parliament or to Government Departments). Print runs are therefore going down, with a consequential rise in unit costs, and last year was no exception. However, the loss in sales has consistently been more than offset by the extra revenue generated and even last year's fairly radical changes produced very little comment from customers. It is therefore proposed that the precedents established last year should be followed again.

6. The level of total subsidy is now down to £2.3m for 1988-89 (compared with £6.0m in 1983-84) and last year the Paymaster General expressed the intention of eliminating it altogether over the course of this Parliament.

7. The following proposals have therefore been formulated with this objective in mind:-

House of Commons

Daily Parts	from £ 3.70 to £ 4.35	(+ 17.6%)
Weekly Parts	from £10.20 to £12.00	(+ 17.6%)
Fortnightly Index	from £ 4.75 to £ 4.95	(+ 4.2%)
Bound Volumes	from £65.00 to £68.00	(+ 4.6%)
Volume Index	from £ 6.20 to £ 6.50	(+ 4.8%)
Standing Committees	from £ 3.70 to £ 4.35	(+ 17.6%)

House of Lords


Daily Parts	from £ 3.25 to £ 3.60	(+ 10.8%)
Weekly Parts	from £ 6.50 to £ 7.60	(+ 16.9%)*
Weekly Index	from £ 1.45 to £ 1.60	(+ 10.3%)
Bound Volumes	from £57.50 to £60.00	(+ 4.4%)
Cumulative Index rates based on page content		(+ 5.0%)

* [This increase is greater than that for Daily Parts to reflect the fact that the Lords now more frequently sit five days a week. For similar reasons the annual subscription rate for Lords Daily Parts will increase by rather more than 10.8%.].

8. Over a full year, these increases should produce an additional £0.5m in revenue, assuming that the volume of sales does not significantly deteriorate. At the same time, HMSO is continuing to take every opportunity to reduce the costs of production.

9. It is customary for E(A) Committee members to be consulted about changes in the price of Hansard and I enclose a draft letter for consideration. This closely follows last year's submission. Copies of the letter are also normally sent to the Leaders of both Houses and to the Chief Whips.

10. Announcement of the increase is normally by Written Answer and I will supply drafts once the proposals are agreed.



J. A. DOLE
Controller and Chief Executive

HMSO

2 September 1988



FROM: MISS M P WALLACE

DATE: 9 September 1988

PS/ECONOMIC SECRETARY

cc Mr Philips

Mr S N Wood

Handwritten initials 'MP' in black ink.

**PROPOSED PRICE INCREASES FOR THE REPORTS OF PARLIAMENTARY DEBATES
(HANSARD)**

The Chancellor has seen your minute of 7 September. He too is content with Mr Dole's recommendations, and is happy for the Economic Secretary to minute the Prime Minister in these terms.

Handwritten signature of Moira Wallace in black ink.

MOIRA WALLACE

Private Secretary



CH/EXCHEQUER	
REC.	15SEP1988
ACTION	CST
COPIES TO	

D/S of S/PS/20/212E

PRIME MINISTER

HOUSE OF COMMONS DEFENCE COMMITTEE'S FIFTH REPORT 1987-88

We owe the Defence Committee a Government response to their Fifth Report of Session 1987-88 on the procurement of major defence equipment. The report consisted of commentary on nine current or future equipment projects (European Fighter Aircraft, ships' automated command systems, Harrier GR5 aircraft, ALARM, TRIGAT, BATES, light attack helicopter, main battle tank and 155mm self-propelled howitzer) followed by sections dealing with more general procurement issues. There is much in the report that we can agree with and little to take strong exception to, though we would not endorse every judgement the Committee have made.

2. A draft response is attached. Although it is generally low-key, I am proposing to respond firmly (paragraph 8) to the Committee's conclusion that, when ALARM was chosen in preference to HARM in 1983, "some considerations which were the concern of other Departments of State meant that the Royal Air Force did not get the missile which, at that stage, it judged to be the better of the two".

3. I should like to publish the Government response as a Command Paper next month, just ahead of the Defence Debate which begins on 19th October. I should be grateful for your and OD colleagues' agreement accordingly.

4. I am copying this to OD members, the Chief Whip and to Sir Robin Butler.

Ministry of Defence

15th September 1988

A.Y.

FIFTH REPORT FROM THE DEFENCE COMMITTEE

1987-88

THE PROCUREMENT OF MAJOR DEFENCE EQUIPMENT

1. In this memorandum the Government responds to the Fifth Report from the Defence Committee, Session 1987-88. The Government welcomes the Committee's interest in this important area of the Ministry of Defence's business and presents the following observations on the report.

INTRODUCTION (Part I)

2. While the wider political and economic factors to which the Committee refers will continue to form a part of the consideration of any major procurement decision, the Government's primary objective in each case is to secure the best value for money in providing the equipment the Armed Forces require at the time when it is needed.

MAJOR EQUIPMENT PROGRAMMES (Part II)

3. European Fighter Aircraft The Government welcomes the Committee's recognition of the importance of the European Fighter

Aircraft (EFA) programme and of maintaining an ability to build advanced combat aircraft in the European aerospace industries. The Government notes the Committee's remarks concerning the possibilities inherent in such a collaborative programme for progress to be frustrated. It believes however that, far from restricting progress, the EFA programme is providing the participating nations with the opportunity, which might otherwise not exist, of developing a truly agile combat aircraft capable of meeting the threat into the next century.

4. The Committee has stressed the importance of maintaining a strong national industrial base. The Government believes that this will be secured in the aerospace field through participation in the development phase of the European Fighter Aircraft. The Government also agrees with the Committee's view that the radar technology will be of great importance for the success of the EFA programme. The EFA nations will be forming a view in the near future on the proposals of the consortia competing for the work.

5. Ships' Automated Command Systems The Government notes the Committee's views on the Computer Assisted Command System 4 (CACS 4) project and endorses the comment that pricing of contracts should be agreed with contractors at an early date.

6. The Government shares the Committee's concern that the Type 23 Frigate Command System should be better able to meet the operational requirement than its predecessor was. This objective

formed the basis of the decision to cancel CACS 4 and to initiate the development of a new system. The Government notes the Committee's view that consideration should be given to a further Project Definition phase for the project. This is one of the routes which could be taken when a decision is made on how the programme should proceed to Full Development and Production. The Government agrees with the Committee that it is desirable that further delay to the programme should be avoided, but it is also important that sound management should not be subordinated to attempts to achieve an inflexible in-service date; the lessons of CACS 4 (paragraph 36 of the report) are very relevant in this regard. The Government agrees with the Committee that efforts should be made to negotiate a development contract on the basis of a firm price (that is, a price which is not subject to any variation) rather than a fixed price (that is, a price which is subject to variation of price increases in recognition of inflation).

7. Harrier GR5 The problems mentioned in evidence by the Ministry of Defence concerning the integration of the inertial navigation system into the aircraft are still not fully resolved. Action is being taken to minimise the resulting detriment to the programme.

8. ALARM In reaching the decision to order ALARM in 1983, the Government necessarily considered a wide range of complex factors. The Government does not accept the implication of the

last sentence of paragraph 56 that, in selecting ALARM in preference to HARM, it subordinated the interests of the RAF to the concerns of Departments other than the Ministry of Defence. Both ALARM and HARM were operationally acceptable to the RAF in 1983; and ALARM's potential for future development, and the value of the ALARM programme in terms of enhancing British technology of potential application to future weapons systems, were factors of direct relevance to the RAF. The operational arguments were reviewed afresh in autumn 1987 and the clear conclusion (reflected in evidence to the Committee (Q248)) was that ALARM was more suitable than HARM for the RAF's needs.

9. The Government notes the Committee's views on the lack of a Project Definition phase and accepts the importance of generally carrying out such a phase for major equipment projects. However, in this case, as the Committee is aware, several feasibility studies were carried out prior to 1983 to reduce risks, further define the requirement, and provide the basis for the assessment of the competing solutions. The rocket motor was not seen as an area of particular risk, and a Project Definition phase would not necessarily have identified the problems which subsequently emerged.

10. TRIGAT The Government agrees with the Committee's comments. Since the Ministry of Defence's evidence was given to the Committee, Italy has declared that she does not intend to join either the medium or long range development programmes. The

contracts for both development programmes are currently under negotiation.

11. BATES The Government generally concurs with the Committee's comments, but the suggestion that software integration was the cause of most of the project's problems needs some amplification. Although recent delays are attributable to difficulties with software integration, other factors had contributed to earlier slippages.

12. Light Attack Helicopter The Government agrees with the Committee that full account should be taken of aircraft currently in production in deciding how to meet the Army's requirement for a Light Attack Helicopter (LAH). The US AH64 Apache is one of several options which were considered before the present A129 LAH studies were commenced, and which will be reconsidered when the outcome of those studies is known. For the present, however, the Government believes that it would be premature to assume that any one of these options would (or would not) be a more cost-effective alternative to a development of the A129.

13. Main Battle Tank As the Committee have noted, the Ministry of Defence is considering the timescale in which it might need to replace the Chieftain tank and the options available for doing so. The Government will bear in mind the Committee's comments in reaching a decision.

14. 155mm Self-Propelled Howitzer The Government notes the concern of the Committee about Cardinal Point Specifications and confirms that this means of procurement will continue to be used whenever appropriate.

MEASURES TO IMPROVE VALUE FOR MONEY IN DEFENCE PROCUREMENT (Part III)

15. The Government welcomes the Committee's support for the measures introduced since 1983 to improve the commercial nature of procurement; its support for competition in defence procurement; and its acknowledgement of the steps being taken to widen the supplier base. The Government accepts the Committee's view that excessive use of iterative tendering would be counter-productive. Iterative tendering is used selectively, and in 1987/88 was applied to less than 1% of the contracts placed. Worthwhile cost savings, or improvements in other areas such as specification, delivery schedules and payment terms, were achieved. The Government must reserve the right to use the procedure in cases where it is justified in order to obtain better value for money.

16. In sounding cautionary notes about the effects of the drive for increased competition, the Committee has raised a number of issues which are of concern. The Government wishes to make clear that, in squeezing contractors' costs, the intention is to provide an incentive to companies to become more efficient. Far

from leading to a smaller competitive base, more efficient companies should be better able to win overseas business. The Government wishes to encourage defence contractors to become less dependent on Ministry of Defence orders. The performance of companies in overseas sales markets, particularly in the last three years, demonstrates the competitiveness of UK defence industries.

17. The Committee has also said that price alone should not always determine a winning bid. The Government wishes to draw attention to Defence Open Government Document 83/01, which makes clear that a range of factors are taken into account in deciding where to award contracts. These include the nature of the technical proposals; the reliability, financial viability and track record of the supplier; and the quality, reliability and expected whole-life cost of the product being offered, in addition to the price.

18. On the question of the costs of non-competitive defence work, the Government acknowledges the concern of the Committee that these should be monitored. The best way to avoid high costs is through the greatest possible use of competition. The Committee has noted that, since the competition initiative was launched, there has been an increase in the proportion by value of contracts let competitively. In addition, the proportion of contracts by value let on cost-plus terms was only 7% in 1987/88. In cases where it is not possible to secure a fixed or firm

price, it is now the norm to seek a maximum price contract linked with some form of incentive, to avoid uncontrolled non-competitive costs. Moreover the Government is currently examining the general basis for the recovery of overheads to ensure that it fully reflects current procurement initiatives.

19. The Government welcomes the Committee's support for international collaboration as a means of sharing development costs and fostering standardisation and interoperability. The Government believes that collaboration has an important part to play in effective procurement, but accepts the Committee's view that there are potential difficulties that participating nations should guard against. Some of these problems are not easy to solve in full, but collaboration nevertheless represents the most sensible way forward in many cases. Where collaboration is appropriate, the Government seeks to incorporate both the best current procurement practice and lessons from experience; for example, the EFA project's contractual and management arrangements will benefit from lessons learned in the Tornado programme.

20. The Government does not regard international collaboration as an end in itself, but as a means of securing value for money in appropriate circumstances. Collaborative projects along the lines of Tornado are just one element of our international procurement strategy. This strategy, which the Government is encouraging our allies to share, includes a more open defence

market and a greater willingness for nations to buy each other's equipment off-the-shelf.

PROJECT MANAGEMENT (Part IV)

21. The Committee has highlighted a number of areas of project management which it assesses to be weak. Recent progress in the first area, risk assessment, is acknowledged by the Committee (paragraph 112). The Government's contractual policies will continue to ensure that an appropriate share of the risk is placed with the contractor, while new technical audit arrangements within the Ministry of Defence, in which the Chief Scientific Adviser and his staff will play an important part, will mean that risk is more effectively evaluated before decisions are taken.

22. The Government recognises the need, referred to by the Committee, to retain experienced staff both generally and in the specific field of software management. The Government believes that the new, more flexible pay arrangements for scientists and engineers should make a significant contribution to retention.

23. Sound project management practice is examined in the "Learning from Experience" report. As the Committee notes, the Government has responded positively to that report. The Government agrees with the Committee's comments on the figures for "unforeseen costs" drawn from the report.

RELIABILITY AND MAINTAINABILITY AND LIFE CYCLE COSTING (Part V)

24. The Government agrees with the Committee on the value of good Reliability and Maintainability (R&M) and on the significance of the savings which it makes possible. The Government accordingly attaches importance to improving R&M. It would point out, however, that the figures quoted by the Committee to indicate the effect of unreliability on aircraft availability reflect normal peacetime circumstances only. Operationally, the key measure of availability is the number of aircraft which would be available for operations in an emergency. The Government is confident that sufficient aircraft would be available to meet national and NATO commitments.

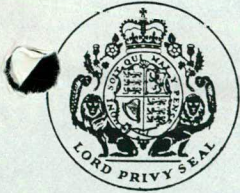
25. A key part in the drive towards achieving better reliability is the inclusion of legally binding safeguards in all appropriate contracts. Consideration of the Ministry of Defence's study into this, mentioned in the Committee's report, is almost complete. The guidelines which emerge from this exercise will enable contracts staff to incorporate in future contracts the terms and conditions necessary to bind contractors to produce reliable equipment. Where such conditions cannot be agreed, the Ministry of Defence will seek financial incentive arrangements to secure improved R&M standards.

26. The Government notes the Committee's comments about limited

Ministry of Defence resources in the R&M field. The prospects of recruiting people with the relevant expertise and experience are not encouraging due to a national shortage of specialists in these disciplines. Efforts are therefore being concentrated on adapting structures and procedures to make the best use of the resources which are available. These include the provision of advice and training to project managers, who are responsible for the R&M aspects of their projects, aimed at fostering awareness and understanding of the importance of R&M and of the disciplines involved in improving it. Moreover it is policy that R&M considerations are to be afforded a higher priority when trade-off decisions, against the more obviously visible factors of cost, performance and timescale, are being taken.

27. The Committee has questioned whether use of Discounted Cash Flow (DCF) techniques to appraise defence equipment projects may result in potential savings from investment in R&M, which typically accrue in the longer term, being given insufficient weight. It is Government policy to conduct an investment appraisal utilising DCF techniques whenever a substantial investment is contemplated. However, formal DCF appraisal is not and cannot be the sole criterion governing defence equipment choices; other considerations, including operational performance against the military threat, in-service date and technical risk, must also be given appropriate weight. The Ministry of Defence will ensure that R&M considerations, including potential savings through R&M investment, are properly identified and taken into

account in decision-making in this area. The Government agrees with the Committee that life cycle costings (LCC) have an important part to play in this work, and the Ministry of Defence will consider how better use can be made of them.



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

MP

15 September 1988

Dear Peter,

**PROPOSED PRICE INCREASES FOR THE REPORTS OF
PARLIAMENTARY DEBATES**

Thank you for the copy of your letter of 12
September to the Prime Minister.

From a House of Lords point of view I accept
that the proposed course of action regarding
price increases for Hansard is necessary.

I am copying this letter to other members of
E(A) and to both Chief Whips.

Yours sincerely

BELSTEAD

Peter Lilley Esq, MP

CH/EXCHEQUER	
REC.	16SEP1988
ACTION	EST
COPIES TO	

1149

cc PSICHX 2
Mr Phillips
Mrs Wood
Mr Dole
(HMSO)

Alison Smith
Private Secretary to the
Lord President of the Council
Privy Council Office
Whitehall
LONDON
SW1A 2AT

MP

15 September 1988

Dear Alison,

OPPOSED INCREASES IN THE PRICE OF HANSARD

You asked urgently for a table for the Lord President showing production costs of Hansard, prices and Exchequer subsidy over the last 5 years.

I attach such a table. The Economic Secretary is today away from the office on a Customs visit and has not been able to see this personally before it is despatched.

Your sincerely,
Guy Westhead.

GUY WESTHEAD
ASSISTANT PRIVATE SECRETARY

(1) HANSARD PRICES - ADDITIONAL INFORMATION

<u>Financial</u> <u>Year</u>	<u>Production</u> <u>Cost</u> (2)	<u>Subsidy</u> (3)	<u>Average Price</u> <u>Increase</u> (4)
	£000	£000	
1983/84 (5)	6224	6044	+ 50%
1984/85	6452	5186	+ 30%
1985/86	6974	3117	+ 28%
1986/87	6806	2794	+ 18%
1987/88 (5)	7111	3091	+ 18%

Notes

(1) Includes House of Commons and House of Lords Daily and Weekly Debates, Indexes, Volumes and Standing Committee Debates.

(2) Excludes publishing and distribution costs.

(3) The bid for subsidy has to be calculated some six months before the financial year starts.

(4) Effective in November.

(5) These years included an election when income was reduced without a commensurate reduction in fixed costs.

HMSO

15 September 1988



cc. ~~PSLCHD~~ 2
Mr Phillips

PH

gms

Mr S Wood PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

Mr Dole (HMSO)

15 September 1988

Dear Peter,

PROPOSED PRICE INCREASES FOR THE REPORTS OF
PARLIAMENTARY DEBATES

Thank you for the copy of your letter of 12
September to the Prime Minister.

From a House of Lords point of view I accept
that the proposed course of action regarding
price increases for Hansard is necessary.

I am copying this letter to other members of
E(A) and to both Chief Whips.

Yours sincerely
JL

— BELSTEAD —

Peter Lilley Esq, MP



the department for Enterprise

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

Sheila James
Private Secretary to the
Economic Secretary to the Treasury
HM Treasury
Parliament Street
LONDON
SW1P 3AQ

**Department of
Trade and Industry**

1-19 Victoria Street
London SW1H 0ET

Switchboard
01-215 7877

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 215 5422
Our ref DW4ANK
Your ref
Date

16 September 1988

Dear Sheila,

**PROPOSED PRICE INCREASES FOR THE REPORTS OF PARLIAMENTARY
DEBATES**

My Secretary of State has seen the Economic Secretary's letter to the Prime Minister about the proposed increases in price of the Official Report.

I am writing to let you know that he has no objection to this increase.

I am copying this letter to other Private Secretaries of members of E(A), leaders of both Houses and both Chief Whips.

Yours sincerely,


GARETH JONES
Private Secretary



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

16 September 1988

Dear Paul,

PROPOSED INCREASES FOR THE REPORTS OF PARLIAMENTARY DEBATES

The Lord President has seen the minute of 12 September from the Economic Secretary, and has indicated that he accepts that the proposed increases in price should be made. He would be grateful to be kept in touch with the timing of the Written Answer to announce the increases.

I am copying this letter to the Private Secretaries to other members of E(A) and to both Chief Whips, and to the Economic Secretary's Private Secretary.

Yours,

Alison

ALISON SMITH
Private Secretary

P R Gray Esq
Private Secretary to the Prime Minister
10 Downing Street

CONFIDENTIAL



10 DOWNING STREET
LONDON SW1A 2AA

16 September 1988

From the Private Secretary

CH/EXCHEQUER	
REC.	16 SEP 1988
ACTION	CST
COPIES TO	

V/a
16/a

Dear Brian,

HOUSE OF COMMONS DEFENCE COMMITTEE'S FIFTH REPORT

The Prime Minister has considered the Defence Secretary's minute of 15 September covering the proposed draft response to the Fifth Report of Session 1987/88 on the House of Commons Defence Committee. She is content for the response to be published next month.

I am copying this letter to the Private Secretaries to the members of OD, to the Private Secretary to the Chief Whip and to Sir Robin Butler.

CHARLES POWELL

Brian Hawtin, Esq.,
Ministry of Defence.

CONFIDENTIAL



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

CH/EXCHEQUER	
REC.	16SEP1988
ACTION	EST
COPIES TO	

16 September 1988

✓16/9

Dear Paul,

PROPOSED INCREASES FOR THE REPORTS OF PARLIAMENTARY DEBATES

The Lord President has seen the minute of 12 September from the Economic Secretary, and has indicated that he accepts that the proposed increases in price should be made. He would be grateful to be kept in touch with the timing of the Written Answer to announce the increases.

I am copying this letter to the Private Secretaries to other members of E(A) and to both Chief Whips, and to the Economic Secretary's Private Secretary.

Yours,

ALISON SMITH
Private Secretary

P R Gray Esq
Private Secretary to the Prime Minister
10 Downing Street

dti

the department for Enterprise

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

Sheila James
Private Secretary to the
Economic Secretary to the Treasury
HM Treasury
Parliament Street
LONDON
SW1P 3AQ

**Department of
Trade and Industry**

1-19 Victoria Street
London SW1H 0ET

Switchboard
01-215 7877

Telex 8811074/5 DTHQ G
Fax 01-222 2629

CH/EXCHEQUER	
REC.	16SEP1988
ACTION	EST
COPIES TO	

✓ 16/9

Direct line 215 5422
Our ref DW4ANK
Your ref
Date 16 September 1988

Dear Sheila,

PROPOSED PRICE INCREASES FOR THE REPORTS OF PARLIAMENTARY DEBATES

My Secretary of State has seen the Economic Secretary's letter to the Prime Minister about the proposed increases in price of the Official Report.

I am writing to let you know that he has no objection to this increase.

I am copying this letter to other Private Secretaries of members of E(A), leaders of both Houses and both Chief Whips.

Yours sincerely,

GARETH JONES
Private Secretary

24
24

FROM : MISS J C SIMPSON
DATE : 19 SEPTEMBER 1988

- 1. MR ODLING SREE 20/9 19/9
- 2. CHANCELLOR OF THE EXCHEQUER

- cc Chief Secretary
- Financial Secretary
- Paymaster General
- Economic Secretary
- Sir Peter Middleton
- Sir Terence Burns
- Sir Geoffrey Littler
- Dame Anne Mueller
- Mr Anson
- Mr Monck
- Mr Scholar
- Mr Phillips
- Mr Lankester
- All Under Secretaries
- Mr Gieve
- Mr Dyer
- Mr Cropper
- Mr Tyrie
- Mr Call

Miss Higgins
I assume X
is page 2 section
A. please note
also Y

1. Mr BaHrill
Nothing from If.
Would you and Peter
agree with 'X' ?
H.W.
Mr Evans
Mr Matthews

Mr Walsh
Yes.
AH2/9

20/9

DRAFT PASSAGES FOR THE QUEEN'S SPEECHES FOR THE PROROGATION AND OPENING OF PARLIAMENT

The Cabinet Office have written to request contributions for the Queen's Speeches on the prorogation and state opening of Parliament this autumn. They have asked for contributions to reach them by close on Wednesday, 21 September.

- 2. I attach drafts for both passages, together with a draft private secretary covering letter.
- 3. The drafts are very much on standard lines. As well as the general economic situation, we have also included general passages on privatisation, given the Treasury's overall responsibility for privatisation policy, and a passage for the prorogation on international debt initiatives. This will have to be reviewed in the light of forthcoming international meetings. We have assumed, however, that the FCO will provide a passage on the Brussels European Council.

JS
MISS J C SIMPSON
Mr Allan
to note, please.
The original draft
came from AEF!
JS.

Miss Simpson
We want X
out.
H.W.
21/9

A. PROROGATION

Members of the House of Commons,

I thank you for the provision which you have made for the honour and dignity of the Crown and for the Public Service.

My Lords and Members of the House of Commons,

My Government have continued to pursue policies of sound financial management designed to keep inflation under control. For only the second time since the beginning of [my reign] [the 1950s] my Government was able to make a repayment of public debt. The rate of inflation has remained comparable to that of 20 years ago. The output of the nation has continued to expand and unemployment has fallen steadily for over two years.

As part of my Government's continuing programme of initiatives to encourage enterprise and improve the performance of the economy, the basic rate of income tax has been further reduced and all but one of the higher rates have been abolished. Legislation has been introduced to provide for the independent taxation of married couples and to reform and simplify the tax system.

Continuing my Government's programme of encouraging greater industrial efficiency and promoting wider share ownership, legislation has been enacted to provide for the sale of shares in British Steel to the public and to prepare the ground for the sale of the water authorities and the electricity supply industry.

X My Government have played a leading role in international efforts to ease the debt burden of very poor countries [mainly those] in Sub-Saharan Africa.

B. QUEEN'S SPEECH FOR STATE OPENING

Members of the House of Commons,

Estimates for the public service will be laid before you.

My Lords and Members of the House of Commons,

My Government will continue to make the control of inflation the first priority of their economic policy. Their firm monetary and fiscal policies will at the same time foster the conditions necessary for sustained economic growth. Within that framework, my Government will continue to promote enterprise and the continued growth of employment.

They will maintain firm control of public expenditure so that it continues to fall as a proportion of national income and permits further reductions in the burden of taxation. The continuing progress in achieving better value for money in public expenditure will contribute to this objective while leaving scope for further improvements in vital services.

Legislation will be introduced for the sale of the water authorities in England and Wales and the electricity supply industry in England and Wales and Scotland.

William Fleming Esq
Cabinet Office
70 Whitehall
SW1A 2AS

THE QUEEN'S SPEECHES ON THE PROROGATION AND THE OPENING OF
PARLIAMENT

Your letter of 26 August asked for texts of passages which the Chancellor wished to propose for inclusion in these speeches. Three copies of drafts for both speeches are attached.

We have included passages on privatisation because the Treasury has overall responsibility for this, and on international debt because the Chancellor has been a leading exponent of reform. We have, however, assumed that the Foreign and Commonwealth Office will be covering the outcome of the Brussels European Council on the future financing of the European Communities and the European Communities (Finance) Bill 1988.

I am sending copies of this letter to the Private Secretaries to all members of the Cabinet and to the Private Secretaries to the Law Officers and the Chief Whips in the Commons and the Lords.

M P WALLACE

FROM : MISS J C SIMPSON
DATE : 19 SEPTEMBER 1988

- 1. MR ODLING ~~SMEE~~ 009 19/9
- 2. CHANCELLOR OF THE EXCHEQUER

- cc Chief Secretary
- Financial Secretary
- Paymaster General
- Economic Secretary
- Sir Peter Middleton
- Sir Terence Burns
- Sir Geoffrey Littler
- Dame Anne Mueller
- Mr Anson
- Mr Monck
- Mr Scholar
- Mr Phillips
- Mr Lankester
- All Under Secretaries
- Mr Gieve
- Mr Dyer
- Mr Cropper
- Mr Tyrie
- Mr Call

a
OK?
OK an
Mr. [Signature]
(It is so good to be further)
great changes &
we need to keep
a clear water)

DRAFT PASSAGES FOR THE QUEEN'S SPEECHES FOR THE PROROGATION AND OPENING OF PARLIAMENT

The Cabinet Office have written to request contributions for the Queen's Speeches on the prorogation and state opening of Parliament this autumn. They have asked for contributions to reach them by close on Wednesday, 21 September.

- 2. I attach drafts for both passages, together with a draft private secretary covering letter.
- 3. The drafts are very much on standard lines. As well as the general economic situation, we have also included general passages on privatisation, given the Treasury's overall responsibility for privatisation policy, and a passage for the prorogation on international debt initiatives. This will have to be reviewed in the light of forthcoming international meetings. We have assumed, however, that the FCO will provide a passage on the Brussels European Council.

J
MISS J C SIMPSON

A. PROROGATION

Members of the House of Commons,

I thank you for the provision which you have made for the honour and dignity of the Crown and for the Public Service.

My Lords and Members of the House of Commons,

My Government have continued to pursue ^{sound financial} policies of ~~sound financial~~ management designed to keep inflation under control. ^{and provide a} For only ^{stable framework for improved economic performance} the second time since the beginning of ~~[my reign]~~ ^[the 1950s] my Government was able to make a repayment of public debt. ^{national} ~~The rate~~ of inflation has remained comparable to that of 20 years ago. ~~The output of the nation~~ has continued to expand and unemployment has fallen steadily for over two years. ^{continued to fall. For only}

As part of my Government's continuing programme of initiatives to encourage enterprise and improve the performance of the economy, the basic rate of income tax has been further reduced and all but ^{lower?} ~~one~~ of the higher rates have been abolished. Legislation has been ^{enacted} ~~introduced~~ to provide for the independent taxation of married couples and to reform and simplify the tax system.

^{In fuller pursuit of} ~~Continuing~~ my Government's ^{commitment to} ~~programme of~~ encouraging greater industrial efficiency and promoting ^{to} wider share ownership, legislation has been enacted to provide for the sale of shares in British Steel to the public and to prepare the ground for the sale of the water authorities and the electricity supply industry.

My Government have played a leading role in international efforts to ease the debt burden of ^{the poorest} ~~very poor~~ countries, [^{particularly} ~~mainly those~~] in Sub-Saharan Africa.

B. QUEEN'S SPEECH FOR STATE OPENING

Members of the House of Commons,

Estimates for the public service will be laid before you.

My Lords and Members of the House of Commons,

~~My Government will continue to make the control of inflation the first priority of their economic policy. Their firm monetary and fiscal policies will at the same time~~ foster the conditions necessary for sustained economic growth. Within that framework, my Government will continue to promote enterprise ^{facilitate} and the ~~continued~~ growth of employment. *These policies will*

They will maintain firm control of public expenditure so that, ~~it~~ continues to fall as a proportion of national income and ^{this provides} ~~permits~~ ^{scope for further} reductions in ~~the burden of~~ taxation. ~~The continuing progress in achieving better value for money in public expenditure will contribute to this objective while leaving scope for further improvements in~~ ^{priority} ~~vital~~ services.

Legislation will be introduced for the sale of the water authorities in England and Wales and the electricity supply industry in England and Wales and Scotland.

My Government will continue to pursue firm financial policies designed to beat down on inflation and

while allowing further improvements in primary services, an total in

William Fleming Esq
Cabinet Office
70 Whitehall
SW1A 2AS

*Please type for
signature + 2
other 2 hts as
amended -*

THE QUEEN'S SPEECHES ON THE PROROGATION AND THE OPENING OF
PARLIAMENT

Your letter of 26 August asked for texts of passages which the Chancellor wished to propose for inclusion in these speeches. Three copies of drafts for both speeches are attached.

We have included passages on privatisation because the Treasury has overall responsibility for this, and on international debt because the Chancellor has been a leading exponent of reform. We have, however, assumed that the Foreign and Commonwealth Office will be covering the outcome of the Brussels European Council on the future financing of the European Communities and the European Communities (Finance) Bill 1988.

I am sending copies of this letter to the Private Secretaries to all members of the Cabinet and to the Private Secretaries to the Law Officers and the Chief Whips in the Commons and the Lords.

M P WALLACE

CONFIDENTIAL



MJ

WELSH OFFICE
GWYDYR HOUSE

WHITEHALL LONDON SW1A 2ER
Tel. 01-270 3000 (Switchboard)
01-270 0549 (Direct Line)

FROM THE PRIVATE SECRETARY
TO THE SECRETARY OF STATE
FOR WALES

Y SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-270 3000 (Switsfwrdd)
01-270 0549 (Llinell Union)

ODDI WRTH YSGRIFENNYDD
PREIFAT YSGRIFENNYDD
GWLADOL CYMRU

20 September 1988

Dear William

THE QUEEN'S SPEECHES ON THE PROROGATION AND OPENING OF PARLIAMENT

Thank you for your letter of 26 August asking whether my Secretary of State had any passages which he would wish to see included in either of the above Speeches.

I have consulted Mr Walker and the only suggestion that he would wish to make is that if "Action for Cities" or inner cities more generally are to feature in the Prorogation Speech he would want a brief reference to be made to his Programme for the Valleys.

... I am copying this letter to the Private Secretaries to all members of the Cabinet, and to the Private Secretaries to the Law Offices, the Chief Whips in the Commons and Lords and the Financial Secretary, Treasury.

*Yours sincerely
Keith*

E K DAVIES

William Fleming Esq
Cabinet Office
70 Whitehall
London
SW1A 2AS

CH/EXCHEQUER	
REC.	20SEP1988
ACTION	MISS J SIMPSON ✓ 2019
COPIES TO	FST
	MR DYER
	MR PICKFORD



mp

Caxton House Tothill Street London SW1H 9NF
5803

Telephone Direct Line 01-273
Switchboard 01-273 3000 Telex 915564
GTN Code 273 Facsimile 01-273 5124

William Fleming Esq
Cabinet Office
70 Whitehall
LONDON
SW1A 2AS

CH/EXCHEQUER	
REC.	22 SEP 1988
ACTION	MISS SIMPSON <i>v21/1</i>
COPIES TO	FST
	MR DYER
	MR PICKFORD

Dear William,

21 September 1988

**THE QUEEN'S SPEECHES ON THE PROROGATION
AND THE OPENING OF PARLIAMENT**

... I enclose my Department's contributions to the Queen's speeches as requested in your letter of 26 August.

I am copying this letter to the Private Secretaries to members of the Cabinet, and to the Private Secretaries to the Law Officers, the Chief Whips in the Commons and Lords and the Financial Secretary, Treasury.

Sincerely,

Beverley Evans

BEVERLEY EVANS
Private Secretary

**THE QUEEN'S SPEECH ON THE PROROGATION
OF PARLIAMENT**

EMPLOYMENT DEPARTMENT GROUP CONTRIBUTION

"My Government, through the Employment Act, has provided for greater democracy and accountability within trade unions and further protection against trade union enforcement of closed shops".

"Unemployment has fallen consistently, there has been a strong growth in employment and the numbers of small businesses and of self employed people have continued to grow".

"My Government has extended the guarantee of a place on the Youth Training Scheme for all 16-17 year olds who want one and who are not in full time education or employment.

"My Government has successfully launched the Employment Training programme, which will provide training for longer term unemployed people. Following the Trades Union Congress's withdrawal of support for the programme, my Government has taken back the main functions of the Training Commission, including responsibility for Employment Training".

THE QUEEN'S SPEECH ON THE OPENING OF PARLIAMENT

EMPLOYMENT DEPARTMENT GROUP CONTRIBUTION

"My Government will introduce legislation to remove further unnecessary burdens on employers, including many outdated and inequitable restrictions on the employment of women and young people; and change training arrangements.



CC CST, FST, P.M.G. EST
Sir P. MADDLETON, Sir T. BURNS,
Sir G. LITTLER, Dame A. MUELLER,
Mr. ANDERSON, Mr. MONCK, Mr. SCHOLAR,
Mr. PHILLIPS, Mr. LANKESTER,
Mr. ODLING-SMEE, ALL UNDER SECS.
Mr. GIEVE, Mr. DIER, MISS SIMPSON,
Mr. CROPPER, Mr. CALL, Mr. TYRRE

Treasury Chambers, Parliament Street, SW1P 3AG M/001
01-270 3000

21 September 1988

William Fleming Esq
Cabinet Office
70 Whitehall
LONDON SW1A 2AS

Dear William,

THE QUEEN'S SPEECHES ON THE PROROGATION AND THE OPENING OF PARLIAMENT

Your letter of 26 August asked for texts of passages which the Chancellor wished to propose for inclusion in these speeches. Three copies of drafts for both speeches are attached.

We have included passages on privatisation because the Treasury has overall responsibility for this, and on international debt because the Chancellor has been a leading exponent of reform. We have, however, assumed that the Foreign and Commonwealth Office will be covering the outcome of the Brussels European Council on the future financing of the European Communities and the European Communities (Finance) Bill 1988.

I am sending copies of this letter to the Private Secretaries to all members of the Cabinet and to the Private Secretaries to the Law Officers and the Chief Whips in the Commons and the Lords.

Yours,

Moir Wallace

MOIRA WALLACE

Assistant Private Secretary

A. PROROGATION

Members of the House of Commons,

I thank you for the provision which you have made for the honour and dignity of the Crown and for the Public Service.

My Lords and Members of the House of Commons

My Government has continued to pursue sound financial policies designed to keep inflation under control and provide a stable framework for improved economic performance. The national output has continued to expand and unemployment has continued to fall. For only the second time since the beginning of the 1950s my Government was able to make a repayment of public debt.

As part of my Government's continuing programme of initiatives to encourage enterprise and improve the performance of the economy, the basic rate of income tax has been further reduced and all but the lowest of the higher rates have been abolished. Legislation has been enacted to provide for the independent taxation of married couples and to reform and simplify the tax system.

In further pursuit of my Government's commitment to encourage greater industrial efficiency and promote wider share ownership, legislation has been enacted to provide for the sale of shares in British Steel to the public and to prepare the ground for the sale of the water authorities and the electricity supply industry.

My Government have played a leading role in international efforts to ease the debt burden of the poorest countries, particularly in Sub-Saharan Africa.

B. QUEEN'S SPEECH FOR STATE OPENING**Members of the House of Commons**

Estimates for the public service will be laid before you.

My Lords and Members of the House of Commons

My Government will continue to pursue firm financial policies designed to bear down on inflation and foster the conditions necessary for sustained economic growth. Within that framework, my Government will continue to promote enterprise, and facilitate the growth of employment.

They will maintain firm control of public expenditure so that, while allowing further improvements in priority services, in total it continues to fall as a proportion of national income and thus provides scope for further reductions in taxation.

Legislation will be introduced for the sale of the water authorities in England and Wales and the electricity supply industry in England and Wales and Scotland.



Pump

Caxton House Tothill Street London SW1H 9NF
5803

Telephone Direct Line 01-273
Switchboard 01-273 3000 Telex 915564
GTN Code 273 Facsimile 01-273 5124

William Fleming Esq
Cabinet Office
70 Whitehall
LONDON
SW1A 2AS

CH/EXCHEQUER	
REC.	23 SEP 1988
ACTION	MISS SIMPSON
COPIES TO	FST
	MR DYER
	MR PITCHFORD

already copied.

21 September 1988

Dear William,

THE QUEEN'S SPEECHES ON THE PROROGATION AND THE OPENING OF PARLIAMENT

... I enclose my Department's contributions to the Queen's speeches as requested in your letter of 26 August.

I am copying this letter to the Private Secretaries to members of the Cabinet, and to the Private Secretaries to the Law Officers, the Chief Whips in the Commons and Lords and the Financial Secretary, Treasury.

Sincerely,

Beverley Evans

BEVERLEY EVANS
Private Secretary

- PS Ministers*
- PS Secretary*
- Mr Manley*
- Mr Reid*
- Mr Whybrow*
- Mr Allison*
- Mr Tucker*
- Mr Walker*
- Mr Turner*
- Mr Miller*
- Mr David*
- Mr Lightowler*

THE QUEEN'S SPEECH ON THE OPENING OF PARLIAMENT

EMPLOYMENT DEPARTMENT GROUP CONTRIBUTION

"My Government will introduce legislation to remove further unnecessary burdens on employers, including many outdated and inequitable restrictions on the employment of women and young people; and change training arrangements.

**THE QUEEN'S SPEECH ON THE PROROGATION
OF PARLIAMENT**

EMPLOYMENT DEPARTMENT GROUP CONTRIBUTION

"My Government, through the Employment Act, has provided for greater democracy and accountability within trade unions and further protection against trade union enforcement of closed shops".

"Unemployment has fallen consistently, there has been a strong growth in employment and the numbers of small businesses and of self employed people have continued to grow".

"My Government has extended the guarantee of a place on the Youth Training Scheme for all 16-17 year olds who want one and who are not in full time education or employment.

"My Government has successfully launched the Employment Training programme, which will provide training for longer term unemployed people. Following the Trades Union Congress's withdrawal of support for the programme, my Government has taken back the main functions of the Training Commission, including responsibility for Employment Training".

pps/pl

BF → M 28/9

Mr Phillips
Mr Wood
Mr Dole
(HMSO)

29/9
ry

Paul Gray Esq
Private Secretary to the Prime Minister
10 Downing Street
London SW1

26 September 1988

PROPOSED PRICE INCREASES FOR THE REPORTS OF PARLIAMENTARY DEBATES

I understand that the Prime Minister has asked for some further information, following on from the Economic Secretary's minute of 12 September.

2. The Prime Minister asked about the distribution of Hansard sales. In fact, Parliamentary and Government departments take up about 80% of all sales of Commons and Lords daily debates. Another 5% or so go to public libraries and other parts of the public sector. Most of the remainder go to companies, employers' associations, trade unions, charities, embassies etc. There are very few private subscribers, but some customers acquire individual copies through HMSO bookshops.

3. I also understand that the Prime Minister has questioned the reasoning behind the proposed Hansard price increases and whether in fact this is merely a measure to achieve purer accounting - by transferring the cost to Government Departments rather than maintaining it as an Exchequer subsidy (on the basis that the majority of copies sold go to the public sector). When Hansard pricing was jointly reviewed by the Treasury and HMSO in 1983 the conclusion was that the existing arrangements were unsatisfactory for two main reasons:

- (i) the cost was not fully borne by the actual consumers, contrary to the Government's policy of identifying the full cost of services and, where possible, placing the cost of the services on those that obtain them,
- (ii) the subsidy was provided from a cash-limited Vote accounted for by the Controller of HMSO, who nevertheless had no control over demand.

4. The Economic Secretary thinks that although most of the customers are in the public sector it is better that each user makes purchasing decisions in the light of a price reflecting true costs rather than a subsidised price.

5. The possible consequences of introducing a radical change were considered by Ministers. These would necessarily have meant swingeing increases in cover prices and it was decided any advantages that might arise from restructuring financial arrangements would have been negated by the political backlash. It was therefore decided to embark on the present policy of eroding the subsidy by gradual increases.

Yours sincerely,

S M A James

**S M A JAMES
PRIVATE SECRETARY**



mp

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

29 September 1988

Dear Stella,

PROPOSED PRICE INCREASES FOR THE REPORTS OF PARLIAMENTARY DEBATES

The Prime Minister was grateful for the Economic Secretary's minute of 12 September. She has also seen the further background material you kindly let me have in your letter of 26 September.

The Prime Minister is content with the Economic Secretary's proposals, and for an announcement of the increases to be made in the normal way by Written Answer.

I am copying this letter to the Private Secretaries to the other members of E(A), Leaders of both Houses and to both Chief Whips.

Yours,
Paul

Paul Gray

CH/EXCHEQUER	
REC.	29 SEP 1988
ACTION	EST
COPIES TO	

Miss S. James
HM Treasury.



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

29 September 1988

RS/CHX 2
Mr Phillips
Mr S Wood
Mr Dole
(Hmsc)

MP

Dear Sir,

PROPOSED PRICE INCREASES FOR THE REPORTS OF PARLIAMENTARY
DEBATES

The Prime Minister was grateful for the Economic Secretary's minute of 12 September. She has also seen the further background material you kindly let me have in your letter of 26 September.

The Prime Minister is content with the Economic Secretary's proposals, and for an announcement of the increases to be made in the normal way by Written Answer.

I am copying this letter to the Private Secretaries to the other members of F(A), Leaders of both Houses and to both Chief Whips.

Yours
Paul

Paul Gray

Miss S. James
HM Treasury.

CONFIDENTIAL



CABINET OFFICE

70 Whitehall London SW1A 2AS Telephone 01-270 0135

30

September 1988

MISS SIMPSON

FST

MR DYER

MR PICKFORD

Dear Private Secretary,

QUEEN'S SPEECHES ON THE PROROGATION AND THE OPENING OF PARLIAMENT

Thank you for your reply to my letter of 26 August.

I enclose the first consolidated drafts of the Speeches. Wherever possible the editing has been designed to maintain the sense of the contribution, but it has sometimes been necessary, in the interests of limiting length, to remove entire elements. There are a number of square brackets in the texts where Royal or State visits are still under discussion or where the final form of words has yet to be settled by Departments.

The purpose of the first drafts is to iron out minor problems and identify any major ones. The order of contributions is provisional at this stage and is one of the issues that QL will address.

QL will meet to consider the drafts on 18 October. The Chairman will then circulate the texts to Cabinet colleagues for written comments.

I would be grateful for comments on the existing texts by Friday 7 October.

X I am sending copies of this letter to the Private Secretaries to all members of the Cabinet, and to the Private Secretaries to the Law Officers, the Minister of State Privy Council Office, ^{and} the Chief Whips in the Commons and Lords, ~~and the Financial Secretary, Treasury.~~

Yours sincerely
William Fleming
WILLIAM FLEMING

CONFIDENTIAL

PROROGATION SPEECH

FCO

1. My Lords and Members of the House of Commons

2. The Duke of Edinburgh and I were pleased to receive the State Visits of His Majesty King Hassan II of Morocco in July 1987, His Majesty King Olav of Norway in April of this year, and His Excellency the President of the Republic of Turkey in July. I was pleased to receive President Reagan of the United States after his visit to Moscow in June.

3. We recall with pleasure our visit to Canada in October last year, where I was also present at the Commonwealth Heads of Government Meeting in Vancouver. Earlier this year we visited Australia in her Bicentenary year and the Netherlands to mark the Tercentenary of William and Mary. Also to mark the Tercentenary, I received Loyal Addresses from both Houses in July. We remember with much satisfaction the State Visit to Spain in October.

4. My Government have helped to promote better relations between East and West and have played an active part in the Vienna Review Conference on Security and Cooperation in Europe.

MOD

5. My Government have continued to enhance Britain's defences and have played a full part in the Atlantic Alliance.

FCO

6. My Government have worked vigorously for balanced and verifiable agreements on arms control in respect of nuclear and conventional weapons and for the abolition of chemical weapons. They have

supported the Treaty between the United States and the Soviet Union for the elimination of their intermediate and shorter range missiles as a result of which cruise missiles are being removed from the United Kingdom.

7. My Government have fully supported the United Nations in recent efforts to negotiate a ceasefire between Iran and Iraq. They have welcomed the start of the Soviet troop withdrawal from Afghanistan and have supported efforts to restore that country's non-alignment and independence. My Government have encouraged the forces for change in Southern Africa and have urged the countries of that region to settle their problems peacefully.

FCO/MAFF/DTI

8. My Government have reached agreement with our European Community partners on the restructuring of the Community's finances and the reform of its Common Agricultural Policy. They have continued to play a full and active role in negotiations to achieve the completion of a single market within the European Community by the end of 1992 and have encouraged business to prepare for the opportunities and challenges this presents.

FCO/HMT

9. My Government welcomed the consensus reached on their initiative to provide debt relief to some of the poorest countries in Africa. They have continued to provide a substantial aid programme, both directly and through the European Community, including emergency assistance to the victims of natural disasters in Asia and Africa.

looks like
FCO draft
not out,
at any
rate.

agreements

the arrangements

FCO

10. My Government have continued their vigorous efforts to combat international terrorism. They have signed treaties with the United States, Canada, Australia and the Bahamas to provide reciprocal assistance in combatting drug trafficking.

11. My Government and the Chinese Government have continued to make good progress in implementing the Sino-British Joint Declaration on Hong Kong. My Government have stood by their commitments to the people of the Falkland Islands, while continuing to seek more normal relations with Argentina.

TREASURY

12. Members of the House of Commons,

13. I thank you for the provision which you have made for the honour and dignity of the Crown and for the Public Service.

14. My Lords and Members of the House of Commons

HMT/DEmp

DE { 15. My Government have continued to pursue sound financial policies designed to keep inflation under control and ⁽¹⁾ to sustain economic growth. The national output has continued to grow ⁽²⁾ as has the number of people in work. ⁽³⁾ Further steps have been taken to help unemployed people into work through the introduction of the Employment Training programme and the extension of the Youth Training Scheme.

(1) we had "provide a stable framework for improved economic performance".

(2) we had "and unemployment has continued to fall".

(3) Omitted altogether reference to debt repayment.

HMT

continuity of initiatives

16. As part of my Government's programme to encourage enterprise and improve the performance of the economy, the basic rate of income tax has been further reduced and all but the lowest of the ^{higher} remaining rates have been abolished. Legislation has been enacted to provide for the independent taxation of married couples. *and to reform and simplify the tax system.*

HMT/DOE

17. In further pursuit of my Government's commitment to encourage greater industrial efficiency and to promote wider share ownership, legislation has been enacted to provide for the sale to the public of shares in British Steel and to prepare for the sale of the water authorities and the electricity supply industry.

DOE

18. An Act has been passed for England and Wales to replace domestic rates with the community charge and to introduce uniform non-domestic rates.

19. An Act has been passed to reform the legislation on rented housing and to give local authority tenants new rights to choose their landlord.

20. An Act has been passed to promote further competition in the provision of local authority services.

DES

21. An Act has been passed to reform the provision of education to provide for a National Curriculum for schools and for delegated budgets for schools and colleges of further education.

DEmp

22. An Act has been passed to provide for greater democracy and accountability within trades unions and to provide further protection against trade union enforcement of closed shops.

HO

23. An Act has been passed to improve the working of criminal justice; to reform the law of extradition; and to improve the assistance available to victims of crime.

24. An Act has been passed to strengthen the controls over the possession of firearms.

25. An Act has been passed to reform the law on immigration.

26. An Act has been passed to introduce greater flexibility in licensing hours and to strengthen provisions to curb alcohol misuse.

DHSS

27. A reformed system of social security has been introduced.

DTI

28. An Act has been passed to reform the law of copyright and intellectual property.

DTP

29. Legislation has been enacted to authorise the construction of a railway tunnel under the English Channel which will link Britain and France.

30. Legislation has been enacted to authorise a third crossing of the Thames at Dartford.

31. Legislation has been passed to make provision for the financial assistance for the training of merchant seamen.

SO

32. For Scotland, measures have been passed to encourage the provision of private rented housing and to improve the management of schools.

NIO

33. [My Government have maintained their constant effort to defeat terrorism in Northern Ireland through the courageous and determined work of the security forces.] They have developed their constructive relations with the Republic of Ireland through the Anglo-Irish Agreement and have continued to promote the economic revival and political stability of Northern Ireland.

DOE

34. An Act has been passed to establish a statutory authority for the Norfolk and Suffolk Broads.

MAFF

35. Legislation has been enacted to encourage farmers to diversify.

LCD

36. Further progress has been made in the consolidation of statute law. Legislation has been passed to improve the arrangements for legal aid.

MY LORDS AND MEMBERS OF THE HOUSE OF COMMONS

I pray that the blessing of Almighty God may attend you.

OPENING SPEECH

FCO

- My Lords and Members of the House of Commons

1. - I look forward with much pleasure to receiving the President of the Republic of Senegal and Madame Diouf [and the President of the Federal Republic of Nigeria and Mrs Babangida] on [a] State visit[s] during the next twelve months [and to a visit by Her Majesty Queen Beatrix of the Netherlands as part of the Tercentenary Celebrations of William and Mary].
2. - I also look forward to [visiting Barbados next March to mark the 350th Anniversary of the House of Assembly there and to] being present on the occasion of the Commonwealth Heads of Government Meeting in Malaysia next autumn.

MOD

3. - My Government will continue to attach the highest priority to maintenance of national security and the preservation of peace with freedom and justice. The will maintain strong and effective defences and will stand fully by their obligations to the NATO Alliance.

FCO

4. - My government will strive for balanced and verifiable measures of arms control and for a world-wide ban on chemical weapons. They strongly support the United States' proposals for 50% reductions in American and

Soviet strategic nuclear weapons. They will seek balanced reductions in conventional forces.

5. - My Government will continue to strive to break down the barriers between East and West and to ensure that the Vienna Review Conference on Security and Co-operation in Europe leads to further progress on human rights. They will look forward to building further on the improved relationship with the Soviet Union and to a visit by the General Secretary of the Soviet Communist Party to this country.
6. - My Government look forward to the completion of the Soviet troop withdrawal from Afghanistan and will continue to work for the restoration of that country's independence and non-aligned status.
7. - My Government will continue to play a full part in the work of the United Nations.

FCO/DTI/MAFF

8. - My Government will continue to work with our European Community partners to complete the single market and to reform the Common Agricultural Policy. They will also play a full part in multilateral negotiations designed to liberalise international trade.

FCO

- 9.- My Government will maintain a substantial aid programme, designed to promote sustainable economic and social progress and alleviate poverty in developing countries.

- 10.- My Government will continue the fight against international terrorism and against trafficking in drugs.
- 11.- My Government will honour their commitments to the people of the Falkland Islands while continuing to seek more normal relations with Argentina.
- 12.- My Government will continue to discharge their responsibilities towards Hong Kong and its people. They will work closely with the Chinese Government to implement the Sino-British Joint Declaration.

HMT

Members of the House of Commons

- 13.- Estimates for the public service will be laid before you.

My Lords and Members of the House of Commons

- 14.- My Government will continue to pursue firm financial policies designed to bear down on inflation, and foster the conditions necessary for sustained economic growth and to facilitate the growth of Employment.

Within that framework, my Government will continue to promote enterprise

- 15.- They will maintain firm control of public expenditure so that, while allowing further improvements in priority services, it continues to fall as a proportion of national income and thus provides scope for further reductions in taxation.

HMT/DOE/DEn

- 16.- Legislation will be introduced [to provide] for the sale of the [utility functions of the] water authorities in England and Wales and of the electricity supply industry in Great Britain.

DOE

- 17.- A Bill will be brought forward to reform the law on local government capital and housing finance and to revise the legislation governing the conduct of local authority business.

DEmp

- 18.- My Government will introduce legislation to remove further unnecessary restrictions on the employment of women and young people.

HO

19. - My Government will vigorously pursue their policies for reducing crime
A Bill will be introduced to replace section 2 of the Official Secrets Act 1911 with provisions prohibiting only disclosures of information which would be harmful to the public interest.

DOE

- 20.- A Bill will be introduced to provide for a national membership scheme to control admission to football matches.

HO

- 21.- A Bill will be introduced to extend the entitlement of British citizens living overseas to vote in elections held in this country.

DH

- 22.- My Government are committed to strengthening the National Health Service and to ensuring that the service is developed and improved in an efficient way that offers choice to patients.

DHSS

- 23.- A Bill will be brought forward to amend the law on social security.

NIO

- 24.- In Northern Ireland, my Government will continue their efforts to eradicate terrorism, and to foster closer co-operation with the Republic of Ireland. Bills will be laid before you to strengthen Northern Ireland law on fair employment; and to extend the franchise for local elections and to require from candidates a declaration against terrorist violence.

SO

- 25.- For Scotland, Bills will be introduced to transfer the Scottish Bus Group to the private sector to enable parents to decide that their children's school should be managed outside local authority control.

LCD

- 26.- [A Bill will be introduced to improve and rationalise the law governing the protection, care and upbringing of children and the services for children.]

DTp

27.- A Bill will be introduced to modify the driver licensing system.

DTI

28.- Legislation will be introduced to reform company law and the law on mergers.

29. Other measures will be laid before you.

My Lords and Members of the House of Commons

I pray that the blessing of Almighty God may rest upon your counsel.

B41 A290988



FROM: B O DYER
DATE: 30 September 1988

01-270 4520

CHANCELLOR

cc Chief Secretary
Financial Secretary
Paymaster General
Economic Secretary
Sir P Middleton
Mr Odling-Smee
Mr Gieve
Mr Cropper
Mr Tyrie
Mr M Call

Handwritten notes in red ink:
- 7 points (Kew) to PPR?
- Chancellor's name
- Initials

PRAYERS : GOVERNMENT INSPIRED DEBATES IN THE NEXT QUARTER

The Business Managers are seeking suggestions from departments - including the Treasury - for subjects falling within their responsibility where there is a positive message to be got across and on which Ministers would find it helpful to have the matter debated in the House of Commons. Any such debate would normally arise on a motion for the adjournment of the House.

2. You may wish to discuss this request with Ministerial colleagues et al at Prayers?

3. For example, one possible Treasury starter might be sub-Saharan debt? The forthcoming Autumn Statement, Opposition Day and Debate on the Address should provide ample opportunity to debate 'Economic' topics; as should the remaining stages of the European Communities Finance Bill for EC matters.

Handwritten notes in red ink:
- Issues.
- Conclusion

**B O DYER
PARLIAMENTARY CLERK**

CONFIDENTIAL



CABINET OFFICE

70 Whitehall London SW1A 2AS Telephone 01-270 0135

30 September 1988

BF 5/10
to Alex
py

CH/EXCHEQUER	
REC.	- 3 OCT 1988
ACTION	MISS SIMPSON
COPIES TO	FST
	MR DYER
	MR PICKFORD

- 3/10

Dear Private Secretary,

QUEEN'S SPEECHES ON THE PROROGATION AND THE OPENING OF PARLIAMENT

Thank you for your reply to my letter of 26 August.

I enclose the first consolidated drafts of the Speeches. Wherever possible the editing has been designed to maintain the sense of the contribution, but it has sometimes been necessary, in the interests of limiting length, to remove entire elements. There are a number of square brackets in the texts where Royal or State visits are still under discussion or where the final form of words has yet to be settled by Departments.

The purpose of the first drafts is to iron out minor problems and identify any major ones. The order of contributions is provisional at this stage and is one of the issues that QL will address.

QL will meet to consider the drafts on 18 October. The Chairman will then circulate the texts to Cabinet colleagues for written comments.

I would be grateful for comments on the existing texts by Friday 7 October.

I am sending copies of this letter to the Private Secretaries to all members of the Cabinet, and to the Private Secretaries to the Law Officers, the Minister of State Privy Council Office, the Chief Whips in the Commons and Lords and the Financial Secretary, Treasury.

Yours sincerely
William Fleming

WILLIAM FLEMING

CONFIDENTIAL

PROROGATION SPEECH

FCO

1. My Lords and Members of the House of Commons

2. The Duke of Edinburgh and I were pleased to receive the State Visits of His Majesty King Hassan II of Morocco in July 1987, His Majesty King Olav of Norway in April of this year, and His Excellency the President of the Republic of Turkey in July. I was pleased to receive President Reagan of the United States after his visit to Moscow in June.

3. We recall with pleasure our visit to Canada in October last year, where I was also present at the Commonwealth Heads of Government Meeting in Vancouver. Earlier this year we visited Australia in her Bicentenary year and the Netherlands to mark the Tercentenary of William and Mary. Also to mark the Tercentenary, I received Loyal Addresses from both Houses in July. We remember with much satisfaction the State Visit to Spain in October.

4. My Government have helped to promote better relations between East and West and have played an active part in the Vienna Review Conference on Security and Cooperation in Europe.

MOD

5. My Government have continued to enhance Britain's defences and have played a full part in the Atlantic Alliance.

FCO

6. My Government have worked vigorously for balanced and verifiable agreements on arms control in respect of nuclear and conventional weapons and for the abolition of chemical weapons. They have

supported the Treaty between the United States and the Soviet Union for the elimination of their intermediate and shorter range missiles as a result of which cruise missiles are being removed from the United Kingdom.

7. My Government have fully supported the United Nations in recent efforts to negotiate a ceasefire between Iran and Iraq. They have welcomed the start of the Soviet troop withdrawal from Afghanistan and have supported efforts to restore that country's non-alignment and independence. My Government have encouraged the forces for change in Southern Africa and have urged the countries of that region to settle their problems peacefully.

FCO/MAFF/DTI

8. My Government have reached agreement with our European Community partners on the restructuring of the Community's finances and the reform of its Common Agricultural Policy. They have continued to play a full and active role in negotiations to achieve the completion of a single market within the European Community by the end of 1992 and have encouraged business to prepare for the opportunities and challenges this presents.

FCO/HMT

9. My Government welcomed the consensus reached on their initiative to provide debt relief to some of the poorest countries in Africa. They have continued to provide a substantial aid programme, both directly and through the European Community, including emergency assistance to the victims of natural disasters in Asia and Africa.

FCO

10. My Government have continued their vigorous efforts to combat international terrorism. They have signed treaties with the United States, Canada, Australia and the Bahamas to provide reciprocal assistance in combatting drug trafficking.

11. My Government and the Chinese Government have continued to make good progress in implementing the Sino-British Joint Declaration on Hong Kong. My Government have stood by their commitments to the people of the Falkland Islands, while continuing to seek more normal relations with Argentina.

TREASURY

12. Members of the House of Commons,

13. I thank you for the provision which you have made for the honour and dignity of the Crown and for the Public Service.

14. My Lords and Members of the House of Commons

HMT/DEmp

15. My Government have continued to pursue sound financial policies designed to keep inflation under control and to sustain economic growth. The national output has continued to grow as has the number of people in work. Further steps have been taken to help unemployed people into work through the introduction of the Employment Training programme and the extension of the Youth Training Scheme.

HMT

16. As part of my Government's programme to encourage enterprise and improve the performance of the economy, the basic rate of income tax has been further reduced and all but the lowest of the remaining rates have been abolished. Legislation has been enacted to provide for the independent taxation of married couples.

HMT/DOE

17. In further pursuit of my Government's commitment to encourage greater industrial efficiency and to promote wider share ownership, legislation has been enacted to provide for the sale to the public of shares in British Steel and to prepare for the sale of the water authorities and the electricity supply industry.

DOE

18. An Act has been passed for England and Wales to replace domestic rates with the community charge and to introduce uniform non-domestic rates.

19. An Act has been passed to reform the legislation on rented housing and to give local authority tenants new rights to choose their landlord.

20. An Act has been passed to promote further competition in the provision of local authority services.

DES

21. An Act has been passed to reform the provision of education to provide for a National Curriculum for schools and for delegated budgets for schools and colleges of further education.

DEmp

22. An Act has been passed to provide for greater democracy and accountability within trades unions and to provide further protection against trade union enforcement of closed shops.

HO

23. An Act has been passed to improve the working of criminal justice; to reform the law of extradition; and to improve the assistance available to victims of crime.

24. An Act has been passed to strengthen the controls over the possession of firearms.

25. An Act has been passed to reform the law on immigration.

26. An Act has been passed to introduce greater flexibility in licensing hours and to strengthen provisions to curb alcohol misuse.

DHSS

27. A reformed system of social security has been introduced.

DTI

28. An Act has been passed to reform the law of copyright and intellectual property.

DTP

29. Legislation has been enacted to authorise the construction of a railway tunnel under the English Channel which will link Britain and France.

30. Legislation has been enacted to authorise a third crossing of the Thames at Dartford.

31. Legislation has been passed to make provision for the financial assistance for the training of merchant seamen.

SO

32. For Scotland, measures have been passed to encourage the provision of private rented housing and to improve the management of schools.

NIO

33. [My Government have maintained their constant effort to defeat terrorism in Northern Ireland through the courageous and determined work of the security forces.] They have developed their constructive relations with the Republic of Ireland through the Anglo-Irish Agreement and have continued to promote the economic revival and political stability of Northern Ireland.

DOE

34. An Act has been passed to establish a statutory authority for the Norfolk and Suffolk Broads.

MAFF

35. Legislation has been enacted to encourage farmers to diversify.

LCD

36. Further progress has been made in the consolidation of statute law. Legislation has been passed to improve the arrangements for legal aid.

MY LORDS AND MEMBERS OF THE HOUSE OF COMMONS

I pray that the blessing of Almighty God may attend you.

OPENING SPEECH

FCO

- My Lords and Members of the House of Commons

1. - I look forward with much pleasure to receiving the President of the Republic of Senegal and Madame Diouf [and the President of the Federal Republic of Nigeria and Mrs Babangida] on [a] State visit[s] during the next twelve months [and to a visit by Her Majesty Queen Beatrix of the Netherlands as part of the Tercentenary Celebrations of William and Mary].
2. - I also look forward to [visiting Barbados next March to mark the 350th Anniversary of the House of Assembly there and to] being present on the occasion of the Commonwealth Heads of Government Meeting in Malaysia next autumn.

MOD

3. - My Government will continue to attach the highest priority to maintenance of national security and the preservation of peace with freedom and justice. The will maintain strong and effective defences and will stand fully by their obligations to the NATO Alliance.

FCO

4. - My government will strive for balanced and verifiable measures of arms control and for a world-wide ban on chemical weapons. They strongly support the United States' proposals for 50% reductions in American and

Soviet strategic nuclear weapons. They will seek balanced reductions in conventional forces.

5. - My Government will continue to strive to break down the barriers between East and West and to ensure that the Vienna Review Conference on Security and Co-operation in Europe leads to further progress on human rights. They will look forward to building further on the improved relationship with the Soviet Union and to a visit by the General Secretary of the Soviet Communist Party to this country.
6. - My Government look forward to the completion of the Soviet troop withdrawal from Afghanistan and will continue to work for the restoration of that country's independence and non-aligned status.
7. - My Government will continue to play a full part in the work of the United Nations.

FCO/DTI/MAFF

8. - My Government will continue to work with our European Community partners to complete the single market and to reform the Common Agricultural Policy. They will also play a full part in multilateral negotiations designed to liberalise international trade.

FCO

- 9.- My Government will maintain a substantial aid programme, designed to promote sustainable economic and social progress and alleviate poverty in developing countries.

10.- My Government will continue the fight against international terrorism and against trafficking in drugs.

11.- My Government will honour their commitments to the people of the Falkland Islands while continuing to seek more normal relations with Argentina.

12.- My Government will continue to discharge their responsibilities towards Hong Kong and its people. They will work closely with the Chinese Government to implement the Sino-British Joint Declaration.

HMT

Members of the House of Commons

13.- Estimates for the public service will be laid before you.

My Lords and Members of the House of Commons

(Dept of) 14.- My Government will continue to pursue firm financial policies designed to bear down on inflation, and foster the conditions necessary for sustained economic growth and to facilitate the growth of Employment.

15.- They will maintain firm control of public expenditure so that, while allowing further improvements in priority services, it continues to fall as a proportion of national income and thus provides scope for further reductions in taxation.

HMT/DOE/DEn

- 16.- Legislation will be introduced to provide for the sale of the utility functions of the water authorities in England and Wales and of the electricity supply industry in Great Britain.

DOE

- 17.- A Bill will be brought forward to reform the law on local government capital and housing finance and to revise the legislation governing the conduct of local authority business.

DEmp

- 18.- My Government will introduce legislation to remove further unnecessary restrictions on the employment of women and young people.

HQ

19. - My Government will vigorously pursue their policies for reducing crime
A Bill will be introduced to replace section 2 of the Official Secrets Act 1911 with provisions prohibiting only disclosures of information which would be harmful to the public interest.

DOE

- 20.- A Bill will be introduced to provide for a national membership scheme to control admission to football matches.

HQ

- 21.- A Bill will be introduced to extend the entitlement of British citizens living overseas to vote in elections held in this country.

DH

- 22.- My Government are committed to strengthening the National Health Service and to ensuring that the service is developed and improved in an efficient way that offers choice to patients.

DHSS

- 23.- A Bill will be brought forward to amend the law on social security.

NIO

- 24.- In Northern Ireland, my Government will continue their efforts to eradicate terrorism, and to foster closer co-operation with the Republic of Ireland. Bills will be laid before you to strengthen Northern Ireland law on fair employment; and to extend the franchise for local elections and to require from candidates a declaration against terrorist violence.

SO

- 25.- For Scotland, Bills will be introduced to transfer the Scottish Bus Group to the private sector to enable parents to decide that their children's school should be managed outside local authority control.

LCD

- 26.- [A Bill will be introduced to improve and rationalise the law governing the protection, care and upbringing of children and the services for children.]

DTp

27.- A Bill will be introduced to modify the driver licensing system.

DTI

28.- Legislation will be introduced to reform company law and the law on mergers.

29. Other measures will be laid before you.

My Lords and Members of the House of Commons

I pray that the blessing of Almighty God may rest upon your counsel.

B41 A290988



MP BF 6/10

FROM: S M A JAMES
DATE: 30 SEPTEMBER 1988

MR DOLE - HMSO

cc PS/Chancellor ²
PS/Chief Secretary
PS/Financial Secretary
PS/Paymaster General
Mr Phillips
Mr B O Dyer
Mr Wood
Mr TowerS

PROPOSED PRICE INCREASES FOR THE REPORTS OF PARLIAMENTARY DEBATES

The Prime Minister has now approved the price increases for the reports of Parliamentary debates set out in the Economic Secretary's minute of 12 September and is content for an announcement of the increases to be made in the normal way by Written Answer (Mr Gray's letter to me of 29 September, not copied to all).

2. The Economic Secretary would be grateful for a draft Written Answer making the announcement and for advice on timing. The Lord President has as you know (Ms Smith's letter of 27 September) asked that the announcement makes it clear that the increase in price is being accompanied by a reduction so far as possible in production costs. We shall need to consult the Lord President both on timing and the substance of the announcement in due course.

S M A JAMES
Private Secretary



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

29 September 1988

RS/CHX
Mr Phillips
Mr S Wood
Mr Dole
(HMSO)

PSL
29/9

Dear Sirs,

PROPOSED PRICE INCREASES FOR THE REPORTS OF PARLIAMENTARY DEBATES

The Prime Minister was grateful for the Economic Secretary's minute of 12 September. She has also seen the further background material you kindly let me have in your letter of 26 September.

The Prime Minister is content with the Economic Secretary's proposals, and for an announcement of the increases to be made in the normal way by Written Answer.

I am copying this letter to the Private Secretaries to the other members of E(A), Leaders of both Houses and to both Chief Whips.

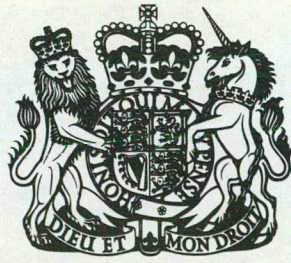
Yours
P.G.

Paul Gray

Miss S. James
HM Treasury.

With the compliments of

The Secretary of State for Defence



[Handwritten signature]

The Procurement of Major Defence Equipment

1/10/88

Government Response to the
Fifth Report From The Defence Committee
1987-88, HC 431

Presented to Parliament by the Secretary of State for Defence
by Command of Her Majesty
October 1988

LONDON

HER MAJESTY'S STATIONERY OFFICE

£1.60 net

1. In this memorandum the Government responds to the Fifth Report from the Defence Committee, Session 1987-88. The Government welcomes the Committee's interest in this important area of the Ministry of Defence's business and presents the following observations on the report.

Introduction (Part I)

2. While the wider political and economic factors to which the Committee refers will continue to form a part of the consideration of any major procurement decision, the Government's primary objective in each case is to secure the best value for money in providing the equipment the Armed Forces require at the time when it is needed.

Major Equipment Programmes (Part II)

European Fighter Aircraft

3. The Government welcomes the Committee's recognition of the importance of the European Fighter Aircraft (EFA) programme and of maintaining an ability to build advanced combat aircraft in the European aerospace industries. The Government notes the Committee's remarks concerning the possibilities inherent in such a collaborative programme for progress to be frustrated. It believes however that, far from restricting progress, the EFA programme is providing the participating nations with the opportunity, which might otherwise not exist, of developing a truly agile combat aircraft capable of meeting the threat into the next century.

4. The Committee has stressed the importance of maintaining a strong national industrial base. The Government believes that this will be secured in the aerospace field through participation in the development phase of EFA. The Government also agrees with the Committee's view that the radar technology will be of great importance for the success of the EFA programme. The EFA nations will be forming a view in the near future on the proposals of the consortia competing for the work.

Ships' Automated Command Systems

5. The Government notes the Committee's views on the Computer Assisted Command System 4 (CACS 4) project and endorses the comment that pricing of contracts should be agreed with contractors at an early date.

6. The Government shares the Committee's concern that the Type 23 Frigate Command System should be better able to meet the operational requirement than its predecessor was. This objective formed the basis of the decision to cancel CACS 4 and to initiate the development of a new system. The Government notes the Committee's view that consideration should be given to a further Project Definition phase for the project. This is one of the routes which could be taken when a decision is made on how the programme should proceed to Full Development and Production. The Government agrees with the Committee that it is desirable that further delay to the programme should be avoided, but it is also important that sound management should not be subordinated to attempts to achieve an inflexible in-service date; the lessons of CACS 4 (paragraph 36 of the report) are very relevant in this regard. The Government agrees with the Committee that efforts should be made to negotiate a development contract on the basis of a firm price (that is, a price which is not subject to any variation) rather than a fixed price (that is, a price which is subject to variation of price increases in recognition of inflation).

Harrier GR5

7. The problems mentioned in evidence by the Ministry of Defence concerning the integration of the inertial navigation system into the aircraft are still not fully resolved. Action is being taken to minimise the resulting detriment to the programme.

ALARM 8. In reaching the decision to order ALARM in 1983, the Government necessarily considered a wide range of complex factors. The Government does not accept the implication of the last sentence of paragraph 56 that, in selecting ALARM in preference to HARM, it subordinated the interests of the RAF to the concerns of Departments other than the Ministry of Defence. Both ALARM and HARM were operationally acceptable to the RAF in 1983; and ALARM's potential for future development, and the value of the ALARM programme in terms of enhancing British technology of potential application to future weapons systems, were factors of direct relevance to the RAF. The operational arguments were reviewed afresh in autumn 1987 and the clear conclusion (reflected in evidence to the Committee (Q248)) was that ALARM was more suitable than HARM for the RAF's needs.

9. The Government notes the Committee's views on the lack of a Project Definition phase and accepts the importance of generally carrying out such a phase for major equipment projects. However, in this case, as the Committee is aware, several feasibility studies were carried out prior to 1983 to reduce risks, further define the requirement, and provide the basis for the assessment of the competing solutions. The rocket motor was not seen as an area of particular risk, and a Project Definition phase would not necessarily have identified the problems which subsequently emerged.

TRIGAT 10. The Government agrees with the Committee's comments. Since the Ministry of Defence's evidence was given to the Committee, Italy has declared that she does not intend to join either the medium or long range development programmes. The contracts for both development programmes were placed in September.

BATES 11. The Government generally concurs with the Committee's comments, but the suggestion that software integration was the cause of most of the project's problems needs some amplification. Although recent delays are attributable to difficulties with software integration, other factors had contributed to earlier slippages.

Light Attack Helicopter 12. The Government agrees with the Committee that full account should be taken of aircraft currently in production in deciding how to meet the Army's requirement for a Light Attack Helicopter (LAH). The US AH64 Apache is one of several options which were considered before the present A129 LAH studies were commenced, and which will be reconsidered when the outcome of those studies is known. For the present, however, the Government believes that it would be premature to assume that any one of these options would (or would not) be a more cost-effective alternative to a development of the A129.

Main Battle Tank 13. As the Committee have noted, the Ministry of Defence is considering the timescale in which it might need to replace the Chieftain tank and the options available for doing so. The Government will bear in mind the Committee's comments in reaching a decision.

155mm Self-Propelled Howitzer 14. The Government notes the concern of the Committee about Cardinal Point Specifications and confirms that this means of procurement will continue to be used whenever appropriate.

Measures to Improve Value for Money in Defence Procurement (Part III)

15. The Government welcomes the Committee's support for the measures introduced since 1983 to improve the commercial nature of procurement; its support for competition in defence procurement; and its acknowledgement of the steps being taken to widen the supplier base. The Government accepts the

Committee's view that excessive use of iterative tendering would be counter-productive. Iterative tendering is used selectively, and in 1987/88 was applied to less than 1% of the contracts placed. Worthwhile cost savings, or improvements in other areas such as specification, delivery schedules and payment terms, were achieved. The Government must reserve the right to use the procedure in cases where it is justified in order to obtain better value for money.

16. In sounding cautionary notes about the effects of the drive for increased competition, the Committee has expressed concern about some possible consequences of the Government's approach. The Government wishes to make clear that its procurement strategy is intended to provide an incentive to companies to become more efficient. Far from leading to a smaller competitive base, more efficient companies should be better able to win overseas business. The Government wishes to encourage defence contractors to become less dependent on Ministry of Defence orders. The performance of companies in overseas sales markets, particularly in the last three years, demonstrates the competitiveness of UK defence industries.

17. The Committee has also said that price alone should not always determine a winning bid. The Government wishes to draw attention to Defence Open Government Document 83/01, which makes clear that a range of factors are taken into account in deciding where to award contracts. These include the nature of the technical proposals; the reliability, financial viability and track record of the supplier; and the quality, reliability and expected whole-life cost of the product being offered, in addition to the price.

18. On the question of the costs of non-competitive defence work, the Government acknowledges the concern of the Committee that these should be monitored. The best way to avoid high costs is through the greatest possible use of competition. The Committee has noted that, since the competition initiative was launched, there has been an increase in the proportion by value of contracts let competitively. In addition, the proportion of contracts by value let on cost-plus terms was only 7% in 1987/88. In cases where it is not possible to secure a fixed or firm price, it is now the norm to seek a maximum price contract linked with some form of incentive, to avoid uncontrolled non-competitive costs. Moreover the Government is currently examining the general basis for the recovery of overheads to ensure that it fully reflects current procurement initiatives.

19. The Government welcomes the Committee's support for international collaboration as a means of sharing development costs and fostering standardisation and interoperability. The Government believes that collaboration has an important part to play in effective procurement, but accepts the Committee's view that there are potential difficulties that participating nations should guard against. Some of these problems are not easy to solve in full, but collaboration nevertheless represents the most sensible way forward in many cases. Where collaboration is appropriate, the Government seeks to incorporate both the best current procurement practice and lessons from experience; for example, the EFA project's contractual and management arrangements will benefit from lessons learned in the Tornado programme.

20. The Government does not regard international collaboration as an end in itself, but as a means of securing value for money in appropriate circumstances. Collaborative projects along the lines of Tornado are just one element of our international procurement strategy. This strategy, which the Government is encouraging our allies to share, includes a more open defence market and a greater willingness for nations to buy each other's equipment off-the-shelf.

Project Management (Part IV)

21. The Committee has highlighted a number of areas of project management which it assesses to be weak. Recent progress in the first area, risk assessment, is acknowledged by the Committee (paragraph 112). The Government's contractual policies will continue to ensure that an appropriate share of the risk is placed with the contractor, while new technical audit arrangements within the Ministry of Defence, in which the Chief Scientific Adviser and his staff will play an important part, will mean that risk is more effectively evaluated before decisions are taken.

22. The Government recognises the need, referred to by the Committee, to retain experienced staff both generally and in the specific field of software management. The Government believes that the new, more flexible pay arrangements for scientists and engineers should make a significant contribution to retention.

23. Sound project management practice is examined in the "Learning from Experience" report. As the Committee notes, the Government has responded positively to that report. The Government agrees with the Committee's comments on the figures for "unforeseen costs" drawn from the report.

Reliability and Maintainability and Life Cycle Costing (Part V)

24. The Government agrees with the Committee on the value of good Reliability and Maintainability (R&M) and on the significance of the savings which it makes possible. The Government accordingly attaches importance to improving R&M. It would point out, however, that the figures quoted by the Committee to indicate the effect of unreliability on aircraft availability reflect normal peacetime circumstances only. Operationally, the key measure of availability is the number of aircraft which would be available for operations in an emergency. The Government is confident that sufficient aircraft would be available to meet national and NATO commitments.

25. A key part in the drive towards achieving better reliability is the inclusion of legally binding safeguards in all appropriate contracts. Consideration of the Ministry of Defence's study into this, mentioned in the Committee's report, is almost complete. The guidelines which emerge from this exercise will enable contracts staff to incorporate in future contracts the terms and conditions necessary to bind contractors to produce reliable equipment. Where such conditions cannot be agreed, the Ministry of Defence will seek financial incentive arrangements to secure improved R&M standards.

26. The Government notes the Committee's comments about limited Ministry of Defence resources in the R&M field. The prospects of recruiting people with the relevant expertise and experience are not encouraging due to a national shortage of specialists in these disciplines. Efforts are therefore being concentrated on adapting structures and procedures to make the best use of the resources which are available. These include the provision of advice and training to project managers, who are responsible for the R&M aspects of their projects, aimed at fostering awareness and understanding of the importance of R&M and of the disciplines involved in improving it. Moreover it is policy that R&M considerations are to be afforded a higher priority when trade-off decisions, against the more obviously visible factors of cost, performance and timescale, are being taken.

27. The Committee has questioned whether use of Discounted Cash Flow (DCF) techniques to appraise defence equipment projects may result in

potential savings from investment in R&M, which typically accrue in the longer term, being given insufficient weight. It is Government policy to conduct an investment appraisal utilising DCF techniques whenever a substantial investment is contemplated. However, formal DCF appraisal is not and cannot be the sole criterion governing defence equipment choices; other considerations, including operational performance against the military threat, in-service date and technical risk, must also be given appropriate weight. The Ministry of Defence will ensure that R&M considerations, including potential savings through R&M investment, are properly identified and taken into account in decision-making in this area. The Government agrees with the Committee that life cycle costings (LCC) have an important part to play in this work, and the Ministry of Defence will consider how better use can be made of them.



HMSO publications are available from:

HMSO Publication Centre

(Mail and telephone orders only)

PO Box 276, London SW8 5DT

Telephone orders 01-622 3316

General enquiries 01-211 5656

(queuing system in operation for both numbers)

HMSO Bookshops

49 High Holborn, London, WC1V 6HB 01-211 5656 (Counter service only)

258 Broad Street, Birmingham, B1 2HE 021-643 3740

Southey House, 33 Wine Street, Bristol, BS1 2BQ (0272) 24306/24307

9-21 Princess Street, Manchester, M60 8AS 061-834 7201

80 Chichester Street, Belfast, BT1 4JY (0232) 238451

71 Lothian Road, Edinburgh EH3 9AZ 031-228 4181

HMSO's Accredited Agents

(see Yellow Pages)

and through good booksellers

- 5 OCT 1988

CONFIDENTIAL



Alan *Pay*

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

William Fleming Esq
Cabinet Office
70 Whitehall
LONDON
SW1A 2AS

SECRETARY
6 OCT 1988
MISS SIMPSON
PS / CHER
MR MOORE
MR ODLING-SMEE
MRS BROWN

My ref:

Your ref:

6 October 1988

Dear William

QUEEN'S SPEECHES ON THE PROROGATION AND THE OPENING OF PARLIAMENT

Thank you for your letter of 30 September, seeking comments on the first consolidated draft of the Speeches. In general, we are content with these. However, there are a few cases in which we feel that editorial changes have led to important elements of our legislation being omitted.

In paragraph 17 of the Prorogation Speech, there is a very fine distinction between "preparing for" the sale of the water authorities (the Public Utility Transfers and Water Charges Act) and "providing for" their sale (the Water Bill announced in the Opening Speech). To avoid confusion, we would prefer paragraph 17 to end: "and to enable the water authorities and the electricity supply industry to prepare for privatisation."

A major aspect of the Water Bill will be the reorganisation of the industry to create the National Rivers Authority. This is an important environmental initiative in its own right, rather than simply a consequence of privatisation. We therefore feel that it deserves specific mention by amending paragraph 16 of the Opening Speech to read: "Legislation will be introduced to establish a National Rivers Authority and to provide for the sale of"

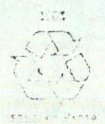
In paragraph 17, we would like: "reform the law on local government capital and finance, including home improvement grants", since this is an important part of the Housing and Local Government Bill not covered by the wording you propose.

I hope you will be able to accept these changes, which do not significantly affect the length of the speeches.

I am copying this letter to David Murphy (Energy), Stephen Williams (Welsh Office), Debbie Hayne (MAFF) and Jeremy Heywood (Treasury).

Yours
A D Ring

A D RING
Private Secretary



FROM : MISS J C SIMPSON
 DATE : 6 OCTOBER 1988

1. MR ODLING-SMEE *DD-8 6/10*
 2. **CHANCELLOR OF THE EXCHEQUER**

cc Chief Secretary
 Financial Secretary
 Paymaster General
 Economic Secretary
 Sir P Middleton
 Sir T Burns
 Sir G Littler
 Dame Anne Mueller
 Mr Anson
 Mr Monck
 Mr Scholar
 Mr Lankester
 Mr Phillips
 Mr Byatt
 All Under Secretaries
 Mr Dyer
 PS/IR
 PS/C & E

Ch
OK?
AA
OK

QUEEN'S SPEECHES ON THE PROROGATION AND STATE OPENING OF PARLIAMENT

The Cabinet Office have now circulated consolidated drafts of these two speeches. They have asked for comments on these texts by Friday, 7 October. QL is to discuss them on 18 October.

TREASURY CONTRIBUTIONS

A. Prorogation

2. The Cabinet Office have proposed some substantive changes (mostly omissions) from the draft which we submitted to them.
3. In paragraph 15, we proposed "My Government have continued to pursue sound financial policies designed to keep inflation under control and provide a stable framework for improved economic performance. The national output has continued to expand and unemployment has continued to fall. For only the second time since the beginning of the 1950s my Government was able to make a repayment of public debt."

The Cabinet Office have proposed

(a) omitting "provide a stable framework for improved economic performance" and substituting "to sustain economic growth";

(b) changing the reference to falling unemployment to one to the continued increase in the number of jobs;

(c) omitting altogether the reference to the repayment of public debt.

4. None of these changes seems to us to constitute an improvement, but we could probably live (a) and (b). On (c), the move to debt repayment is a significant development, and we think that some reference ought to be made to it.

5. In paragraph 16, our proposal on the Budget read "Legislation has been enacted to provide for the independent taxation of married couples and to reform and simplify the tax system". The Cabinet Office have proposed omitting the words "and to reform and simplify the tax system". We think that this gives a misleading impression of the scope of the Budget eg. it omits any reference to the CGT reforms. We therefore think that we should reinstate this sentence if we can. They have also proposed replacing 'higher rates' of income tax with 'remaining rates'. This, although probably easier to say, is less accurate and less effective.

6. In paragraph 9, the passage on international debt has been changed to update it to take account of last week's agreement. We are content with this changed wording.

B. State Opening

7. There is only one significant change from the material we provided for the State Opening speech. For paragraph 14, we proposed "My Government will continue to pursue firm financial

policies designed to bear down on inflation and foster the conditions necessary for sustained economic growth. Within that framework, my Government will continue to promote enterprise, and facilitate the growth of employment". The Cabinet Office have proposed deleting "Within that framework, my Government will continue to promote enterprise". It seems a pity to lose the reference, and we suggest that we could cover the point by finishing the first sentence at 'inflation', and continuing

"Together with measures to promote enterprise, these will foster the conditions necessary for sustained growth of output and employment."

OTHER DEPARTMENTS' PROPOSALS

C. Prorogation

8. In paragraph 8 on the outcome of the Brussels European Council, we think that a reference to reaching "agreement ... on reform of the Common Agricultural Policy" is overstating the case. We would propose qualifying this by inserting "on certain measures of" before reform. We also think it would be helpful to add an sentence on the lines "An Act has been passed to put the new financing arrangements into effect".

D. State Opening

9. In paragraph 8 on the EC, we think it would strengthen the passage if we added the words "to reinforce budgetary discipline" after "to complete the single market".

10. I attach a draft Private Secretary letter making these points for Miss Wallace to send if you are content.

B

MISS J C SIMPSON

William Fleming Esq
Cabinet Office
70 Whitehall
SW1A 2AS

7 October 1988

QUEEN'S SPEECHES ON THE PROROGATION AND THE OPENING OF PARLIAMENT

You wrote to us on 30 September with drafts of these two speeches for comment.

The Chancellor has considered these and asked for a number of amendments to be made. I attach a schedule of these. He has asked me to make clear that he attaches particular importance to the amendments to paragraphs 15 and 16 of the Prorogation speech and to paragraph 14 of the State Opening speech.

MISS M P WALLACE

*Please type for
signature - no
need to re-do
attachment.*

CHANCELLOR OF THE EXCHEQUER'S AMENDMENTS TO THE SPEECHES FOR THE PROROGATION AND STATE OPENING OF PARLIAMENT

1. PROROGATION

Paragraph 8 : It would be more accurate to say that we had reached agreement on "certain measures" of reform of the CAP, which would make it clear that we did not regard the task as completed. If there were room, the Chancellor would also like to see a sentence added to that paragraph on the lines "An Act has been passed to put the new financing arrangements into effect".

Paragraph 15 : The sentence in our initial draft which read "For only the second time since the beginning of the 1950s my Government was able to make a repayment of public debt." should be reinstated.

Paragraph 16 : The reference we proposed to the other parts of the Budget package - "and to reform and simplify the tax system" - should be reinstated to give a better impression of the overall scope and importance of the Budget than simply referring to the income tax reductions and the introduction of independent taxation.

2. STATE OPENING

Paragraph 8 : It would strengthen this paragraph if the words "to reinforce budgetary discipline" were inserted after "the single market".

Paragraph 14 : We are reluctant to lose altogether the reference to promoting enterprise and suggest that, if you thought our original formulation too long, the present draft should end at 'inflation' and that a new second sentence should be added as follows

"Together with measures to promote enterprise, these will foster the conditions necessary for sustained growth of output and employment."



PS/Chief Secretary
 PS/Financial Secretary
 PS/Paymaster General
 PS/Economic Secretary
 Sir P Middleton
 Sir T Burns
 Sir G Littler
 Dame A Mueller
 Mr Anson
 Mr Monck
 Mr Scholar
 Mr Lankester
 Mr Phillips
 Mr Byatt
 All Under Secretaries
 Mr Dyer
 Miss J C Simpson

Treasury Chambers, Parliament Street, SW1
 01-270 3000

7 October 1988

PS/IR
 PS/C&E

William Fleming Esq
 Cabinet Office
 70 Whitehall
 SW1A

mp

Dear William,

QUEEN'S SPEECHES ON THE PROROGATION AND THE OPENING OF PARLIAMENT

You wrote to us on 30 September with drafts of these two speeches for comment.

... The Chancellor has considered these and asked for a number of amendments to be made. I attach a schedule of these. He has asked me to make clear that he attaches particular importance to the amendments to paragraphs 15 and 16 of the Prorogation speech and to paragraph 14 of the State Opening speech.

I am sending copies of this letter to the Private Secretaries to all members of the Cabinet, and to the Private Secretaries to the Law Officers, the Minister of State Privy Council Office, and the Chief Whips in the Commons and Lords

Yours,

Maire Wallace

MISS M P WALLACE

CHANCELLOR OF THE EXCHEQUER'S AMENDMENTS TO THE SPEECHES FOR THE PROROGATION AND STATE OPENING OF PARLIAMENT

1. PROROGATION

Paragraph 8 : It would be more accurate to say that we had reached agreement on "certain measures" of reform of the CAP, which would make it clear that we did not regard the task as completed. If there were room, the Chancellor would also like to see a sentence added to that paragraph on the lines "An Act has been passed to put the new financing arrangements into effect".

Paragraph 15 : The sentence in our initial draft which read "For only the second time since the beginning of the 1950s my Government was able to make a repayment of public debt." should be reinstated.

Paragraph 16 : The reference we proposed to the other parts of the Budget package - "and to reform and simplify the tax system" - should be reinstated to give a better impression of the overall scope and importance of the Budget than simply referring to the income tax reductions and the introduction of independent taxation.

2. STATE OPENING

Paragraph 8 : It would strengthen this paragraph if the words "to reinforce budgetary discipline" were inserted after "the single market".

Paragraph 14 : We are reluctant to lose altogether the reference to promoting enterprise and suggest that, if you thought our original formulation too long, the present draft should end at 'inflation' and that a new second sentence should be added as follows

"Together with measures to promote enterprise, these will foster the conditions necessary for sustained growth of output and employment."

CONFIDENTIAL

The Rt. Hon. Lord Young of Graffham
Secretary of State for Trade and Industry

William Fleming Esq
Cabinet Office
70 Whitehall
LONDON
SW1A 2AS

CH/EXCHEQUER	
REC.	10OCT1988
ACTION	Miss J. SIMPSON
COPIES TO	FST, PMG, EST, Sir P. MIDDLETON JANE A. MUELLER, MR SCHOLAR, MR H. PHILLIPS, MR BYER.

JMF
10/10

Department of
Trade and Industry

1-19 Victoria Street
London SW1H 0ET

Switchboard
01-215 7877

Telex 8811074/5 DTHQ G
Fax 01-222 2629

Direct line 215 5422
Our ref DW4APR
Your ref
Date 7 October 1988

Dear William

THE QUEEN'S SPEECHES ON THE PROROGATION AND OPENING OF PARLIAMENT

Thank you for your letter of 30 September.

The Copyright, Designs and Patents bill carried out a wholesale reform of copyright but left much of the rest of intellectual property law unchanged. It would be better to replace paragraph 28 of the prorogation speech with:

"An Act has been passed to reform the law of copyright and make improvements in other branches of intellectual property law."

The submission referring to the Enterprise Initiative has been omitted from the Prorogation Speech and it would be very desirable, if it could be included in a future revision, as follows:

"My Government have strengthened their support for improve business performance through the launch of the Enterprise Initiative."

Paragraph 8 of the opening speech our contribution on international trade. It ought to make clear that the Government works through the European Community in international trade negotiations, perhaps by continuing the two sentences into one.

I am copying this letter to the Private Secretaries to all members of the Cabinet, to the Private Secretaries to the Law Officers, the Minister of State Privy Council Office, the Chief Whips in the Commons and Lords and to the Financial Secretary, Treasury.

Yours sincerely

Jeremy Godfrey

JEREMY GODFREY
Private Secretary

RF Alex C.P.
10/10



HOME OFFICE
QUEEN ANNE'S GATE
LONDON SW1H 9AT

7 October 1988 *pay*

7/10

TEQUE
- 7 OCT 1988
Miss. J. Simpson
FST, PMG, EST
SIR. P. Middleton
Dame A. Mueller
MR. Scholer
MR. Phillips
MR. Dyer

Dear William,

**THE QUEEN'S SPEECHES ON THE PREROGATION AND
OPENING OF PARLIAMENT**

Thank you for your letter of 30 September covering the first consolidated drafts of these speeches.

We are surprised at the omission of any mention of the Prevention of Terrorism (Temporary Provisions) Bill in the Opening Speech and would press for our proposed contribution to be reinstated. The mention of the fight against international terrorism contained in the Foreign Office passages is not adequate to cover the point. As you know, Ministers have placed much importance on this Bill and it would look extremely strange for there to be no mention of it in the Queen's Speech. We would request as a minimum the first sentence of our contribution:

"A Bill will be introduced to replace the Prevention of Terrorism (Temporary Provisions) Act 1984."

We would also like to see changes to paragraph 19 of the Opening Speech. It needs at least to be split into two paragraphs: the Official Secrets Bill has nothing to do with policies for reducing crime. Perhaps the passage on the Bill could be moved to follow paragraph 21 on the Representation of the People Bill.

The sentence on policies for reducing crime is pretty thin as it now stands and needs some supporting material if it is to carry much conviction. We would prefer:

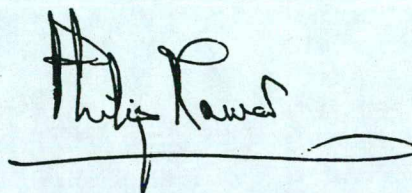
"The Government will vigorously pursue its policies for reducing crime, continuing its support for the police, the courts and the probation service and its expanded prison building programme."

/As for the

William Fleming, Esq

As for the Prorogation Speech we suggest a change at paragraph 25. We find that the words "to reform the law on immigration" both exaggerate what the Act does and strike an irresolute note. We prefer "... to reinforce firm but fair immigration control", which is only one word longer than your re-draft.

Yours sincerely,

A handwritten signature in cursive script, appearing to read "Philip Lawler". The signature is written in dark ink and includes a long, horizontal flourish at the end.

P J C MAWER