

PART 1

Confidential filing.

Rules governing travel by Ministers (and their families)

MINISTERS.

New arrangements for Air Travel by Ministers

May 1979.

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
16-11-87							
ENDS							
PREM 19/536							

PART 1 ends:-

MOD to MAP of 16/11/81

PART 2 begins:-

HM T to WR + out of 7/4/82

From: Mr O Nevin S9b(Air)



MINISTRY OF DEFENCE

Main Building Whitehall London SW1A 2HB

Telephone 01-218 (Direct Dialling)
01-218 9000 (Switchboard)

Mr Whitmore MW 19xi
To note. You will see from the paper at the flap that we concluded that the highest commercial charge for an HS125 would be £1500 p.h. So these figures are just acceptable. The full cost figure was £2720 p.h.

M A Pattison Esq
Prime Minister's Office

Your reference

full cost figure was £2720 p.h.

Miss E B Chaplin MBE
Protocol and Conference Department
Foreign and Commonwealth Office

Our reference

D/S9(Air)/51/23

Date

16 November 1981

Wm 18/n

P M Coston Esq
Establishment Division
Northern Ireland Office

Minister

CHARGES FOR RAF AIRCRAFT OF NO 32 SQUADRON

1. As explained in my PUS's letter PUS/81/1400/1/16 of 9 September, the charges to be raised with effect from 1 October 1981 for the use of aircraft of No 32 Squadron by the Prime Minister, the Foreign and Commonwealth Secretary and the Northern Ireland Secretary would be agreed between MOD and Treasury.

2. The resultant rates for the hire of the whole aircraft are:

- a. HS125 - £1,280 per flying hour
- b. Andover - £1,310 " " "

They are based on commercial charges with an enhancement for the added security and convenience provided. As for other RAF rates, the hourly charge includes an allowance to cover all landing fees, navigation services and passenger supplements. Waiting time will be paid for in the usual way, ie first three hours free and then £24 an hour thereafter.

3. These rate will be reviewed at the beginning of each year with the aim of producing revised rates that will be adhered to, barring major variations in commercial charter costs, for the whole of the following Financial Year.

4. Other use of aircraft of No 32 Squadron will continue to be charged for at full cost.

5. I am copying this letter to A A Jackson, Treasury, and E J Needle, Civil Service Department.

*Yours sincerely,
O Nevin*



Mr
Minister
18/10

10 DOWNING STREET

Mrs Whitby

Mr Hubert

Thank you.

We are clearly at

the beginning of another saga.

MMS

TRAVEL IN VEHICLES: ACCOMPANYING JOURNALISTS 125c.

As you will see from the correspondence on this, we rapidly reached the stage where we, the FCO, the Treasury, and the MVO had all put forward different suggestions.

I therefore suggested to Treasury that they take the lead and hold a meeting at working level. I went on to suggest that we might all agree that Journalists should be charged a "commercial rate", and that the working level meeting might define this more clearly than at present.

I said our recommendations from this meeting would have to be an referendum.

WFSR 6/10



See by
LR
+ CAJ

H M Treasury

Parliament Street London SW1P 3AG

Switchboard 01-233 3000

Direct Dialling 01-233 3620

Sir Douglas Wass GCB
Permanent Secretary

W Rickett Esq
10 Downing Street
LONDON
SW1

6 October 1981

Dear Willie

TRAVEL IN VC10s: JOURNALISTS ACCOMPANYING MINISTERS

Following the recent correspondence and our conversations last week, I promised to speak to our expert on fees and charges policy. We had agreed with Andrew Burns, provisionally, that it would be best to have further discussions at working level. I am told that the Ministry of Defence ^{have} already proposed such discussions, so private offices, for the moment at least, can drop out. I have asked our people to ensure that the Foreign Office are invited to the meeting. If anyone has any further enquiries, I suggest they contact Chris Richards here on 233-3938.

I am copying this letter to Andrew Burns (FCO), Douglas King (MOD), Jeremy Colman (CSD) and Jonathan Philips (DOT).

Yours ever
C R Pickering

C R PICKERING
Private Secretary

See by LR
+ com.



Foreign and Commonwealth Office

London SW1A 2AH

30 September 1981

C A Whitmore Esq
10 DOWNING STREET

Dear Clive,

TRAVEL IN VC10s: JOURNALISTS ACCOMPANYING MINISTERS

1. We were most interested to see Douglas King's letter of 14 September and your reply of 22 September about the charges which journalists are asked to pay when accompanying Ministers using RAF VC10s. We have for some time had reservations about charging non-official passengers a premium on commercial fares. We are therefore glad to respond to your invitation to comment.
2. We would favour a policy which enabled Departments to make the optimum use of any spare capacity on hired aircraft, subject of course to the needs and wishes of the Ministers concerned. We already do our best to carry other officials (and indeed freight) whom we would otherwise have to send by commercial flight. In these cases of course there is no question of charging. In addition there is a particularly good case for making it easier for journalists to accompany Ministers and we fully support the Ministry of Defence's suggestion that they should be offered attractive terms. Space permitting, we should also like to include any businessmen who have interests directly involved in the Ministerial visit. In all cases, we would of course need to be careful to avoid the suggestion that we were discriminating in favour of one newspaper or company. But this could be done by allocating on the basis of first come first served.



3. We strongly agree with your point that there should be a standard policy on charging so that we avoid a situation in which the Ministry of Defence was regarded as a better airline than the Foreign and Commonwealth Office, or vice-versa. But this argues against trying to charge a premium, since some Ministerial visits are less interesting to the media than others. What is needed is a fare which relates to the commercial fare over the route but takes account of the advantages to Her Majesty's Government, the limited service we offer and the fact that a Minister's schedule is highly inflexible. It would be administratively burdensome to work out a special fare based on the circumstances of each case and the relevant commercial fares. For simplicity, we would like to propose a standard rate based on 50% of the cheapest fare which is available for a scheduled flight at short notice (ie 50% of Tourist and its equivalents, but not Apex or bucket shop fares). The Department of Trade will be able to say if a policy on these lines would be defensible under the Air Traffic Licensing Regulations. If not, we would favour standardising charges on the basis of the cheapest available scheduled fare (but without any premium).

4. There is, in our view, an important presentational/financial argument in favour of adopting a fare structure which will positively attract passengers. The cost of Ministerial travel overseas is, as you know, very high. The hire of a VC10 for Lord Carrington's visit to Abidjan and Lagos in February cost approximately £35,000 - and the charges have gone up since then. Allowing journalists and businessmen (and other officials with business in the area) to use the same plane will not of course wipe out these costs. But it would help to reduce the net cost to Her Majesty's Government. And the mere fact that we have tried to 'sell' some of the spare capacity would help to mitigate criticism that we are unmindful of the cost to the public purse.

5. I am sending copies to Jeremy Coleman (Civil Service Department), Jonathon Phillips (Department of Trade), Douglas King (Ministry of Defence) and Craig Pickering (HM Treasury).

Yours ever,
Andrew

R A Burns
Private Secretary to the
Permanent Under Secretary



H M Treasury

Parliament Street London SW1P 3AG

Switchboard 01-233 3000

Direct Dialling 01-233 3620

Sir Douglas Wass GCB
Permanent Secretary

C A Whitmore Esq
Principal Private Secretary
10 Downing Street
LONDON
SW1

30 September 1981

Dear Sir,

TRAVEL IN VC10s: JOURNALISTS ACCOMPANYING MINISTERS

You copied your letter of 22 September and earlier correspondence on this subject to Craig Pickering.

The Treasury view is that there should be a single basis for charging and that this should be what those journalists flying with the Prime Minister or the Foreign Secretary currently pay - ie the full commercial rate plus an addition of 10 per cent in recognition of convenience.

The Fees and Charges guidelines are quite explicit in this sort of case. Charges for the incidental use of facilities should be set to maximise net revenue and must not fall below marginal costs; and where there is a market price, the charge should be fixed at not lower than that price. Although we consider that the existing percentage enhancement of 10 per cent is probably justifiable on grounds of convenience (timing of flights, seat availability, direct flights etc) we would be prepared to look at this if any Department considers reconsideration is justified and makes a sound case. We therefore hope that MOD will review their decision and in future charge on a basis in line with the Prime Minister's office and the Foreign Office.

I am copying this letter to Douglas King (MOD), Jeremy Colman (CSD), Andrew Burns (FCO) and Jonathan Philips (DOT).

Yours sincerely,

Duncan Slaughter

D C W SLAUGHTER
Assistant Private Secretary



10 DOWNING STREET

From the Principal Private Secretary

22 September 1981

Dear King,

Travel in VC 10s : Journalists Accompanying Ministers

Thank you for your letter of 14 September about the charges which journalists are asked to pay when they accompany Ministers using RAF VC 10s.

As I told you when we had a word on the telephone earlier today, I am alarmed that those journalists who are at present travelling with Mr. Nott on his visit to the Far East are being charged only for their meals in flight and what you call "general administration of the journey". It seems to me that for all practical purposes you are treating them in the same way as you do indulgence passengers. We, on the other hand, charge journalists who accompany the Prime Minister when she goes abroad in a VC 10 the full commercial rate plus an addition of 10 per cent in recognition of the convenience to them of flying with the Prime Minister and her party. The Foreign Office charge journalists in the same way when they accompany Lord Carrington overseas.

I understand your arguments for charging journalists no more than a nominal sum to meet the extra costs to which their presence in the aircraft gives rise. If there are spare seats in an aircraft which is going to make a flight however many people there are in it, why not offer them to some journalists? I can also see that by charging so little, you may persuade some reporters to go with you who might not otherwise undertake the journey. But looked at from a wider point of view than that of the Ministry of Defence, I do not see how we can justify having one basis of charging for journeys by the Prime Minister and the Foreign Secretary and a completely different one for flights by the Defence Secretary. The very wide gap between the two levels of fares will very quickly be noticed by the broadcasting and newspaper organisations paying the journalists' fares, and they are bound to ask, possibly publicly, for an explanation. I am not very clear how we could defend the difference. I am sure therefore that we must all operate on the same basis, whether we and the FCO, like you, make no more than a nominal charge or whether you charge the full commercial rate plus an enhancement like us.

/ I should be glad

Handwritten: Minister VLBJS

Handwritten: CC CSD
FRO
DIT
ITMT

Handwritten: GF

Handwritten: al

I should be glad to know whether the Treasury and the CSD agree that there should be a single basis for charging and what they think that basis should be. I should be grateful too for any comments which the FCO and DOT might wish to offer.

I am sending copies of this letter not only to the recipients of yours but also, together with a copy of your letter, to Craig Pickering in Sir Douglas Wass's Office, HM Treasury.

Yours sincerely,

Alvin Whitman.

D.R. King, Esq.,
Ministry of Defence.



Rlb

10 DOWNING STREET

From the Principal Private Secretary

21 September, 1981

Thank you for your letter of 18 September letting me know the new arrangements for dealing with the Prime Minister's travel by RAF aircraft following your departure from Mr Pattie's Office.

I am very grateful to you for all the help you have given us, and we here will all be very sorry to see you go. But I am sure that we shall receive just as much help from Richard Whitworth and we look forward to working with him.

C.A. WHITMORE

Squadron Leader B R Lee RAF
Ministry of Defence

CONFIDENTIAL
PERSONAL

From: Squadron Leader B R Lee RAF



MINISTRY OF DEFENCE

MAIN BUILDING WHITEHALL LONDON SW1A 2HB

Telephone 01-218 6065 (Direct Dialling)

01-218 9000 (Switchboard)

PARLIAMENTARY UNDER-SECRETARY OF STATE
~~FOR DEFENCE FOR THE ROYAL AIR FORCE~~
for Defence Procurement

18th September 1981

Dear Mr Whitmore,

Recent changes in Ministerial responsibilities and subsequent changes in Private Office staffing in the MOD have resulted in the disestablishment of my post as Personal Air Secretary to US of S(DP) with effect from 21st September 1981. In the absence of an appropriately qualified person on Ministers' staffs I have handed over my responsibility for arranging the Prime Minister's travel by RAF aircraft to Wing Commander Richard Whitworth, (Mov Ops(RAF) 01-218-6073). Richard Whitworth has accompanied the Prime Minister's party as RAF Liaison Officer on several overseas visits and I understand is well known to members of your staff.

I have also briefed Richard Whitworth on the special arrangements that exist for the Prime Minister's visits to Northern Ireland and he will now be the Ministry of Defence contact for this purpose. I have informed Mr Rickard, Establishment Division, NIO of this change.

Yours sincerely

Brian Lee

Personal Air Secretary

C A Whitmore Esq
Principal Private Secretary
10 Downing Street
London SW1

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

17 September 1981

MW
17/9

D C Humphreys Esq CMG
Deputy Under-Secretary of State (Air)
Ministry of Defence
Main Building
Whitehall
LONDON SW1A 2HB

Dear Humphreys

In Teddy Youde's absence I am writing to say that we are glad to learn from Frank Cooper's letter of 9 September to Clive Whitmore that the Foreign Secretary will once again be able to use RAF VC10 aircraft on the basis of 'extra' costs only. We are also content with the proposed arrangement for the use of No 32 Squadron. As you know, the Lord Privy Seal is also entitled as a Cabinet Minister to use special aircraft when necessary. I hope that when he is deputising for the Secretary of State on an overseas journey which necessitates the use of an RAF aircraft you will be able to charge on the basis of Frank Cooper's letter.

Yours sincerely
R M Russell

R M Russell
Acting Chief Clerk

cc C A Whitmore Esq ←
Principal Private Secretary
10 Downing Street

J E Hansford Esq
Defence Policy & Material Group
Treasury



file BK

10 DOWNING STREET

From the Principal Private Secretary

16 September 1981

Prime Minister's Overseas Visits

Thank you for your letter of 14 September.

As regards the extra costs of communications staff who accompany the Prime Minister on overseas visits, I find it difficult to say whether the additional communications service which is provided on these occasions is required wholly as a necessary service for the Prime Minister and would be dispensed with if it was only the Foreign Secretary who was undertaking the visit. I would only remark that when the Prime Minister and Lord Carrington pay visits to places where the FCO is sparsely represented or not represented at all, communications for the Foreign Secretary still seem to pour in - presumably over the special communications provided for the Prime Minister - and his staff take full advantage of the direct telephone link with 10 Downing Street. I do not want to try and guess who uses these special communications more and I think that the rough and ready 50/50 split of the additional costs which you are proposing would be about right.

I am grateful to you for the warning that the FCO may try to change the basis on which they pay for their share of the cost of the Prime Minister's aircraft. I agree with you that E and AD would be quick to spot the change which the FCO are seeking and I very much hope that you will be able to persuade them that they should continue to be charged on the present pro rata basis.

C. A. WHITMORE

P.L. Towers, Esq.,
Civil Service Department



CIVIL SERVICE DEPARTMENT
WHITEHALL LONDON SW1A 2AZ

Telephone Direct line 01 273 3233
GTN 273 Switchboard 01 273 3000

Principal Establishment Officer

C A Whitmore Esq
10 Downing Street
LONDON SW1

Mr Maxwell

I propose to agree to
x/ making, which seems
reasonable to me, and to
have with 1 YL.
Any views.

No. 16/1
14 September 1981

16/1
16ix

Dear Clive,

PRIME MINISTER'S OVERSEAS VISITS

I would appreciate your comments on two matters concerning FCO participation in the PM's overseas visits. Both have a bearing on the costs of No 10.

2. The first concerns the question of who should pay the extra costs of communications staff who accompany the PM. The current financial arrangements for the PM's overseas visits are set out in a Memorandum of Understanding between FCO and CSD dated December 1975 (copy attached). Item 4(j) states that CSD will meet the extra costs of communications staff (except when the Foreign Secretary accompanies the Prime Minister on the visit). At the time it was said "..... these staff would have been needed by the Foreign Secretary anyhow". But FCO are now saying that it is the presence of the Prime Minister which requires a special and comprehensive communications service and that the Foreign Secretary would not normally need these "extras". They make the following points in support of their arguments:-

a. "When the Foreign Secretary travels abroad, communications arrangements are usually covered by the resources of the post or posts visited; it is the exception rather than the rule for additional communications staff to be provided. If he goes to cities or areas where we have little or no representation the nearest post may provide an occasional Special Courier service (though for short visits even this is not required).

b. The problem we are having to face increasingly is that of the tendency of host governments to site conferences in places where we do not have diplomatic posts with cypher communications reinforcements in terms of equipment and manpower than we have been used to in the past. Recent examples of this have been

Bremen, Venice, Maastricht, and this year communications centres may well have to be set up in Montebello in Canada for the Economic Summit, in Cancun in Mexico for the North-South Summit and in Melbourne for the Commonwealth Heads of Government Meeting.

c. When away from London, the Prime Minister needs to be kept in constant touch with a wide spectrum of issues and policies, including domestic ones and also any incidents such as hi-jacking or indeed embassy sieges, where only she can authorise urgent action required. It is true that a direct telephone link with 10 Downing Street is usually installed but this is never protected and therefore classified matters can only be dealt with by telegram."

*Falk, and
before him
Walden,
has now
been that
to use the
Aneri telephone
link.*

3. We see some merit in FCO's arguments but did get them to concede that the Foreign Secretary also benefits from the improved communications facilities provided for the PM.

4. As you know, the PM's programme of overseas visits is particularly heavy this year and involves some long and costly journeys. Accordingly the extra costs of communications officers, ie travel and subsistence and transportation of equipment etc, estimated at about £45,000, is considerably higher than in earlier years. I believe FCO would settle for a 50/50 split of these costs, which we think could add up to £20,000 to No 10 costs in 1982-83. If you have no objections we will seek from FCO the appropriate PES transfer.

X

5. Secondly, FCO have asked us to consider recovering their share of the cost of the Prime Minister's aircraft on a commercial rather than a pro rata basis (Item 1 of the Memorandum of Understanding refers). (I understand their PUS is suggesting that their people should travel by commercial flights if we do not concede this.) The following example, using the Melbourne flight, explains their point.

6. The aircraft as it will be configured will carry a maximum of 36 passengers, approximately nine of whom, outward and return, could be the financial responsibility of the FCO. If we recover for these nine on a full costs basis, pro rata our claim will be £71,250 or £7,917 per head. Even if we recover pro rata on the extra costs basis our total claim will be £30,501 or £3,389 per head. FCO have investigated the cost of sending these nine to Australia and back on commercial flights and the total cost comes to £17,166; three of those concerned would be entitled to first-class fares at £2,784 each and the balance of six to economy fares at £1,469 each.

7. We have explained to FCO that whatever the basis of cost-sharing used between Government Departments, the cost to the Exchequer stays the same. Whereas the cost of commercial flights increases the overall cost to the Exchequer to the extent that they result in empty seats in the Prime Minister's plane. (I am sure E&AD would not miss the point!)

Y | 8. We have also confirmed informally with the Treasury that apportionment on a pro rata basis is appropriate. We believe they see the force of these arguments and may drop the matter, but I thought you should know in case they approach us again at a higher level.

Yours ever
Peter

P L TOWERS

PRIME MINISTER'S CHARTER FLIGHTS OVERSEAS: COST SHARING

MEMORANDUM OF UNDERSTANDING BETWEEN FCO AND CSD

The following principles have been agreed between the FCO and the CSD for the apportionment of the costs of Ministers and FCO staff travelling in the Prime Minister's chartered aircraft.

1. CSD will be initially responsible for payment of the total costs for the charter of aircraft and any necessary apportionment will be on a pro rata basis.
2. FCO will meet the costs of FCO Ministers, advisers and their Personal Assistants (but see 3 below).
3. Costs under 2 will be met by CSD when a Foreign Office Minister does not travel and when FCO alone provide advisers (viz when there are no advisers from other departments).
4. CSD will meet the costs of common services, including:
 - (a) extra costs of the FCO Conference Officer
 - (b) extra office accommodation overseas
 - (c) extra telephone and telex costs
 - (d) transport costs overseas
 - (e) gratuities
 - (f) entertainment
 - (g) gifts
 - (h) extra expenditure at discretion of Conference Officer
 - (i) extra costs of military security staff
 - (j) extra costs of communications staff (except when the Foreign Secretary accompanies the Prime Minister on the visit).
5. CSD will not be responsible for costs of FCO Ministers travelling as representatives of HMG. (When the Prime Minister or other CSD Ministers travel overseas as representatives of HMG there would of course be an automatic CSD liability but the costs would not be charged against the PM's Office).
6. CSD will meet the costs of a Minister of another department travelling as the representative of the Prime Minister where there is no significant departmental interest.
7. Cases of doubt to be the subject of discussion between FCO and CSD.

December 1975.



MINISTRY OF DEFENCE

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PERMANENT UNDER-SECRETARY OF STATE
SIR FRANK COOPER GCB CM G

DRK/81/1220
53/1

Mr Ingham -
Any news?
M
15/9

C A Whitmore Esq
Principal Private Secretary
10 Downing St
London SW1

14 September 1981

Dear Mr Whitmore,

TRAVEL IN VC10s - JOURNALISTS ACCOMPANYING THE DEFENCE SECRETARY

Sir Frank Cooper wrote to you on 9 September confirming that the cost of Ministerial travel in RAF VC10s will be charged on an 'extra cost' basis from 1 October. Before going on leave Sir Frank asked me to draw the following points to your attention.

2. As you know a number of journalists will be accompanying Mr Nott during his forthcoming visit to the Far East. We understand that from time to time journalists also accompany the Prime Minister and the Foreign and Commonwealth Secretary on their journeys abroad. There is, of course, no laid down rate for charging journalists on such visits, but you may wish to be aware of the nominal charges which we propose to raise in this case.
3. On the basis that the journalists will be filling up spare seats in the aircraft and will not be displacing any entitled MOD duty passengers, we have decided that they will be charged a sum to defray their meals in flight and general administration on the journey. This 'fare' will of course be less than either the extra cost rate or the commercial IATA rate. But given the benefit to defence and the spare capacity available, we consider that this is a justifiable level of charge. Naturally, if the journalists break the journey en route and return to UK they will themselves have to bear the costs of any civil air fares.

4. It is of course for the Prime Minister and the Foreign Secretary to decide what they should charge the journalists who accompany them abroad. Each case will differ and the level of repayment to the Ministry of Defence may also have a bearing. Nevertheless, I thought you would like to know of the approach we are adopting.

5. I am copying this letter to Jeremy Coleman, CSD, Andrew Burns, FCO and Jonathon Philips, DOT.

Yours sincerely
Douglas King

D R KING
Assistant Private Secretary

File



cc: Sir E. Maude (FCO)
Mr. Woodfield (Post, No)

d3

10 DOWNING STREET

Mr. Hanford (under sec, HMT)

14 September 1981

From the Principal Private Secretary

Dear Frank,

Charges for RAF Aircraft

Thank you for your letter of 9 September 1981.

I agree that we should proceed as you propose.

I am grateful for the information about possible charges for the use of aircraft which you sent with your letter.

I am sending copies of this letter to the recipients of earlier correspondence.

Yours truly,

John Whitmore.

Sir Frank Cooper, GCB, CMG,
Ministry of Defence.

059



MINISTRY OF DEFENCE

MAIN BUILDING WHITEHALL LONDON SW1A 2HB

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PERMANENT UNDER-SECRETARY OF STATE
SIR FRANK COOPER GCB CMG

PUS/81/1400
1/16

C A Whitmore Esq
Principal Private Secretary
10 Downing St
London SW1

9 September 1981

Dear Sir,

CHARGES FOR RAF AIRCRAFT

Thank you for your letter of 3 September commenting on John Hansford's of 24 August.

2. As agreed, I have directed that the cost of Ministerial travel in RAF VC10s will be charged on an extra cost basis from 1 October. My understanding is that this agreement applies only to Ministerial travel and does not extend to other use of RAF VC10s for which full costs would normally continue to be raised.

3. As to the use of No 32 Squadron, I agree that less than the full costs should be raised in respect of the three named Ministers. I think we should leave it to the MOD and Treasury experts to work out the right formula for charging. As you know commercial costs fluctuate markedly over any given period, but provided that we can ensure that the new system is not administratively cumbersome and avoids inter-Departmental wrangling I agree that a formula based on commercial charges plus an enhancement for the security and convenience benefits of RAF flights would probably offer the best way forward.

- ... 4. I attach a table showing the sort of charges which might be raised in future. You will note that the commercial charges quoted give only an approximate indication of likely costs.
5. Copies go to the recipients of earlier correspondence.

Yours in
Frank Cooper

FRANK COOPER

TABLE OF POSSIBLE CHARGESVC10s For Ministerial Use - Extra Cost Charges

<u>Serial</u> (a)	<u>Journey</u> (b)	<u>Cost</u> (c)
1	UK to Bahrein and return	£33,880
2	UK to China and return	£99,220
3	UK to Washington and return	£36,300

HS125s

<u>Serial</u> (a)	<u>Journey</u> (b)	<u>Extra Cost</u> (c)	<u>Approx Commercial</u> <u>Cost</u> <u>Plus 10% Enhancement</u> (See Notes below) (d)
1	London to Brussels and return	£1,500	£2,189
2	London to Belfast and return	£1,850	£2,585
3	London to Rome and return	£4,300	£5,830

Andovers

<u>Serial</u> (a)	<u>Journey</u> (b)	<u>Extra Cost</u> (c)	<u>Approx Commercial</u> <u>Cost of HS748</u> <u>Plus 10% Enhancement</u> (See Notes below) (d)
1	London to Brussels and return	£1,650	£2,312
2	London to Belfast and return	£2,063	£2,780
3	London to Rome and return	£5,785	£6,700

Notes:

1. The commercial costs are only approximate, based on a sample of commercial hourly rates plus an element for landing charges, pilots' subsistence etc.
2. An enhancement factor of 10% has been added to the commercial rates to take account of the security and convenience benefits of RAF flights.
3. The commercial charges for chartering HS125s and HS748s (the civil equivalent of the Andover) will vary considerably depending on whether or not a regular contract is drawn up and the nature and length of the journey. Commercial competitiveness will also affect the prices quoted by different firms.



10 DOWNING STREET

From the Principal Private Secretary

3 September 1981

CHARGES FOR RAF AIRCRAFT

I have now seen your letter to me of 14 August and John Hansford's letter of 24 August.

I am glad that we are now all agreed that the VC10 fleet is maintained at its present size for defence purposes and that Ministerial use should be charged as incidental use of spare capacity. I should be grateful for an early sight of the sort of charges this will result in.

I note that the new regime will take effect for trips taking place on or after 1 October.

As far as No. 32 Squadron is concerned, I think that we should now proceed on the basis of paragraph 5 of John Hansford's letter of 24 August. In my view it is right that the Prime Minister, the Foreign and Commonwealth Secretary and the Secretary of State for Northern Ireland should be able to use No. 32 Squadron at less than full cost. This would clearly not be a precedent for other exceptions to the principle of full cost charging. Again, I should be glad of an early sight of what the MOD and Treasury feel this approach will mean in terms of charges. As John Hansford says, I would expect them to take the form of the commercial charges paid for an equivalent service plus an agreed enhancement for the security and convenience benefits of RAF flights.

I am very grateful to you and John Hansford for making it possible to bring this matter to a satisfactory conclusion.

I am copying this letter to the recipients of the earlier correspondence.

C. A. WHITMORE

Sir Frank Cooper, G.C.B., C.M.G.,
Ministry of Defence.

CS

MR WHITMORE

Mr Rickett

Many thanks.

I have written to Frank Cooper as you propose.

I am v. grateful for all you have done on this
Charges for RAF Aircraft ~~technical subject~~.

MR 3ix

I attach a letter for you to send to Frank Cooper. It follows correspondence between the MOD and Treasury, and briefly it agrees:

- (a) that Ministerial use of VC10s should be charged as incidental use of spare capacity. We will not therefore be charged full costs for use of VC10s. As John Hansford puts it, the charges will be "calculated with the aim of maximising net revenue, subject to a minimum charge sufficient to cover the long run marginal costs". I would expect the charges to be very similar to those we have seen quoted on an "extra cost basis". But you will see that the letter to Frank Cooper asks for an early sight of the proposed new charges.
- (b) that an exception should be made to the principle of full cost charging for the use of No. 32 Squadron on the grounds that this is in the "national interest". If this argument is accepted, we will probably be charged what we would have to pay for an equivalent commercial service, plus an agreed enhancement for the security and convenience benefits of RAF flights. This would certainly be less than full cost charges. The argument that we should be exempted from full cost charging for the use of No. 32 Squadron is pretty shaky, but I do not think this is of sufficient importance to bother the Prime Minister. I think we can probably justify our position by using the argument that we are precluded from using commercial VIP services on security grounds, and that the MOD should not therefore penalise us by charging us full costs.

Jagou

Yes.

I hope this will be the end of this particular saga.

WBR

2 September 1981

E.R.
DRAFT LETTER FROM CLIVE WHITMORE TO SIR FRANK COOPER, GCB, CMG,
PERMANENT UNDER SECRETARY OF STATE, MINISTRY OF DEFENCE

CHARGES FOR RAF AIRCRAFT

~~On my return to the office,~~ I have now ^{seen} ~~been able to catch~~
~~up with the correspondence on this, and in particular with your~~
letter to me of 14 August and John Hansford's letter of
24 August.

I am glad that we are now all agreed that the VC10 fleet is
maintained at its present size for defence purposes, and that
Ministerial use should be charged as incidental use of spare
capacity. I should be ~~very~~ grateful for an early sight of the
sort of charges this will result in. ~~I would expect them to be~~
~~much lower than full cost charges; they will have to be much~~
~~nearer to competitive market rates if they are to "maximise~~
~~net revenue", as John Hansford puts it.~~

I note that ^e~~this~~ new regime will take effect for trips
taking place on or after 1 October.

As far as No. 32 Squadron is concerned, I ~~feel~~ ^{think it} we should
now proceed on the basis of paragraph 5 of John Hansford's
letter of 24 August. In my view, ^{right} it is ~~in the national interest~~
that the Prime Minister, the Foreign and Commonwealth Secretary
and the ^{SMS} Northern Ireland ~~Secretary~~ should be able to use No. 32
Squadron at less than full cost. This would clearly not be a

/ precedent

precedent for other exceptions to the principle of full cost charging. Again, I ~~would~~ ^{place of} be ~~grateful~~ ^{approval will} for an early sight of what the MOD and Treasury feel this would mean in terms of charges.

As John Hansford says, I would expect the ~~charges~~ to take the form of the commercial charges paid for an equivalent service plus an agreed enhancement for the security and convenience (benefits of RAF flights).

PHV.

I am very grateful to you and John Hansford for making it possible to bring this matter to ~~the attention of the CSD~~ ^{the attention of the CSD} ~~as a matter of~~ ^{subsequent} ~~conclusion.~~ ^{conclusion.}

I am copying this to the recipients of the earlier correspondence, ~~and to Noel Moore at the CSD.~~



H M Treasury

Parliament Street London SW1P 3AG

4957

J E Hansford
Under Secretary

Direct Line 01-233
Switchboard 01-233 3000

C WHITMORE ESQ
NO 10
DOWNING STREET
LONDON SW1

24 August 1981

Dear Olive

CHARGES FOR RAF AIRCRAFT

I have seen Frank Cooper's letter of 14 August to you, and I fear that I have some further comments, possibly not as helpful as those in my previous letter.

2. I have no problems over the charges for the use of the VC10s. Given the assurance that the VC10 fleet is maintained at its present size for defence purposes, and would not be reduced in size if the present occasional civil use ceased or diminished, I agree that, subject to any further refinement which may be agreed with MOD, the charges for this civil use should from 1 October 1981 be put on the basis suggested in paragraph 3 of my letter of 17 July.

3. No 32 Squadron is however a different matter. Frank Cooper recognises that its size would be reduced if there were any significant reduction in Ministerial use. Hence, we cannot reasonably apply the incidental use of spare capacity argument as justification for reduction in the charges below full cost. Frank Cooper implicitly accepts this in suggesting that full costs should be charged to all users except the three named Ministers. He does not however suggest any rational basis on which these three Ministers should be charged only extra costs?

4. In logic, the argument runs the other way. The three named Ministers - especially the Northern Ireland Secretary - make greater use of No 32 Squadron than other Ministers, and its size would certainly have to be reconsidered if these Ministers transferred their journeys to commercial flights which are not ruled out on security grounds. Given that the RAF flights provide the extra benefits of better security and convenience, the case for charging them full costs seems to me to be overwhelming. If they are not to be charged full costs, then some of the overheads must necessarily either be borne by the other users, who do pay full costs, or by MOD at the expense of other parts of the Defence programme. On economic grounds it is hard to see why it should be right to subsidise the use of RAF aircraft by the three named Ministers in this way.

5. Nevertheless, all participants in this correspondence are aware that it is permissible to make exceptions to full cost charging between Government Departments where this can be justified on "national policy" grounds. It is not for me to determine whether such grounds exist in this case. If it were held to be in the national interest that the three named Ministers should use aircraft of No 32 Squadron at less than full cost, because for example of the benefits of security and convenience which this conveys and it were also recognised that this must be

/regarded

regarded as a special case and not treated as a precedent for other exceptions to the full cost charging principle - I would concur. But my acceptance of this special arrangement would be on condition that the charges paid took account of additional benefits obtained. In other words, the Ministers concerned should pay either extra costs, or equivalent commercial charges plus an enhancement, at a rate to be agreed, for the security and convenience benefits provided by the RAF flights, whichever is the higher. If the former turn out generally to be the higher there would seem to be a case for reviewing the costs of No 32 Squadron to see what economies might be feasible.

6. If this suggestion is acceptable in principle to you and the other user Departments, we will negotiate the details at working level.

7. I am sending copies of this letter to the recipients of the earlier correspondence, and to Noel Moore in the CSD.

James ever
John



MINISTRY OF DEFENCE

MAIN BUILDING WHITEHALL LONDON SW1A 2HB

Telephone 01-218 2193 (Direct Dialling)

01-218 9000 (Switchboard)

PERMANENT UNDER-SECRETARY OF STATE

SIR FRANK COOPER GCB CMG

PUS/81/1259
1/16

C A Whitmore Esq
10 Downing Street
LONDON SW1

14 August 1981

CHARGES FOR RAF AIRCRAFT

I have now seen John Hansford's helpful letter to you of 17 July on this subject. The VC10 fleet is, of course, maintained to provide long-range air transport primarily for war, though of course we also make use of its capacity for military purposes in peace. It would not be reduced in size if we ceased to provide the occasional flight for the PM and other Ministers, so that the basis of charge which Hansford has suggested seems the logical one. Subject to any further refinement arising out of the correspondence referred to at paragraph 5 of his letter, we shall be putting this new regime into operation, as I suggested, for trips taking place on or after 1 October.

2. As for No 32 Squadron, it exists mainly to provide a VIP communication service. Most of its users are military people, though Ministerial travel accounts for a rather larger proportion of its activity than in the case of the VC10s. It is undeniable that if there were to be any significant reduction in Ministerial use we would want to reduce its size. The arguments are perhaps slightly different than in the case of the VC10, but I think that there are perhaps three particular Ministers (in addition to Defence Ministers) to whom special considerations - not least of security and convenience - apply, ie the PM, the Foreign and Commonwealth Secretary, and the Northern Ireland Secretary. I believe it would be perfectly proper in view of these special circumstances to allow the choice of a military rather than a civil aircraft for their official travel and I would be content to justify an extra cost basis for the use of No 32 Squadron aircraft in their cases - but theirs alone. Full costs would be recovered from all other Ministerial and departmental users. My Secretary of State would be content.

3. As for the question of capital costs, I am sorry to differ from the Treasury, but the formula suggested in paragraph 4 of my previous letter seems to me to be entirely equitable both to our 'full fare-paying' and our 'extra cost' clients. But we can face this one when the moment comes.

4. This scheme will be introduced on 1 October too, and I am issuing instructions accordingly. We can leave it to the staffs to sort out the consequentials such as PES transfers, if any.

5. Copies go to the recipients of the earlier correspondence.

Yours in
Frank Cooper

FRANK COOPER

BF 11/8

AMS ① Mr Whitmore / They had not seen a copy of this letter, so I have sent them one. They are considering how to respond. Minister 21/7



H M Treasury

Parliament Street London SW1P 3AG

4957

Direct Line 01-233
Switchboard 01-233 3000

Our ref:
DM 7/BA-3

J E Hansford
Under Secretary

C A Whitmore Esq
No 10
Downing Street
London SW1

17 July 1981

Dear Sir

CHARGES FOR RAF AIRCRAFT

I have now seen Frank Cooper's response of 2 July to your letter of 26 May, of which you sent me a copy. I am writing to let you have our views.

2. Despite Frank's statement that his only interest is a simple administrative system involving no net loss to defence Votes, I assume that nobody is seriously challenging the principle of full cost charging as embodied in the Treasury guide to the calculation of fees and charges, which applies to MOD as to any other Department. The issue is not whether there should be a special exception for Ministerial use of RAF aircraft, but whether the full cost charges have been reasonably assessed, and to what extent advantage might be taken of the lower terms for incidental use of spare capacity.
3. If MOD are now satisfied that the VC10 force would be maintained at presently planned levels for defence purposes irrespective of the amount of Ministerial use, we would see no objection to this Ministerial use being regarded as incidental use of necessary spare capacity, and the charges calculated with the aim of maximising net revenue, subject to a minimum charge sufficient to cover the long run marginal costs.
4. I have however some difficulty in extending this to cover Ministerial use of the HS125s and Andovers of No 32 Squadron. So far as we are aware - and your own letter contains a similar understanding - No 32 Squadron exists primarily to provide VIP flights; if the VIP use were to be reduced, then the number of aircraft in the Squadron would be correspondingly reduced. This does not appear, therefore, to be a case of incidental use of spare, but necessary, capacity. Charges should accordingly be based on full costs in accordance with the Treasury guidance.
5. As regards the costings themselves, there are two elements - the discount rate used and the contingencies element - which seem to us to be overstated. I am writing separately to John Roberts about these. If our suggestions are accepted, a modest reduction in charges could follow.

6. I should perhaps comment on the other two points in Frank Cooper's letter. I am not sure about either the need for or the desirability of unscrambling the PES transfers, but I am very ready to discuss this further with the people concerned. As regards the suggestion that MOD should in due course receive a contribution towards the capital cost of replacement aircraft, I have to say that we see no basis whatsoever for this. It cannot apply to the VC10s, which are provided primarily to meet MOD's own requirements. It would not be appropriate for the aircraft in No 32 Squadron, since the cost of replacement should be reflected in the full cost charges levied.

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

yours ever
John

MR. WHITMORE

CHARGES FOR RAF AIRCRAFT

Frank Cooper's letter below. I would not say we have won: MOD have simply gone back to square one. If we leave matters here, I fear the whole exercise will have been a waste of time.

If the RAF aircraft concerned are used by the MOD only for VIP services, then the MOD must charge full costs for those services. Otherwise, we will be abandoning the whole point of principle, which was to bring home to Departmental managers the cost of the services they employ by charging them the full cost.

If the aircraft ^{are} ~~were~~ used only for VIP services, and these prove uncompetitive with alternatives in the private sector or elsewhere, then the conclusion must be that the RAF's services should be phased out. To revert to extra cost charging in these circumstances would be to dodge the issue. If this is what Frank Cooper is suggesting, I do not think we should accept it.

The only justification for extra cost charging is ^{where} ~~whether~~ the MOD have other reasons of their own for using the aircraft concerned. In such circumstances, the VIP service would be a use of spare capacity and could rightly be charged at a competitive or extra cost rate. If this is what Frank Cooper is suggesting, then it is perfectly acceptable. The only need would be to point out that in these circumstances there could be no question of Departments' making a contribution to the capital costs of the aircraft. We might also need to go back on the starting date of 1 October, as you suggest.

There is, however, no indication in Frank Cooper's letter that he is doing anything other than reverting to previous practice. Nowhere in his letter does he say that there are defence reasons for maintaining either the HS 125 or the VC10s, and that ^{the} VIP service is simply a use of spare capacity, which can be charged on an extra cost basis.

I am inclined to suggest that, rather than intervene ourselves, I should suggest to the Treasury and/or the FCO that they intervene on the lines set out above, ~~and to press for acknowledgement from~~

I do not think we can simply abandon the principle of full cost charging without consulting ministers ~~/the MOD~~ WPSR 9/7



MINISTRY OF DEFENCE

MAIN BUILDING WHITEHALL LONDON SW1A 2HB

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01-218 9000 (Switchboard)

PERMANENT UNDER-SECRETARY OF STATE

SIR FRANK COOPER GCB CMG

PUS/81/1117
1/16

C A Whitmore Esq
10 Downing Street
LONDON SW1

CHARGES FOR RAF AIRCRAFT

Thank you for your letter of 26 May about aircraft charges.

2. We have, as you know, merely been following the Treasury ruling that full costs should be recovered from the beginning of this financial year, and by their guidance as to how these should be calculated. You have (from John Roberts) details of our figures, and also some provided by BA which show how they costed their VC10 flying. They are on the whole very similar, and the differences seem mainly due to different operating and accounting practices.

3. Having said this, my only interest is to see that there is no net loss to Defence Votes in providing this service and that administrative work and inter-departmental adjustments are kept as simply as possible. I also believe that it is in the national interest that Ministers should have a dedicated air transport service of this kind at their disposal and should make economic use of it (the same goes for No 32 Squadron though the cases are not exactly parallel). In view of the probably unique nature of this operation, I am therefore proposing to revert to charging our clients on an extra cost basis (as from 1 October) and shall be issuing departmental instructions accordingly. We can leave it to the staffs to unscramble the PES transfers.

4. Of course, if we go this way we shall be foregoing the elements of depreciation, interest on capital etc which go to make up the full cost. When the time comes to replace the current aircraft therefore we shall be looking for an appropriate contribution to the capital cost of purchase to reflect the additional capacity provided beyond basic MOD requirements!

5. I am copying this letter to the recipients of yours.

FRANK COOPER

Mr Rickett.

We have won, it seems. But do we need to go back to Defence on the 1 October date which seems designed to ensure that we pay full costs for the flights to Australia?

Can you check whether the other departments

2 July 1981

concerned are content, pl.

I will then reply to Frank Cooper.

JWH

3/ii

From: J L Roberts (AUS(SO)(Air))



MINISTRY OF DEFENCE

Main Building, Whitehall, London SW1A 2HB

Telephone (Direct Dialling) 01-218 6282

AUS(SO)(Air)/320/81

(Switchboard) 01-218 9000

19 June 1981

J E Hansford Esq
HM Treasury
Whitehall
S W 1

Mr ~~Antoine~~ Wolfson

I find the BA cost estimate of £³²⁷3919 per for a 707 slightly surprising since FCO say BA quote £2500 per for chartering a 707. I'm not sure we should intervene at this stage, but have you any comments on this?

*LM
23/6*

VIP FLIGHTS FOR MINISTERS - AIR TRANSPORT COSTS

Further to my letter of 13 April, we now have British Airways' cost analysis for operating VC10 and Boeing 707 aircraft which is at Annex A. BA gave us these costings on a confidential basis and I would be grateful therefore if you and copy addressees would treat the information as commercial in confidence. Not unexpectedly there are differences in approach which have needed clarification. The table at Annex B has been drawn up so that, so far as possible, like can be compared with like, but the analogy is not complete; for example, an important element - interest on invested capital - is missing from the BA costs representing differences in accounting. The RAF total in Annex B is, of course, the price charged; the BA total is a summary of costs with no profit element and no direct read across to the commercial price charged.

2. On the whole I think the RAF comes out of this rather well. I am not altogether surprised that our fuel costs should be higher than those of BA, who consume far more and would therefore command a larger discount on price. BA must also draw a far greater proportion of its fuel needs overseas, free of excise duty and VAT at United Kingdom rates. It also has the advantage of selecting the most economical aircraft type for the scheduled routes and stage-lengths over which it chooses to operate. The RAF has only the VC10 for any bulk movement of passengers, other than unaccompanied troops, that may be needed.

I think you may want to look more closely at the point about interest on invested capital, which may be dealt with in a separate BA account. I cannot believe that BA would not want a return on this as well as on the more general operating expenses. Our own assessment is at the Treasury discount rate of 10% which I understand is being replaced by a required rate of return of 5%. I am also rather puzzled by BA's continued use of historic costs as a basis for their assessment of depreciation. As you know, we work

Surprising but depends on period over which the asset is depreciated.

to current costs which is common practice among government departments. At a rough guess our depreciation element on the historic cost basis would be about £100 a flying hour.

4. The contingency charge might also bear examination. The full cost rate that we apply covers price movement between costings and interest on unpaid revenue. You may consider that there is a need to differentiate in this respect between exchequer and non-exchequer transactions.

5. In view of the wide interest which this subject has generated, I must leave it to you to decide in the light of this assessment of the costs what changes, if any, you would like us to make to the way in which we draw up our charges.

(Sgd.) J. L. ROBERTS

ANNEX A

BRITISH AIRWAYS COSTS 1980/81

Cost per hour (£)

	<u>VC10</u>	<u>Boeing 707P</u>
Engineering	536	491
Fuel and oil	1224	1,011
Landing and Parking fees	98	93
Route facilities charges	65	67
Flight crew expenses	37	39
Aircraft standing charges (depreciation)	64	60
Flight crew pay and overheads	299	184
Direct operating costs	2,323	1,945
Station and traffic handling	424	409
Marketing	296	228
Passenger service	285	257
General overheads	176	125
Indirect costs	1181	1019
Capacity cost	3504	2964
Commission	276	241
Local variables (in-flight meals etc)	139	122
Total cost	3919	3,327

ANNEX B

<u>RAF VC10</u>	Cost per flying hour		<u>BA VC10</u>
	£	£	
<u>Maintenance</u>	460	634	
Spares consumed, repair and overhaul contracts, directly employed civilian labour			Spares consumed, repair and overhaul contracts, pay, allowances and overheads of all engineering personnel
<u>Fuel and Oil</u>	1620	1224	
<u>Wastage and 3rd party insurance</u>	25	-	(included in item 7)
<u>En route charges</u>	480	386	
Airport, route and landing fees; food for passengers and crew; overnight accommodation for primary and split crews			Airport, route and landing fees; food and overnight accommodation for passengers
<u>Pay, allowances, administration and airfield overheads</u>	795	1039	
Service personnel costs for aircrew and ground personnel; administration up to Command HQ level. Airfield overheads and running costs			Overheads and expenses of aircrew and ground personnel
<u>Reservations etc</u>	-	572	
Partly covered by item 5			Cost of sales and reservations (£296) and commission paid to agents (£276)
<u>Depreciation of aircraft and ground equipment</u>	720	64	
Based on current accounting			Based on historic cost accounting

RAF VC10

Cost per flying hour

BA VC10

£ £

Interest on
capital
(aircraft)

680 -

The Treasury discount rate (10%) is applied to the updated value at the presumed half-life of the aircraft

Contingencies

490 -

The Treasury full-cost rate is applied to the sum of the above charges, except item 4

TOTALS

5270

3919

2
660
680
490
1830
3440

Top copy
PMI TOURS July 80
Ottawa

Ministers

one

CONFIDENTIAL

~~PMI TOURS~~



Foreign and Commonwealth Office

London SW1A 2AH

10 June 1981

Michael O'D B Alexander Esq
10 Downing Street
LONDON SW1

Mr Rivett
Hfr
11/6
WDR
11/6

Dear Michael

ECONOMIC SUMMIT - OTTAWA 19 - 21 JULY

Thank you very much for your letter of 9 June confirming that the RAF VC10 may be used for the visit to Ottawa.

/ In case you have not seen it already I enclose a copy of Teddy Youde's letter of 8 June to MOD, on the subject of their aircraft charges.

Yours ever
Brenda

Miss E B Chaplin
Protocol and Conference
Department

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

✓ 8 June 1981

D C Humphreys Esq CMG
Deputy Under Secretary of State (Air)
Ministry of Defence
Main Building
Whitehall
LONDON SW1A 2HB

Dear Mr. Humphreys

RECEIVED IN REGISTRY No. 19		
8 JUN 1981		
DESK	FILE	REGISTRY
INDEX	PA	Action Taken

MINISTERIAL AIRCRAFT

1. Following the meeting which you held on 24 March, we have gone further into the problem of providing aircraft for Ministers. Our survey has ranged inter alia from the use of aircraft chartered commercially to having our own aircraft managed by commercial operators. In the light of this survey I endorse the views put forward by Clive Whitmore, in his letter of 26 May to Frank Cooper.
2. As regards the VC10. From the details given in John Roberts' letter of 13 April to Hansford in the Treasury it appears that the fixed costs of the VC10 Fleet (including the contingency allowance) amount to 60% of the 'full costs' per hour proposed by the Ministry of Defence. Since the VC10 fleet is maintained because of its war-time role, these ought not to be off-loaded on to civilian department users. I therefore hope that you and the Treasury will agree that we should revert to a basis of 'extra costs' for VC10s used by Ministers.
3. As long as HS125s are available for use by Ministers it is also cheaper in terms of cost to the Exchequer as a whole to use an RAF HS125, if available, than to charter an additional aircraft. But our own extensive researches confirm those made by No 10 and indicate that an HS125 can be run on a commercial basis for less than half the full costs quoted in John Roberts' letter of 13 April.
4. I therefore share the hope that you can reconsider the basis of costs for HS125s and bring them into line with commercial costs. To give only one example, commercial companies quote the fuel costs for an HS125/700 at £130 per flying hour compared to the fuel charge of £286 per hour shown under the RAF full costs.
5. Copies of this letter are being sent to Clive Whitmore (No 10), Ken Stowe (Northern Ireland Office) and John Hansford (HM Treasury).

Yours sincerely
L. B. Chaplin

bcc:
PS
Mr Streeton, Finance
Miss Chaplin, PCD

A. P. Edward Youde

RESTRICTED

RESTRICTED

NORTHERN IRELAND OFFICE
STORMONT CASTLE
BELFAST BT4 3ST

Telephone Belfast (0232) 63011
Telex 74272



PERMANENT UNDER SECRETARY OF STATE
SIR KENNETH STOWE KCB CVO

Ministers

PUS/4058/B

9 June 1981

Sir Frank Cooper GCB CMG
Permanent Secretary
Ministry of Defence
Main Building
Whitehall
London
SW1A 2HB

M. Ripston.
file with 11/6
HW
11/6

Sir Frank.

As you know, Clive Whitmore sent me a copy of his letter of 26 May on the question of full cost charges for the use of RAF aircraft.

You may also have seen John Mayne's letter of 10 April to Colin Humphreys on the same subject in which he highlights our dilemma over the choice between the extra security and convenience of RAF aircraft and the need to be seen to be reducing rather than increasing our departmental costs.

I strongly endorse Clive's request that you should look again at the full cost calculations to see whether there is any scope for a revision. Like him we can justify paying some kind of premium for the advantages of a service provided by the RAF. But I do not see how we can accept the political and presentational objections to incurring the kind of expenditure which the present figures involve. We do not want to abandon the use of RAF aircraft, but I see it as a very real possibility that we may have to do so.

I hope that this issue can be resolved soon. We are constantly at risk that the huge increase in our expenditure will become public knowledge.

I am sending copies of this letter to Teddy Youde, John Hansford and Clive Whitmore.

Youde
Ken

K R STOWE

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^{inle}
CONFIDENTIAL



10 DOWNING STREET

~~PM Tours, Ottawa~~
Top Copy
PM Tours, Ottawa
July 80

From the Private Secretary

9 June 1981

Economic Summit: Ottawa, 19-21 July

Thank you for your letter of 2 June, and for providing comparative aircraft costs for the Prime Minister's journey to Ottawa.

The figures which the MOD have given you pose an obvious difficulty. They show clearly that in an ideal world the customer for air services would not employ the RAF. The RAF full-cost charges for the Ottawa visit are quoted at £90,790. The charge for a British Airways 707 on charter is quoted at about £44,000. This comparison would appear to lead unavoidably to one of two conclusions. Either the RAF's VC10 service is not competitive, and maintaining it to provide VIP services cannot be justified. Or there are defence reasons for maintaining the VC10 service; in which case, the MOD should charge customer departments an extra-cost, or competitive rate, for their services.

However, the long-term fate of the VC10 flight is not something that is going to be decided between now and July. You are presumably right in saying that for the time being the public sector will have to meet the overhead and maintenance costs of the RAF's VC10 flight, even if we do not use this service. We would therefore be increasing the total cost to the Exchequer if we were to use charter services.

Against that background, I confirm that we are content to use RAF services for the visit to Ottawa. This is, however, a decision we take with reluctance. It is not a precedent. We hope that progress can be made on the general question of charges for the RAF's services. Since Clive Whitmore wrote to Sir Frank Cooper about this recently, I am copying this letter together with a copy of yours to his Private Secretary.

M. O. B. ALEXANDER

CONFIDENTIAL

Miss E.B. Chaplin,
Foreign and Commonwealth Office.

Minister



Foreign and Commonwealth Office

London SW1A 2AH

8 June 1981

D C Humphreys Esq CMG
Deputy Under Secretary of State (Air)
Ministry of Defence
Main Building
Whitehall
LONDON SW1A 2HB

1. Mr Pickett

2. File

M

m

Dear Mr Humphreys

MINISTERIAL AIRCRAFT

1. Following the meeting which you held on 24 March, we have gone further into the problem of providing aircraft for Ministers. Our survey has ranged inter alia from the use of aircraft chartered commercially to having our own aircraft managed by commercial operators. In the light of this survey I endorse the views put forward by Clive Whitmore, in his letter of 26 May to Frank Cooper.
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4. I therefore share the hope that you can reconsider the basis of costs for HS125s and bring them into line with commercial costs. To give only one example, commercial companies quote the fuel costs for an HS125/700 at £130 per flying hour compared to the fuel charge of £286 per hour shown under the RAF full costs.
- ✓ 5. Copies of this letter are being sent to Clive Whitmore (No 10) Ken Stowe (Northern Ireland Office) and John Hansford (HM Treasury).

Yours sincerely
K. B. Chaplin.

bcc:
PS
Mr Streeton, Finance
Miss Chaplin, PCD

F. P. Edward Youde

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Top Copy
PM TOURS, July Ottawa

- 1. Mr. WHITMORE
- 2. MR. ALEXANDER

I agree that we should use the RAF. I do not think we need to take the Prime Minister at his word.

And

PLW
mi

Draft to type, for my signature, as amended.

MINISTERIAL AIRCRAFT

2.6.81.

Please see the attached letter from the FCO. It suggests we should use an RAF VC10 for the Prime Minister's trip to Ottawa. The charges quoted by the MOD show that on a full cost basis the RAF is clearly uncompetitive. In an ideal world this would lead to the disposal of the RAF's VIP flight. In practice, that is unlikely to happen for some time, if at all. Consequently, if we were to use charter services, we would be increasing the total cost to the Exchequer. I therefore suggest that we agree with the FCO that we should use an RAF VC10 for the trip to Ottawa. But I think we should also make some cautionary noises about our overall position on the question of Ministerial aircraft. A draft reply to the FCO is attached. You may wish to consider whether we should draw this issue to the Prime Minister's attention; I am not inclined to do so until we have a reply from Sir Frank Cooper on the general questions of principle.

CLW

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Top Copy
PM Tours, July 80 Ottawa



Foreign and Commonwealth Office

London SW1A 2AH

2 June 1981

M O'D B Alexander Esq
10 Downing Street
LONDON SW1

Dear Michael

ECONOMIC SUMMIT: OTTAWA 19-21 JULY

At our meeting last Friday you asked for details of comparative aircraft costs for the Prime Minister's journey to Ottawa. As you know an RAF VC10 can be made available and the MOD have informed us that the costs will be:-

a. Full cost basis

17 flying hours at £5,270 per hour	= £89,590
48 hours waiting time at £24 per hour	= £ 1,200
Total	<u>£90,790</u>

b. Extra cost basis

17 flying hours at £2,170 per hour	= £36,890
48 hours waiting time at £24 per hour	= £ 1,200
Total	<u>£38,090</u>

The minimum cost for a commercial charter, such as a British Airways Boeing 707 would be £2,500 per flying hour plus waiting time eg a minimum of £42,500 plus waiting time.

The RAF extra costs are based on the actual cost of taking a VC10 to Ottawa, that is fuel used, subsistence for the crew, landing fees, etc. The difference between full costs and extra costs, in this case £52,700, is a proportional assessment of the fixed costs of the Air Transport Fleet, eg personnel costs, airfield overheads, etc, as described in MOD letter AUS(SO)(Air)/202/81 of 13 April (copy attached). The fixed costs will be borne by the taxpayer whether or not the Prime Minister takes a VC10 to Ottawa: thus to obtain a true picture of the cost to the Exchequer the commercial charter costs need to be compared with the RAF extra costs. Alternatively, the notional ATF overheads of £52,700 should be added to the cost of a commercial charter, giving a total of £95,200 in comparison with the RAF full costs of £90,790. On any basis of calculation a commercial charter would cost in real terms at least £4,410 more than an RAF VC10 (plus the /commercial



commercial charge for waiting time.)

Yours ever

Brenda

Miss E B Chaplin
Protocol and Conference Department

cc:
PS

RESTRICTED



21

MINISTRY OF DEFENCE

Main Building, Whitehall, London SW1A 2HB

Telephone (Direct Dialling) 01-218 6282

(Switchboard) 01-218 9000

AUS(SO)(Air)/202/81

TXC 184/1		
RECEIVED IN PRIORITY NO. 19		
2 APR 1981		
DESK OFFICE	Priority	
INDEX	PA	Action Taken

13 April 1981

J E Hansford Esq
HM Treasury
Great George Street
S W 1

Miss

Handwritten signature/initials

S02 (24)

Dear John,

Handwritten notes

VIP FLIGHTS FOR MINISTERS - AIR TRANSPORT COSTS

At Colin Humphreys' meeting on 24 March I agreed to let departments know how the current full cost charges for RAF aircraft were made up. This is done by assessing the annual cost of the constituent elements for each aircraft type on the lines indicated in Annex A, and dividing these by the annual number of flying hours authorised for the type, to produce the detail in Annex B.

2. The methodology, which owes a great deal to guidance from your department, has recently been examined by one of your experts, and I understand that he was content.

3. We are in touch with British Airways to obtain an assessment of how commercial costs on their VC10s and other narrow-bodied aircraft, such as the Boeing 707, are calculated. I shall let you know the outcome when I have it to hand.

4. I am copying this letter to Sir Edward Youde (FCO), Peter Towers (CSD), Mike Pattison (No 10) and Peter Coston (NIO).

Yours ever
John Rowley

ELEMENTS INCLUDED IN FULL COST CHARGES

1. Fuel. The quantity of fuel and oil consumed is costed at the latest contract price.
2. Spares and Servicing. Includes the cost of labour and spares expended in overhaul and repair of airframes, engines, aircraft installed equipment; overheads and running costs of ground maintenance and test equipment.
3. Wastage and Third Party Claims. An actuarial assessment of the risk of loss of or damage to the aircraft and loss, damage or injury claimed against MOD on behalf of third parties.
4. En Route Charges. Average costs incurred on behalf of passengers (basic in-flight refreshment), the crew (subsistence) and the aircraft (navigation, landing, parking and other airfield service charges).
5. Pay. Capitation rates for squadron personnel, air and ground, including pay, pensions, training and related elements.
6. Personnel Administration. Manpower costs up to Command level that are attributable to administrative support of squadron personnel.
7. Airfield Overheads. Depreciation and interest on capital for RAF estate, buildings and installations attributable to the squadron; and ground fuels, heating, lighting etc.
8. Aircraft Depreciation. The estimated replacement value of aircraft, at current prices, amortised over the estimated life (20 years in the case of the VC10).
9. Interest on Capital. The principal is the mid life depreciated value, updated for price, and the rate of interest reflects the required rate of return on investment.
10. Contingency Allowance. Calculated in accordance with the Treasury's 'Guide to the Calculation of Fees and Charges'.

*Let a 10-25%
addition to the other costs*

HOURLY FULL COST RATES (£)

	<u>VC10</u>	<u>Andover</u>	<u>HS125</u>
Fuel	1620	251	286
Spares, repairs and ground equipment	500	407	355
Wastage and 3rd party claims	25	36	12
En route charges	480	274	247
Service pay etc	435	582	380
Personnel administration	238	359	234
Airfield overheads	122	273	298
Aircraft depreciation	680	257	365
Interest on aircraft capital cost	680	296	292
Contingency allowance	490	280	251
	<u>5270</u>	<u>3015</u>	<u>2720</u>



FIN 47/287/01

NORTHERN IRELAND OFFICE

GREAT GEORGE STREET,

LONDON SW1P 3AJ

D C Humphreys Esq CMG
DUS(Air)
Ministry of Defence
Main Building
Whitehall
LONDON SW 1.

18 APR 1981

10 April 1981

Dear Mr Humphreys

Miss [unclear] (P9C.D).
It has been agreed
to [unclear] [unclear]
[unclear] away?

AIR TRANSPORT COSTS

Following your meeting on 24 March I have checked with the civil air charter firms mentioned in the Rules Governing Travel By Ministers on the prices they would charge for a return trip to NI by comparable aircraft to the RAF Andovers and HS 125s. The charges appear to be broadly comparable with the extra costs charged by the MOD prior to 1 April this year: in some cases they are marginally higher and in other cases marginally lower. I understand that the firms concerned could make appropriate arrangements for security, insurance and so on.

17/10/81

2. This places me, as a representative of a customer department, in a dilemma unless we can resolve the charges issue very soon. As a customer the choice for me is clear: either we should revert to extra costs for RAF flights which on balance I would prefer both for security and convenience reasons; or I should go out to civil charter and agree with you appropriate adjustments to the PESC transfer. I accept, however, that other Departments have different choices to make.

TXC 184/1.	
RECEIVED	No. 19
DESK	
INDEX	

Yours sincerely,
Anne Sheppard

for J F MAYNE
(Dictated by Mr Mayne and signed in his absence)

Copies to be sent to

- RE
- Mr Youde FCO
- Mr Towers CSD
- Mr Kerr Treasury
- Mr J Roberts AUS(SO)(Air) MOD

Chief Clerk. Not
a word since you left,
but I understand, from
Mr MOD sent
No 10,
you a letter about 2
days ago.

/commercial

RESTRICTED



Minister
cc CSD

10 DOWNING STREET

From the Principal Private Secretary

26 May, 1981

You will remember that I wrote to you on 9 February about the new system under which No.10 will be charged full costs for the use of RAF aircraft.

Following up the suggestion in your reply of 4 March, Colin Humphreys held a useful meeting to clarify how the current full-cost charges for RAF aircraft were made up. We have been studying the figures produced following this meeting, and have done some research on what the private sector would charge for comparable services, disregarding for the moment the prestige value of using the RAF and the possible extra costs of security.

Our research suggests that the cost of commercial charter of, for example, an HS125, at present runs at around half the hourly rate for an RAF aircraft. I am satisfied that the charges quoted to us are properly related to private sector costs, and are not "loss leaders" designed to attract new business. On the basis of a commercial aircraft operating a 300 hour year, the highest estimate of cost which we have found in the private sector is something below £1,500 per hour, compared to £2,720 per hour for the RAF. We recognise that RAF utilisation policy for their aircraft accounts for part of the higher cost. We have also taken some account of the fact that the use of commercial aircraft will incur additional (hidden) security costs. We can justify paying some kind of premium for the quality, efficiency, and security value of a service provided by the RAF. But these benefits cannot bridge a gap as large as this, given the amount of flying involved in the Prime Minister's programme.

I wonder therefore whether I could ask you to look once again at the full cost calculation for RAF aircraft, perhaps making some more direct comparison with the way private users calculate their costs. It may be that there is scope for revising full cost charges in a way which will reduce the figure to one which allows an acceptable premium over commercial charges. If this is not possible, it seems to me very likely that the main user departments will wish seriously to consider using commercial charter for the bulk of Ministerial travel. On the basis that 32 Squadron exists primarily to provide a VIP flying service, I suppose that the consequence of a move to commercial charter might be the run down of the Squadron. Such a development should release the PESC provision necessary to cover the commercial payments Departments would incur and thus avoid problems about PESC transfers which apparently came up at Colin Humphreys' meeting. I fear that there may be some transitional problems of PESC allocation, and it may not seem an attractive solution, but it does seem to be the logical conclusion.

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/The only

ss

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The only other option which we can see relates to the spare capacity exception acknowledged by the Treasury in the discussion over full cost charging. I think all are agreed that this is not likely to apply in the case of 32 Squadron, which, as I say, you may want to run down if customer demand falls off for VIP flying. In the case of a VC 10 flight, however, the picture may be different. Occasional journeys by the Prime Minister, the Foreign and Commonwealth Secretary and Defence Ministers cause a rescheduling of the Service tasks which are the reason for maintaining these aircraft, but such travel is a residual function. The total cost of running the Prime Minister's office is at present around £2 million per annum and the VC10 costs are a significant item in a year like this one. Again, the logic of the full cost arrangements seems to be that the Prime Minister should go to British Airways for charter service. In this case, there are problems over the non-availability of a British built aircraft, which perhaps slightly increases the premium we should be prepared to pay for the RAF service. But I think we do need to look again at the case for handling VC10 flights on an extra cost basis.

I am sorry that these issues, as they apply to the few non-Defence Ministers who travel regularly, are only being examined in detail now. But this does at least show that the full cost system is having the desired effect. Our security advisers are prepared to see us use commercial charters, and I suspect that the Prime Minister will instruct us to do so unless the RAF charges can in some way be brought more into line with commercial ones.

I am sending copies of this letter to Ken Stowe (Northern Ireland Office), Teddy Youde (Foreign and Commonwealth Office), and John Hansford (HM Treasury).

C. A. WHITMORE

Sir Frank Cooper, G.C.B., C.M.G.

RESTRICTED

DRAFT LETTER FROM CLIVE WHITMORE TO SIR FRANK COOPER

AIR TRAVEL BY THE PRIME MINISTER

You will remember that I wrote to you on 9 February about the new system under which No. 10 will be charged full costs for the use of RAF aircraft.

Following up the suggestion in your reply of 4 March, Colin Humphreys held a useful meeting to clarify how the current full-cost charges for RAF aircraft were made up. We have been studying the figures produced following this meeting, and have done some research on what the private sector would charge for comparable services, disregarding for the moment the prestige value of using the RAF and the possible extra costs of security.

Our research suggests that the cost of commercial charter of, for example, an HS 125, at present runs at around half the hourly rate for an RAF aircraft. I am satisfied that the charges quoted to us are properly related to private sector costs, and are not "loss leaders" designed to attract new business. On the basis of a commercial aircraft operating a 300 hour year, the highest estimate of cost which we have found in the private sector is something below £1,500 per hour, compared to £2,720 per hour for the RAF. We recognise that RAF utilisation policy for their aircraft accounts for part of the higher cost. We have also taken some account of the fact that the use of commercial aircraft will incur additional (hidden) security costs. We can justify paying some kind of premium for the quality, efficiency, and security value of ~~RAF~~ service. ^{provided by the RAF} But these benefits cannot bridge a gap as large as this, given the amount of flying involved in the Prime Minister's programme.

As I said in my earlier letter, the Prime Minister strongly favours the principle of full cost charging. She is confident ^{believe} that it will lead departments to take ~~soundly based~~ decisions.

/on the use

on the use of their resources. One consequence will be to expose situations where Government maintains services which could be more competitively supplied from the private sector. In this particular case, it is the change to full cost charging which has drawn our attention to the possibility of finding significant economies on air travel expenditure.

~~Before we take this much further, I would like to ask you to look once again at the full cost calculation for RAF aircraft, perhaps making some more direct comparison with the way private users calculate their costs. It may be that there is scope for revising full cost charges in a way which will reduce the figure to one which allows an acceptable premium over commercial charges. If this is not possible, it seems to me inevitable that the main user departments will wish seriously to consider using commercial charter for the bulk of ministerial travel. On the basis that 32 Squadron exists primarily to provide a VIP flying service, I take it that the consequence of a move to commercial charter would be the run-down of the Squadron. This should help to release the PESC provision necessary to cover the commercial payments Departments will incur, and thus avoid problems about PESC transfers which apparently came up in Colin Humphreys' meeting. I fear that it will take a year or two to sort this out, and it may not seem an attractive solution, but it does seem to be the logical conclusion.~~

London Transport whether I can

very likely

Such a development might be

There may be some transitional problems of PESC

I suppose that this might be a question which will be put in the future

allocation

The only other option which we can see relates to the spare capacity exception acknowledged by the Treasury in the discussion over full cost charging. I think all are agreed that this is not likely to apply in the case of 32 Squadron, and that if customer demand falls off for VIP flying, we will want to run down the facilities which provide the service. In the case of a VC10, however, the picture may be different, Occasional journeys by the Prime Minister, the Foreign and Commonwealth Secretary and your own Ministers cause a rescheduling of the Service tasks which are the reason for maintaining these aircraft, but such travel is a residual function. The total cost of running the

/Prime Minister's

Prime Minister's office is at present around £2 million per annum and VC10 costs are a significant item in a year like this one. Again, the logic of the full cost arrangements seems to be that the Prime Minister should go to British Airways for charter service. In this case, there are problems over the non-availability of a British built aircraft, which perhaps slightly increases the premium we should be prepared to pay for the RAF service. But I think we do need to look again at the case for handling VC10 flights on an extra cost basis.

I am sorry that these issues, as they apply to the few non-Defence Ministers who travel regularly, are only being examined in detail now. But this does at least show that the full cost system is having the required salutary effect. Our security advisers are prepared to see us use commercial charters, and I suspect that the Prime Minister will instruct us to ^{do so} ~~go down that route~~ unless the RAF charges can in some way be brought more into line with commercial ones.

~~Perhaps we could have a word about this.~~

I am sending copies of this letter to Teddy Youde (Foreign and Commonwealth Office), Ken Stowe (Northern Ireland Office) and John Hansford (H.M. Treasury).

MR. WHITMORE

c.c. Mr. Wolfson
Mr. Allen (CO)
Supt. Cawthorne

MINISTERIAL AIRCRAFT: FULL COST CHARGING

Following your letter of 9 February to Sir Frank Cooper (Flag A), the Ministry of Defence held a meeting to discuss the implications of the RAF charging Departments full costs for its VIP aircraft.

Following the meeting, the Ministry of Defence produced a breakdown of their charges (Flag B). This shows an hourly charge for an HS125 of £2720.

We have spoken to McAlpine's about what they charge for an HS125. Their off-the-record figures, exclusive of interest on capital and depreciation, are at Flag C. On the worst assumptions about interest and depreciation, it seems that private sector charges for an HS125 could not be more than £1500 per hour. The FCO have done some similar research, and have reached broadly the same conclusion.^(D) It is unlikely that the extra costs of security for private sector charter, or the loss of prestige that comes from flying with the RAF, could bridge the gap between private sector and RAF charges.

This leads to one of three conclusions:

- (a) either the RAF's charges are calculated on the wrong basis;
- (b) or the RAF are uncompetitive, and we should not be subsidising their VIP service;
- (c) or the RAF have defence reasons for running these aircraft, and the VIP service is a marginal cost product. This is much more likely to be the case with VC10s than the HS125s and Andovers. In these circumstances, Mr. Allen confirms that the RAF should charge a market rate.

/ I have agreed

I have agreed with Mr. Pattison, Mr. Allen, and the FCO that it would be useful if you could intervene in the correspondence on this subject in the terms of the attached draft to Sir Frank Cooper. We should put pressure on the RAF to examine their charges carefully before we take any decision to go to the private sector for these services. You will also wish to consider whether you would be satisfied on security grounds to charter private aircraft for the Prime Minister.

WR

6/5/81

~~30 April 1981~~



Manston

file 10

10 DOWNING STREET

From the Principal Private Secretary

9 February 1981

P E R S O N A L

AIR TRAVEL BY THE PRIME MINISTER

We are due to go over on 1 April 1981 to the new system under which No. 10 will be charged full costs for the use of RAF aircraft.

We have known for some time that the new arrangements were going to result in a substantial increase in the annual cost of the Prime Minister's air travel. For example, David Omand wrote to Mike Pattison on 3 October 1980 giving him the breakdown of the RAF VC10 flying hour costs under the present system and under the new one: this shows that the cost would jump from £2,170 a flying hour to £5,270. The Prime Minister is aware of this change in the costing arrangements and accepts that it must apply to her travel as part of the more general move to charging for services on a repayment basis.

The attached note to David Omand's letter of 3 October 1980 also warned us that the RAF's full cost rates were likely to be higher than those of their civil counterparts because the amount of flying allowed to the RAF VC10 was deliberately restricted to prolong the aircraft's in-service life, whereas a commercial airline would make much more intensive use of its assets. This warning is now beginning to take practical shape. The Prime Minister is due to go to India and the Gulf States in April, and this will be the first occasion when the new system of charging full costs will apply. The estimated charge for using an RAF VC10 for the trip is £166,000 (under the existing system the figure would be £69,000). We have had enquiries made to see how this compares with what British Airways would charge us if we used one of their aircraft. The cost of using a Boeing 707 with a special interior fit of the kind which the RAF provide when the Prime Minister uses one of their VC10s would be £85,000. If we used a British Airways VC10 so that the Prime Minister did not fly in a foreign aircraft, the cost would be £90,000 (but this would not be an option which would be open to us for overseas visits after the one to India and the Gulf States because British Airways are withdrawing their VC10s from service).

/We had not

We had not expected that the difference between the RAF's charges and a commercial airline's would be so great, but the disparity is such that we really have no alternative but to use British Airways. This situation is going to repeat itself whenever non-Defence Ministers want to undertake a long journey of the kind for which in the past they would have used an RAF VC10. It means that while Defence Ministers and, I suppose, the Chiefs of Staff will be flown by the RAF in British aircraft to countries overseas, the Prime Minister and Ministers from civil departments - and in particular the Foreign and Commonwealth Secretary - will have to fly in foreign aircraft when they go abroad in future. I do not think that anybody foresaw that this situation would arise when it was decided to move over from the present system of charging to the new one.

I am not sure what we can now do. One possibility is that we should stick with the existing arrangements for charging for Ministerial flights using RAF aircraft. Another is to get the RAF to look at the basis on which they calculate full costs to see whether they can be brought more into line with commercial charges. I wonder whether it would be helpful if, when you have had time to think about the problem, I were to come across and have a word with you.

C. A. WHITMORE

Sir Frank Cooper, G.C.B., C.M.G.

Wm

HOURLY FULL COST RATES (£)

	<u>VC10</u>	<u>Andover</u>	<u>HS125</u>
Fuel	1620	251	286
Spares, repairs and ground equipment	500	407	355
Wastage and 3rd party claims	25	36	12
En route charges	480	274	247
Service pay etc	435	582	380
Personnel administration	238	359	234
Airfield overheads	122	273	298
Aircraft depreciation	680	257	365
Interest on aircraft capital cost	680	296	292
Contingency allowance	490	280	251
	<u>5270</u>	<u>3015</u>	<u>2720</u>

Approximate Operating Costs

HS 125/600 B. Executive Jet.

Fixed Costs: (Exclusive of Capital)

	£
Insurance	10 000.00
Two crews: x (2 Pilots)	65 000.00
Engineering (labour only)	30 600.00
Technical records	1 000.00
Hangarage	1 750.00
	108,350.00

Direct Operating Costs (D.O.C.) per Flying Hour.

FUEL.	365.00 ³²
SPARES.	115.00
ENGINES.	90.00
	570.00

(RAF
Dep 700B

		424	530	365	424	353
HOURS P.A.	300	400	500	600		
FIXED	361.16	270.88	216.70	180.58		
D.O.C.	570.00	570.00	570.00	570.00		
P.F.HR.	931.16	840.88	786.70	750.58		

Variable Charges: Handling Fees say £60
 Handling Fees say £50
 Eurocontrol say £42.50
 Catering no order.
 plus: crew Overnight Hotel £40 p/w
 & Meal Allowances £100 p/night
 Aircraft Parking

D

between 0600 and 2300 hours and come under patrol by the airport security staff. Special Branch are in any case at Luton Airport.

Possible use of helicopters

13. McAlpines also operate single-engine, 5 seater Squirrel helicopters out of their own heliport at Swallow Lane, Hayes, Middlesex (Contact Captain Lyall Thomson 01-848 3522). They intend to re-equip this September/October with the twin-engine version which provides for an all-weather, 24 hours flying capability. In September/October 1982 they plan to acquire the 8 seater Dauphin helicopter which has already shown itself capable of the London/Paris flight in just over one hour. The new heliport at Blackfriars Bridge will shortly become operational and once helicopters like the Dauphin are available there would be considerable savings in total travel time for flights to Paris and Brussels direct from Blackfriars.

Fixed hourly rates for McAlpine's helicopters are:-

Squirrel single engine	£245
Squirrel twin engine (estimate)	£330-350
Dauphin twin engine (1981 estimate of 1982 rate)	£750-800

There is a minimum charge equivalent to two hours flying a day.

14. Conclusions

- a) RAF "full costs" are well above "market rates". Even their variable costs appear inflated in comparison to commercial pricing.
- b) The present FCO requirement for charter aircraft is well below break even point for the efficient use of the capital cost involved. Other users within the FCO cannot be identified on economic grounds. Other users within Whitehall eg Northern Ireland Office might however be located.
- c) Operational costs of an FCO aircraft only come close to commercial charter rates if a joint user arrangement were used and receipts from fees paid by other users were more or less the maximum possible under such a scheme. In the present climate, this second proviso would be difficult to ensure.
- d) Civil chartering rates are well below RAF "full costs". Security should not be a major problem. Given our limited requirement and the short duration of most journeys civil charters would be a more economic alternative than ownership, avoiding the need for capital outlay and future additional expenses likely to arise when operating an aircraft.

/ e)

- e) A contract "guaranteeing" to provide chartered aircraft to meet a specified annual requirement would allow a similar degree of flexibility in arranging the Secretary of State's programme for a visit as provided at present when RAF HS125 aircraft are used.
- f) Alternatively, the possible availability in future of the CAA Flying Unit should be further explored. Their rates are similar to the RAF's earlier "additional costs".

M R McIntosh (Miss)
c/o Personnel Operations Department
233 3825

1 May 1981

copies to: Miss Chaplin
(PCD)
G 6/G

Mr Streeton
Finance Officer
CH 504

Mr Bickel
100.10

Mr Brighty
Deputy Head of Personnel Operations Department

AN FCO AIRCRAFT

Current Requirement

1. Non-Cabinet FCO Ministers, almost invariably, travel by scheduled commercial flights unless Security Department cannot approve a particular commercial flight or an essential part of the journey cannot be covered by a commercial flight. In either case, the Secretary of State must approve the use of a chartered aircraft. In practice, the Lord Privy Seal also normally travels on commercial scheduled flights, subject to Security Department's approval. The present need to use RAF charter flights arises therefore principally for the Secretary of State, who is usually accompanied by an official party of 7.

2. There is provision in the 1981/1982 Estimates to cover the following total journeys calculated at the new RAF "full cost" rate:-

Secretary of State:-	Total no of flying hours	Cost
VC10	217	£1,145,311
Secretary of State/LPS		
HS125	88	£ 239,567
Secretary of State accompanying the PM (FCO share of costs)	122h 30m	£ 236,982

A breakdown of RAF "full costs" are at Annex A.

Availability and price of aircraft

3. There is no longer a British-made substitute for the VC10 and the limited FCO use of the long haul aircraft would make it impractical to consider buying, for example, a Boeing 707 which airlines expect to use for at least 4000 flying hours a year to ensure cost-effectiveness. Although our use of HS125 aircraft is even further limited, the lower purchase price and operating costs of this and similar aircraft was considered worth further evaluation given the large increase in RAF rates. Prices quoted by the Department of Industry Air Division (contacts Mr Illingworth 212 6398 and Mr Smith 212 6608) for possible aircraft in this range are:

/HS 125/700

HS 125/700 series (new)	£2.86 million
BA 146/100 series (new)	£5 million
BAC 1-11 (secondhand)	£1.5 million
Gulfstream III (new) (US built, RR engines)	£4.43 million
Leavjet 55 (new) (Canadian built)	£2.05 million

The majority of the journeys undertaken by the Secretary of State in RAF HS125 aircraft are within a range of 200 nm ie Brussels, Paris. The need to provide space for more than his usual official party of 7 does not arise and although the initial purchase price for the secondhand BAC 1-11 is attractive there is unlikely to be a need to take advantage of its ability to accommodate up to 119 passengers. Its range limits it, for our purpose, to European destinations and it could undertake only one or two of the journeys scheduled for an RAF VC10. Detailed breakdowns of the operating costs of the other two British aircraft are at Annex B and C. I regret that some caution is required in considering these figures as firm. They have been extrapolated from costs incurred by airlines flying at least 1000 hours a year. The breakeven point for the efficient use of these aircraft for executive use is at least 500 preferably 600. The variable costs also alter depending on the distance involved with each flight. On our present usage of the HS125 aircraft, only one journey is just over 900 nm and most are between 2-300 nm. We should never therefore make the most economical use of the aircraft's range and fuel consumption. Although I have calculated the cost of the HS125/700 series as £1,161 on the basis of journeys in the 500 nm range, the prevalence of shorter distances in our requirement could increase variable costs considerably. One operator quoted £1,500 as the true cost per flying hour for the HS125.

4. Since our present flying hours for short haul aircraft are even below 100 hours a year I tried to identify other possible users within the FCO. I first looked at the forecast of journeys to be undertaken by the Lord Privy Seal and other FCO Ministers. These total approximately 140 flying hours, involve, on average, three officials in addition to the Minister and are again usually to relatively close destinations. The cost on the basis of using commercial scheduled flights is £41,181, approximately £295 a flying hour or around £70 per head per flying hour, whereas the cost per head of flying in an FCO aircraft for the same party of four would be £290. The difference is so great that a switch to using our own aircraft for such journeys could not be justified on economic grounds except to keep the aircraft flying or if it were deemed necessary to increase the number of accompanying officials.

/5.

5. I then consulted Personnel Services Department about the cost of regular duty travel by senior officers serving at home. They had carried out a similar exercise a year ago to compare the cost of scheduled flights with the use of commercial charter flights. They concluded that the numbers involved at any one time still make travel by scheduled flights less expensive particularly now that the airlines are offering a range of reduced fares to European destinations. The same would no doubt apply to travel on postings to posts in Europe especially as many officers usually elect to travel by motor car.
6. I was unable therefore to identify a total requirement within the FCO, on the basis of our present commitment for overseas travel anywhere near the 200 flying hours, considered a minimum by the trade to justify ownership on anything but prestige grounds.
7. As one of the largest operators of short haul aircraft, McAlpine Aviation Ltd are also able to provide aircraft management and operating services either on an exclusive or joint user basis it was possible that such a scheme could reduce our operating costs and the additional staff costs involved in administration. Given our limited requirement for an HS125 their joint user contract could make a useful contribution to the direct costs of ownership. Revised costs on this basis are at Annex D. Under such an arrangement we would receive 80% of net charter income ie £840 on the basis of McAlpine's fixed rate of £1,050 a flying hour. Specimen contracts for either service are at Annex E and F.
8. McAlpine's Commercial Director admitted however, that in the present industrial recession, demand for commercial chartering has dropped off and at present they can only provide about 450 flying hours for their aircraft. This situation is hopefully not permanent but meanwhile it would be over optimistic to expect to receive the maximum receipts from the spare time actually available. It is also necessary to take into account the effect of these arrangements if the use made of our aircraft by other McAlpine customers is considerably less. Variable costs for our own usage would in any case remain the same, since McAlpine's management and servicing fees do not cover maintenance labour costs, spares etc.
9. This scheme would offer considerable savings over RAF "full costs" charges and at its best could reduce operating costs below commercial charter rates but this would not be the case if receipts were less than the rate due on say 150 flying hours.

Civil Charter

10. I contacted in addition to McAlpine Aviation the CAA Flying Unit, Thurston Aviation and Hogg Robinson (Travel) who act as brokers.

/ a)

- a) CAA Flying Unit (based at Stansted Airport)
 (Contact Captain Wooden, Chief Flying Officer
 Phone 01-405 6922 Ext 492).

Rates for external users per flying hour:-

HS125/3BRA

Variable costs	£516
Fixed costs	109
Overheads	<u>50</u>
	<u>£675</u>

HS748

Variable costs	£374
Fixed costs	220
Overheads	<u>193</u>
	<u>£787</u>

Captain Wooden explained that, as a result of a Board decision some years ago that the Unit should not compete with commercial charter firms, they had ceased to offer their services for even Ministerial flights. For operational reasons, Captain Wooden would now welcome the opportunity to resume such flights. He has to find £1.9 million (£700,000 for the HS125) to keep his 50 Inspectors in practice as pilots. If Protocol and Conference Department who have earlier experience of the CAAFU are interested in exploring this further it would be necessary to send a letter to the CAA, setting out our requirement and asking whether the Board was prepared to reconsider their earlier ruling. Although the Unit's HS125 is an earlier, less comfortable, model they may well have to modify it or obtain a more up to date model to meet new noise level standards. Incidentally Captain Wooden also expressed his interest in providing his pilots to fly an FCO aircraft if one is obtained. Again the Board's agreement would be required and no details of likely cost were given but it would most certainly be on an "additional costs" basis.

- b) Thurston Aviation (based at Stansted Airport)
 (Contact Mr Granshane 0279 815027)

Specimen quotes for a round-trip:-

- (i) Stansted/Brussels (same day)
 Beech Super King Air £ 950
- (ii) Stansted/Belgrade (overnight stop)
 Beech Super King Air £4050

/ c)

- c) Hogg Robinson (Travel) (brokers)
(Contact Mr Hunnell 01-242 8422)
- (i) Heathrow/Brussels (day trip)
HS125 (10 seats and stewardess) £1725
Citation 2 (maximum 8 seats
no stewardess) £1135
 - (ii) Heathrow/Oslo (overnight stop)
HS125 £3630
Citation 2 £2535
 - (iii) Heathrow/Belgrade (2 nights)
HS125 £5475
Citation 2 £3825

- d) McAlpine Aviation Ltd (based at Luton Airport)
(Contact Mr O'Neill 0582-24182)

Fixed rate per flying hour:-

HS125/700	£1050
HS125/600	£1010
HS125/400	£1010

Exclusive of landing/handling fees, passenger taxes.

Additional charges:-

Continental overnight stops	£ 150
Demurrage (when aircraft is kept idle midnight to midnight)	£ 450

11. A specimen contract with McAlpines guaranteeing a specified requirement for charter flights is attached at Annex G. Such an arrangement would appear to overcome the disadvantages of civil chartering on an ad hoc basis and would provide the same degree of flexibility in timing when drawing up a programme for the Secretary of State as does use of RAF aircraft. McAlpine's would have no problem in positioning their aircraft at Heathrow or elsewhere. The cost for doing so would be only the rate for the additional flying time involved, say 40 runs Luton/Heathrow/Luton plus landing/handling fees ie a total of £825-840 for positioning at Heathrow.

Security

12. Use of McAlpine's services either as an operator of an FCO aircraft or as on a charter basis would need to be approved by Security Department. I understand that the hangars used by McAlpines at Luton Airport are protected by beams linked to the central airport security services. These premises are manned

/between

between 0600 and 2300 hours and come under patrol by the airport security staff. Special Branch are in any case at Luton Airport.

Possible use of helicopters

13. McAlpines also operate single-engine, 5 seater Squirrel helicopters out of their own heliport at Swallow Lane, Hayes, Middlesex (Contact Captain Lyall Thomson 01-848 3522). They intend to re-equip this September/October with the twin-engine version which provides for an all-weather, 24 hours flying capability. In September/October 1982 they plan to acquire the 8 seater Dauphin helicopter which has already shown itself capable of the London/Paris flight in just over one hour. The new heliport at Blackfriars Bridge will shortly become operational and once helicopters like the Dauphin are available there would be considerable savings in total travel time for flights to Paris and Brussels direct from Blackfriars.

Fixed hourly rates for McAlpine's helicopters are:-

Squirrel single engine	£245
Squirrel twin engine (estimate)	£330-350
Dauphin twin engine (1981 estimate of 1982 rate)	£750-800

There is a minimum charge equivalent to two hours flying a day.

14. Conclusions

- a) RAF "full costs" are well above "market rates". Even their variable costs appear inflated in comparison to commercial pricing.
- b) The present FCO requirement for charter aircraft is well below break even point for the efficient use of the capital cost involved. Other users within the FCO cannot be identified on economic grounds. Other users within Whitehall eg Northern Ireland Office might however be located.
- c) Operational costs of an FCO aircraft only come close to commercial charter rates if a joint user arrangement were used and receipts from fees paid by other users were more or less the maximum possible under such a scheme. In the present climate, this second proviso would be difficult to ensure.
- d) Civil chartering rates are well below RAF "full costs". Security should not be a major problem. Given our limited requirement and the short duration of most journeys civil charters would be a more economic alternative than ownership, avoiding the need for capital outlay and future additional expenses likely to arise when operating an aircraft.

/ e)

- e) A contract "guaranteeing" to provide chartered aircraft to meet a specified annual requirement would allow a similar degree of flexibility in arranging the Secretary of State's programme for a visit as provided at present when RAF HS125 aircraft are used.
- f) Alternatively, the possible availability in future of the CAA Flying Unit should be further explored. Their rates are similar to the RAF's earlier "additional costs".

M R McIntosh (Miss)
c/o Personnel Operations Department
233 3825

1 May 1981

copies to: Miss Chaplin
(PCD)
G 6/G

Mr Streeton
Finance Officer
CH 504

Mr Rickett
NO. 10

RAF

HOURLY FULL COST RATES (£)

	<u>VC10</u>	<u>Andover</u>	<u>HS125</u>
Fuel	1620	251	286
Spares, repairs and ground equipment	500	407	355
Wastage and 3rd party claims	25	36	12
En route charges	480	274	247
Service pay etc	435	582	380
Personnel administration	238	359	234
Airfield overheads	122	273	298
Aircraft depreciation	680	257	365
Interest on aircraft capital cost	680	296	292
Contingency allowance	490	280	251
	<u>5270</u>	<u>3015</u>	<u>2720</u>

HS 125/700 Series

Power type	:	Jet
Range	:	2300 nm
Capacity	:	8-12
Purchase price (April 1981)	:	£2.86 million
Write-off over 15-20 years		
Cost per flying hour	:	
(Annual total 500)		

Variable cost:-

Journey distance:-

	<u>500 nm</u>	<u>1500 nm</u>	<u>2240 nm</u>
Fuel	£130	126	125
Landing fees	18	10	9
Frame maintenance	61	59	59
Engine maintenance	<u>161</u>	<u>91</u>	<u>64</u>
	370	286	257

Direct costs

Depreciation	£286
Interest	323
Insurance	114
Crew	<u>68</u>
	791

Total	500 nm	1500 nm	2240 nm
	<u>£1161</u>	<u>£1077</u>	<u>£1048</u>

BA 146/100

Power type : Jet
 Range : 800-1000 nm
 (1500 nm with only 40-50
 passengers + extra fuel tank)
 Capacity : 71-88
 Purchase price : £5 million
 (Early 1981 price)

Write off over 16 years

Cost per flying hour:-
 (Annual total 500)

Variable costs:

Fuel	£409	
Landing fees	114	
Navigation	24	
Maintenance	<u>150</u>	
		£697

Direct Costs

Depreciation	255	
Interest on capital	255	
Insurance	<u>255</u>	
		<u>£765</u>
Total		<u>£1462</u>



Restricted

MAP (O/R) MJP
to see
MS
231A

Foreign and Commonwealth Office

London SW1A 2AH

22 April 1981

M A Pattison Esq
10 Downing Street
LONDON SW1

Dear Mike

MINISTERIAL AIRCRAFT

I think you know that the FCO have been thinking for some time about the possibility of running civilian aircraft for short-term journeys by our Ministers or, if a suitable air ~~line~~ could be found, for medium-haul journeys as well.

When we spoke the other day you mentioned that you planned to carry out an investigation into MacAlpine's charges. You may like to know that the Chief Clerk has agreed that a member of the FCO, Miss Miriam Mackintosh, should carry out a preliminary cost-benefit analysis of operating a civilian aircraft, possibly as part of MacAlpine's Joint User or Owner's Exclusive Use schemes. Miss Mackintosh will be starting work on her project tomorrow and I should be grateful if you could see her sometime to make sure that your investigations and ours do not overlap. I shall be away in Ottawa all next week so I shall ask Miss Mackintosh to get in touch with you direct.

Yours ever

Brenda

E B Chaplin (Miss)
Protocol and Conference Department



McALPINE AVIATION LIMITED

LUTON AIRPORT, LUTON, LU2 9NT.

YOUR REF
OUR REF Issue 2/prd

TELEPHONE: LUTON (0582) 24182
TELEX: 82185

ESTIMATED OPERATING COSTS OF HS.125 SERIES 3BRA - 600 AIRCRAFT

EXCLUSIVE USER SCHEME

ANNUAL COSTS BASED ON 450 HOURS PER ANNUM

1. <u>Fixed Costs:</u>	£	£
Insurance (indication)	12,000	
Management Fee	68,850	
Scheduled Maintenance to 450 hours including Hangarage, Technical Publications and CAA Fees	29,000	109,850
SUB TOTAL 1:		109,850
2. <u>Direct Operating Costs:</u>		
Power by the Hour - two engines @ £90.00 per hour x 450 hours	40,500	
Fuel @ £350.00 per hour	157,500	
Spares @ £100.00 per hour	45,000	243,000
SUB TOTAL 1 & 2:		352,850
3. <u>Variable Charges:</u>		
Landing Fees (say one every 1½ flying hours) 300 @ £55.00 per landing	16,500	
International Route Charge £42.50 per hour x 450	19,125	35,625
OWNER'S COST PER ANNUM		388,475
Cost per Flying Hour (450 hours)	£863.00	

The additional cost to these figures would be Crew Night Stop Expenses and Airport Surcharges as incurred. These estimates are also exclusive of Aircraft Handling and Parking together with any Airport Passenger Arrival or Departure Taxes.

NOTE: These estimates do not take into consideration the cost of capital employed on the one hand, nor the benefits of tax allowances on the other.



M^CALPINE AVIATION LIMITED

LUTON AIRPORT, LUTON, LU2 9NT.

YOUR REF
OUR REF .Issue 2/prd

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TELEX: 82185

ESTIMATED OPERATING COSTS OF HS.125 SERIES 3BRA - 600 AIRCRAFT

JOINT USER SCHEME

ANNUAL COSTS BASED ON 450 HOURS PER ANNUM

	£	£
1. <u>Fixed Costs:</u>		
Insurance (indication)	12,000	
Management Fee	59,500	
Scheduled Maintenance to 450 hours including Hangarage, Technical Publications and CAA Fees	29,000	100,500
SUB TOTAL 1:		100,500
2. <u>Direct Operating Costs:</u>		
Power by the Hour - two engines @ £90.00 per hour x 450 hours	40,500	
Fuel @ £350.00 per hour	157,500	
Spares @ £100.00 per hour	45,000	243,000
SUB TOTAL 1 & 2:		343,500
3. <u>LESS: Assumed Charter Contributions</u>		
225 hours @ 80% of *£942.50 plus Fuel Surcharge of £25.00 per hour	175,275	175,275
		168,225
4. <u>PLUS: Own Use Costs</u>		
Landing Fees (say one every 1½ flying hours) 150 @ £55.00 per landing	8,250	
International Route Charge £42.50 per hour x 225	9,562	17,812
OWNER'S COST PER ANNUM		186,037
Owner's Cost per Flying Hour (225 hours)	£826.00	

The additional cost to these figures would be Crew Night Stop Expenses and Airport Surcharges as incurred. These estimates are also exclusive of Aircraft Handling and Parking together with any Airport Passenger Arrival or Departure Taxes.

NOTE: These estimates do not take into consideration cost of capital employed on the one hand, nor the benefits of tax allowances on the other.

* This figure is less agents commission or discounts where applicable.

Directors: K. McAlpine D.L. R. J. Young (Managing) D. E. A. Budden F.C.A.
S. D. Fenton J. P. B. O'Neill M.B.E.

Registered Office: 40 Bernard Street, London WC1N 1LG
Registered Number: 977552



McALPINE AVIATION LIMITED

LUTON AIRPORT, LUTON, LU2 9NT.

YOUR REF Issue 2/prd
OUR REF

TELEPHONE: LUTON (0582) 24182
TELEX: 82185

ESTIMATED OPERATING COSTS OF HS.125 SERIES 700B AIRCRAFT

JOINT USER SCHEME

ANNUAL COSTS BASED ON 450 HOURS PER ANNUM

1.	<u>Fixed Costs:</u>	£	£
	Insurance (indication)	20,000	
	Management Fee	59,500	
	Scheduled Maintenance to 450 hours including Hangarage, Technical Publications and CAA Fees	32,750	112,250
	SUB TOTAL 1:		112,250
2.	<u>Direct Operating Costs:</u>		
	Engine Maintenance - two engines @ £52.00 per hour x 450 hours	23,400	
	Fuel @ £205.00 per hour	92,250	
	Spares @ £100.00 per hour	45,000	160,650
	SUB TOTAL 1 & 2:		272,900
3.	<u>LESS: Assumed Charter Contributions</u>		
	225 hours @ 80% of*£987.50 plus Fuel Surcharge of £20.00 per hour	182,475	182,475
			90,425
4.	<u>PLUS: Own Use Costs</u>		
	Landing Fees (say one every 2½ flying hours) 90 @ £55.00 per landing	4,950	
	International Route Charge £42.50 per hour x 225	9,562	14,512
	OWNER'S COST PER ANNUM		104,937
	Owner's Cost per Flying Hour (225 hours)	£466.00	

The additional cost to these figures would be Crew Night Stop Expenses and Airport Surcharges as incurred. These estimates are also exclusive of Aircraft Handling and Parking together with any Airport Passenger Arrival or Departure Taxes.

NOTE: These estimates do not take into consideration cost of capital employed on the one hand, nor the benefits of tax allowances on the other.

* This figure is less agents commission or discounts where applicable.



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YOUR REF
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ESTIMATED OPERATING COSTS OF HS.125 SERIES 700B AIRCRAFT

EXCLUSIVE USER SCHEME

ANNUAL COSTS BASED ON 450 HOURS PER ANNUM

1.	<u>Fixed Costs:</u>	£	£
	Insurance (indication)	20,000	
	Management Fee	68,850	
	Scheduled Maintenance to 450 hours including Hangarage, Technical Publications and CAA Fees	32,750	121,600
	SUB TOTAL 1:		121,600
2.	<u>Direct Operating Costs:</u>		
	Engine Maintenance - two engines @ £52.00 per hour x 450 hours	23,400	
	Fuel @ £205.00 per hour	92,250	
	Spares @ £100.00 per hour	45,000	160,650
	SUB TOTAL 1 & 2:		282,250
3.	<u>Variable Charges:</u>		
	Landing Fees (say one every 2½ flying hours) 180 @ £55.00 per landing	9,900	
	International Route Charge £42.50 per hour x 450	19,125	29,025
	OWNER'S COST PER ANNUM		311,275
	Cost per Flying Hour (450 hours)	£692.00	

The additional cost to these figures would be Crew Night Stop Expenses and Airport Surcharges as incurred. These estimates are also exclusive of Aircraft Handling and Parking together with any Airport Passenger Arrival or Departure Taxes.

NOTE: These estimates do not take into consideration the cost of capital employed on the one hand, nor the benefits of tax allowances on the other.

10 DOWNING STREET

Costs of buying, operation

maintenance, & servicing 7 McA
Joint over scheme J

Limited requirement: so don't have breakeven
500 hours.

Present requirement 88 hrs.

Civil charter: would offer savings on full costs.

Prices above doubt on charging basis.

Operating 115 125 / Industry come out much less.

Civil part include profits. Components of charging
are same. Major items are depreciation and
interest. DVI is historic depreciation over 20 yrs
(15 yrs for commercial)
1000 hrs.

cost of money 10% over 7 years

115 125 - DVI 6.3 m @ 2.2 = £2.86 m
not depreciation is higher.

Variable costs depend on distance.

500 nm	£1110 ph	DVI	BAC	115125
1500 nm	£1030 ph		RAF	£2720 ph
			McA	£1050 ph

Murphy Airline, (Brussels, Belfast)

Brussels round £985 £5940

Hogg Roberts £1800 Belfast 2 hr
total

FLO Security relaxed. wouldn't say

RAF should be chosen on security grounds.

From: J L Roberts (AUS(SO)(Air))



MINISTRY OF DEFENCE

Main Building, Whitehall, London SW1A 2HB

Telephone (Direct Dialling) 01-218 6282

(Switchboard) 01-218 9000

AUS(SO)(Air)/202/81

13 April 1981

J E Hansford Esq
HM Treasury
Great George Street
S W 1

Dear John,

VIP FLIGHTS FOR MINISTERS - AIR TRANSPORT COSTS

At Colin Humphreys' meeting on 24 March I agreed to let departments know how the current full cost charges for RAF aircraft were made up. This is done by assessing the annual cost of the constituent elements for each aircraft type on the lines indicated in Annex A, and dividing these by the annual number of flying hours authorised for the type, to produce the detail in Annex B.

2. The methodology, which owes a great deal to guidance from your department, has recently been examined by one of your experts, and I understand that he was content.

3. We are in touch with British Airways to obtain an assessment of how commercial costs on their VC10s and other narrow-bodied aircraft, such as the Boeing 707, are calculated. I shall let you know the outcome when I have it to hand.

4. I am copying this letter to Sir Edward Youde (FCO), Peter Towers (CSD), Mike Pattison (No 10) and Peter Coston (NIO).

Yours ever
John Roberts

ELEMENTS INCLUDED IN FULL COST CHARGES

1. Fuel. The quantity of fuel and oil consumed is costed at the latest contract price.
2. Spares and Servicing. Includes the cost of labour and spares expended in overhaul and repair of airframes, engines, aircraft installed equipment; overheads and running costs of ground maintenance and test equipment.
3. Wastage and Third Party Claims. An actuarial assessment of the risk of loss of or damage to the aircraft and loss, damage or injury claimed against MOD on behalf of third parties.
4. En Route Charges. Average costs incurred on behalf of passengers (basic in-flight refreshment), the crew (subsistence) and the aircraft (navigation, landing, parking and other airfield service charges).
5. Pay. Capitation rates for squadron personnel, air and ground, including pay, pensions, training and related elements.
6. Personnel Administration. Manpower costs up to Command level that are attributable to administrative support of squadron personnel.
7. Airfield Overheads. Depreciation and interest on capital for RAF estate, buildings and installations attributable to the squadron; and ground fuels, heating, lighting etc.
8. Aircraft Depreciation. The estimated replacement value of aircraft, at current prices, amortised over the estimated life (20 years in the case of the VC10).
9. Interest on Capital. The principal is the mid life depreciated value, updated for price, and the rate of interest reflects the required rate of return on investment.
10. Contingency Allowance. Calculated in accordance with the Treasury's 'Guide to the Calculation of Fees and Charges'.

HOURLY FULL COST RATES (£)

	<u>VC10</u>	<u>Andover</u>	<u>HS125</u>
Fuel	1620	251	286
Spares, repairs and ground equipment	500	407	355
Wastage and 3rd party claims	25	36	12
En route charges	480	274	247
Service pay etc	435	582	380
Personnel administration	238	359	234
Airfield overheads	122	273	298
Aircraft depreciation	680	257	365
Interest on aircraft capital cost	680	296	292
Contingency allowance	490	280	251
	<u>5270</u>	<u>3015</u>	<u>2720</u>



Northern Ireland Office

Great George Street, London, SW1P 3AJ
Telephone 01-930 4300 ext.

*Mr. Agnew's used
info from London*

*With Compliments
J. F. Payne*



FIN 47/287/01

NORTHERN IRELAND OFFICE
GREAT GEORGE STREET,
LONDON SW1P 3AJ

D C Humphreys Esq CMG
DUS(Air)
Ministry of Defence
Main Building
Whitehall
LONDON SW 1.

10 April 1981

Dear Mr Humphreys

AIR TRANSPORT COSTS

Following your meeting on 24 March I have checked with the civil air charter firms mentioned in the Rules Governing Travel By Ministers on the prices they would charge for a return trip to NI by comparable aircraft to the RAF Andovers and HS 125s. The charges appear to be broadly comparable with the extra costs charged by the MOD prior to 1 April this year: in some cases they are marginally higher and in other cases marginally lower. I understand that the firms concerned could make appropriate arrangements for security, insurance and so on.

2. This places me, as a representative of a customer department, in a dilemma unless we can resolve the charges issue very soon. As a customer the choice for me is clear: either we should revert to extra costs for RAF flights which on balance I would prefer both for security and convenience reasons; or I should go out to civil charter and agree with you appropriate adjustments to the PESC transfer. I accept, however, that other Departments have different choices to make.

Yours sincerely,
Anne Sheppard

for.

J F MAYNE

(Dictated by Mr Mayne and
signed in his absence)

Copies to be sent to

KE.
Mr Youde FCO
Mr Towers CSD
Mr Kerr Treasury
Mr J Roberts AUS(SO)(Air) MOD

Mr. Ministers
MR WHITMORE *MS*

cc Mr Alexander
Miss Parsons

Cost of Prime Minister's Air Travel

Today's meeting at the Ministry of Defence made some limited progress.

The basic principle of full cost charging was endorsed by all present (Defence, Treasury, FCO, NIO, and me). The particular problem of applying this principle in respect of VC10s was acknowledged. We might have made more progress by focusing on this area of uncertainty were it not for the fact that the NIO saw the risk of being isolated, as their interest is exclusively in the short-haul aircraft.

As one result of the meeting, MOD will circulate breakdowns of the full cost charges in respect of HS125s, Andovers, and VC10s. (No-one else had seen the VC10 breakdown offered to us last October.) Enquiries will also be made through the Department of Trade to see whether comparable cost figures are available for British Airways' VC10s. There was the general belief that there might be scope for recalculating the "full cost" of all RAF aircraft used for VIP flying. (When we have those figures, we might even contemplate asking commercial accountants to have a look at them, following the precedent used recently with the water authorities.) This approach might offer some reduction, but I doubt whether it can do much to affect the scale of the discrepancy between what is now available commercially and what is currently assessed as the full cost of using RAF aircraft.

The second area of discussion was the basis of the PESC transfers. The Treasury take the view that user Departments have received a PESC transfer in respect of the full cost of MOD services in the expectation that they will spend the money on MOD services. MOD argue that if those services are not to be purchased by the user Departments, then the extra allocations should be transferred back. The Treasury seem to accept this, arguing that user Departments would then be left with travel

/funds

funds on the basis of the old extra cost charges. The FCO and I argued that full cost arrangements were designed to enable Ministers to make the best use of resources: that the transfers ought to provide us with funds which we could disburse on the most economical services available to us: and that if the Prime Minister wished to use the extra money more efficiently by, say, travelling commercially as well as ^{hiring} A. Walters without exceeding the overall cash limit for No.10, this ought to be perfectly legitimate. On the other hand, if the Treasury insisted that MOD should get back the difference between extra cost and full cost charging when we use charters, the real cost to public funds under the new system could be increased: Defence would spend on defence tasks most of the funds earmarked for real cost travel, whilst the Prime Minister might spend slightly more on commercial hire than on the old extra cost travel system. [And this ignores hidden security costs.] By this means, she could reduce the increase in the published cost of running No.10 from about 15% in the current year to perhaps 6 or 7%, but public funds would actually be meeting more costs. All this suggested that the full cost system as interpreted for the VC10s would not have the intended effect of improving resource management. The only way to improve it in these circumstances would be if MOD felt able to slim down their VC10 fleet, but at present they were maintaining the line that it had to be kept at present levels for the war-time task.

All this led back to one of the two exceptions allowed under the full cost arrangements by the Treasury: cases where spare capacity could more efficiently be utilised by some variation in charges. There is no clear cut answer in respect of the VC10s, but MOD and Treasury do seem to acknowledge that there is a problem, and that it could be possible to reconsider the details in the particular case of the VC10 without undermining the basic principles. We will not, I fear, find a solution quickly, but we will be able to improve the system in time for the PM's summer travels.

MAJ

24 March 1981



M A Pattison Esq

with the compliments of

MINISTRY OF DEFENCE

Mr J L Roberts

From: J L Roberts (AUS(SO)(Air))

3pps



Ministers

MINISTRY OF DEFENCE

Main Building, Whitehall, London SW1A 2HB

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(Switchboard) 01-218 9000

AUS(SO)(Air)/139/81

20 March 1981

N E A Moore Esq
Civil Service Department
Whitehall
London S W 1

Dear Noel,

VIP FLIGHTS FOR MINISTERS - AIR TRANSPORT COSTS

I am responding to your letter of 27 February to John Mayne, as the question of charges for flights in RAF aircraft falls in my sphere of responsibility. Since this has become a topic of rather more general interest in Whitehall in recent weeks, I am copying this more widely than yours.

The RAF possesses a number of types of aircraft suitable for the carriage of VIP passengers: long-range VC10s, short and medium-range HS125s and Andovers of No 32 Squadron, and helicopters. (There are also the aircraft of The Queen's Flight which can be used under certain conditions by a limited list of senior Ministers.) The size of the VC10 fleet is based on its war-time task, although it is of course a capital asset from which we get a great deal of use in peacetime. As for the communications aircraft, the size of the fleet takes account of the peacetime requirement for VIP flying - a substantial proportion of which is for Ministers. Unfortunately we are unable to run the communications fleet like an airline. Our flying intensity is much less (some civil aircraft spend anything up to 12 hours per day in the air) and we are obliged to retain the aircraft for as long as we can, in order to postpone the capital cost of replacement. We cannot write them off as a civil operator would do. Thus our full cost rates tend to be above the commercial equivalent because overheads have to be amortized over fewer flying hours. On the other hand, of course, our Whitehall customers derive the benefits of security and convenience, for example when flown to places or at times that cannot be accommodated by scheduled or chartered flights. This is one of the major reasons why the fleet was established in the first place.

In March last year we wrote to all our customer Departments forewarning them of the cost implications of DAO 7/79 - the Treasury rules introducing the need for full adjustment of costs between Exchequer Departments - and asking them to consider what effect these might have on their Ministers' use of RAF aircraft from

1981/82. The main purpose was to establish the value of PES transfers that would be needed to neutralise the effect on departmental estimates. (In the event, I understand that in settling the 1981/82 Estimate the Treasury made adjustments based upon pay and price variations, which for all practical purposes comes to the same thing.) For example, a sum of £1.3M at Survey 80 prices was agreed with the NIO, representing a gross turnover of £1.6M at Survey prices or about £2.0M at 1981/82 prices; £.3M has been transferred from MOD to your Estimate provision specifically to offset the higher charges for the Prime Minister's flights, and adjustments to MOD votes have also been agreed with the other customer Departments.

W
I do not think therefore that there can be any question of renegeing on this arrangements, at least for 1981/82, as the NIO have suggested, though the Treasury may care to comment on the practical possibility of putting the pay and price adjustments into reverse. We certainly cannot afford to do without the prospective receipts against which the transfers were agreed. As for the presentational point, I should have thought it was perfectly possible to draw a distinction between a transfer between Exchequer Departments and a payment to a commercial firm. But here, again, perhaps the Treasury may like to comment, since the ruling is basically theirs.

You probably know that because of current pressures on the Defence Budget, and in particular on the over-riding need to conserve fuel, we have had to cut back very severely already on the utilisation of the communications fleet. If, in the years following 1981/82, Departments as a whole believe that they will be making less use of our aircraft than in the past, then it is inevitable that the question of maintaining the fleet at its present size will arise. We could not afford to keep the present number of aircraft in operation against a potential VIP commitment without knowing whether other Government Departments would prefer to use them or the civil operators. But of course if they are allowed to go it is unlikely that they will be replaced.

Yours sincerely
John Roberts



244
Civil Service Department
Whitehall London SW1A 2AZ
01-273 4400

Mike Pattison
Private Secretary to the
Prime Minister
10 Downing Street
LONDON SW1

19 March 1981

Dear Mike

You asked for a note about PES transfers to CSD for full cost basis repayments for MOD charter aircraft costs.

There has been a general directive to departments to move from an extra cost to a full cost basis on repayment transactions between Exchequer departments. The Ministry of Defence will be implementing this change from 1981-82 in respect of departmental use of RAF aircraft. This change will roughly treble the charge borne on the CSD's vote for the Prime Minister's overseas visits.

The estimated cost of aircraft charter in 1981-82 on the old basis is £168,000 which increases by £332,000 to £500,000 on a move to full costs. This calculation was agreed with MOD and Treasury approved the inclusion of the additional sum in estimates. The intention is to transfer this sum from the Defence budget to CSD.

The question of PES transfers for 1982-83 and subsequent years will be dealt with in the context of the 1981 survey but it is assumed that similar transfers will be permitted.

*Yours sincerely
Vivien Life.*

VIVIEN LIFE
APS Lord President



Civil Service Department
Whitehall London SW1A 2AZ
01-273 4400

M A Pattison Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON SW1

16 March 1981

Dear Mike

Thank you for the copy of your minute of 9 March to George Walden about the effect of the full cost charging arrangements for use of RAF aircraft by the Prime Minister and Foreign and Commonwealth Secretary.

The Civil Service Department will be represented by Peter Towers, the Principal Establishment Officer, at the proposed discussion in the Ministry of Defence.

I am copying this letter to George Walden, Peter Jenkins and Colin Humphreys.

Yours sincerely
Vivien Life

VIVIEN LIFE
APS Lord President



10 DOWNING STREET

From the Private Secretary

13 March 1981

HS

Minutes
"Arrangements
in hand."
MAP.
16/3

Following our conversation earlier in the week about air travel by the Prime Minister and others, I have been in touch with the Foreign and Commonwealth Office, the Treasury and the Civil Service Department. They would wish to field the following for a meeting:

Foreign and Commonwealth Office

Sir E. Youde
Terry Streeton (Finance Officer) or
Brenda Chaplin (Protocol and Conference Department) and
Roderic Lyne (Private Secretary).

Treasury

J.E. Hansford or
J.O. Kerr

Civil Service Department

P. Towers (Establishment Officer)

Perhaps your secretary could set up a meeting to include these and me as soon as possible.

M. A. PATTISON

CS

D.C. Humphreys, Esq., C.M.G.

BF 1/7

MR. WHITMORE *KML*

c. Supt. Cawthorne
Miss Parsons
Miss Stephens

I attach a copy of a minute from one of your distinguished predecessors, to the then Prime Minister, covering a note of arrangements for Prime Ministerial travel as at 1 May 1974.

There is no more recent formal statement of policy on air travel by Prime Ministers. As you know, the cost of hiring RAF aircraft is now a serious issue. We are considering the possibility of using charter aircraft for overseas visits, and we have also looked at the possibility of charter aircraft, or private aircraft loans, for some journeys in the UK. We may wish to use arrangements which breach the 1974 principles in respect of several forthcoming journeys, including those to India/the Gulf, Neston on behalf of GEC, and parts of the Balmoral weekend in September.

The existing exception for travel during an election campaign demonstrates that adequate security arrangements have been organised for non-RAF aircraft in the past. We have also effectively breached the rules by using a non-RAF helicopter for the Prime Minister. Before we promulgate new standing instructions, you may wish to consult the Prime Minister and Superintendent Cawthorne may wish to comment on the security ground rules which will be necessary for security coverage of non-RAF aircraft. Arrangements may require some negotiation with the Ministry of Defence if we intend to ask the RAF to take security responsibility when the plane is on the ground in all cases.

MAD

Mr Cawthorne.

We spoke about this at lunch.

You told me you had discussion with

Supt. Cawthorne, who was trying to get an estimate of the security costs of using non-RAF aircraft.

I shall need to consult the Prime Minister in due course, whatever we decide to do. If we remain with the RAF, I must have to know how the effect on No 60 hand costs presently. If you decide to involve the BA/private

13 March 1981

except in cost funds, we will need to approve the change.

*AKS
16iii*

11-10-1972 2
STR
G. H. ...
J. ...

PRIME MINISTER

On 19 May 1972 I wrote to you on Mr. Heath's instructions to let you know of certain changes which were being made in transport arrangements for the Prime Minister's journeys in Great Britain. Tony Field acknowledged this letter on your behalf on 7 June 1972.

With this minute I attach a note of the transport arrangements as they now stand, which are in fact those of which I notified you. I should be glad to know that you are content with them.

The memorandum does not deal specifically with journeys between London and the Scillies.

X
If you approve the arrangements in this memorandum, it will follow, I think, that the normal expectation will be that you will journey between London and Penzance by train. For journeys between Penzance and the Scillies, the Royal Navy have undertaken to fly you to and from the Scillies by helicopter when 'The Scillonian' is not convenient, since security considerations preclude the use of the B.E.A. scheduled service. The normal air fare will be charged. If you need to make the whole journey between London and St. Mary's by air, the R.A.F. will normally fly you between London and Culdrose, and the Royal Navy will fly you between Culdrose and St. Mary's.

✓

REA

1 May 1974

TRANSPORT ARRANGEMENTS FOR THE PRIME MINISTER

By Car

1. The official cars contain communication and security facilities which ought to be at hand wherever the Prime Minister travels by car in this country. There is also advantage in the Prime Minister always being driven by one of the No 10 drivers, who have experience of difficult situations and are used to working closely with his protection officers.

2. One of the official cars will therefore be used for all the Prime Minister's car journeys in any part of Great Britain, whether the journeys are on official, party, constituency or private business.

4 X 1
3. Where the car is used on official business, or on a visit to the Prime Minister's constituency or to his home, in respect of which the Prime Minister could as a Member of Parliament claim reimbursement of travel expenses, the cost will fall on official funds.

4. Where the car is used on non-official business for journeys in respect of which the Prime Minister could not as a Member of Parliament claim reimbursement of travel expenses, the Prime Minister will pay for the use of the car at a rate based on the motor mileage allowance payable to civil servants who use their private cars on official business. On this basis, the Prime Minister will pay for any such journeys at the rate of 6.6p per mile, plus a supplement of 0.5p for any non-official passenger who accompanies him.

By Air

5. The avoidance of risk (not only to the Prime Minister but also to other travellers) precludes the use of scheduled air services by the Prime Minister. It also precludes his use of privately chartered, hired or borrowed aircraft. When

travelling by air, the Prime Minister should be flown either by the Royal Air Force or by the Civil Aviation Flying Unit. An exception is made for an election campaign. For this period the R.A.F. undertake to security check the Prime Minister's aircraft to the same standard as their own, and, with the police and airport authorities, will arrange appropriate guards for it.

6. Where the air journey is on non-official business, the Prime Minister should pay a charge, based on the cost (estimated where necessary) of making the flight by scheduled first class service, in respect of himself and of any non-official passenger who accompanies him.

7. Only in exceptional circumstances (e.g. if it is necessary to return to London at short notice for official business) should the Prime Minister fly by R.A.F. or C.A.F.U. to or from private engagements. It follows that the Prime Minister will normally travel to and from such engagements by car or train.

Minister
MA 10/3
MR. WHITMORE

c. Supt. Cawthorne
Miss Parsons
Miss Stephens ✓

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M. A. PATTISON

13 March 1981

100-111111-2
STR
On 7 June 1972
John Young
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✓

REA

1 May 1974

COPIED ON 10 APRIL 1952
PRIME MINISTER

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Foreign and Commonwealth Office

London SW1A 2AH

12 March 1981

Dear Mike,

Thank you for your letter of 9 March with which you enclosed copies of recent letters between Clive Whitmore and Sir Frank Cooper.

We would like to be represented at the proposed meeting in the Ministry of Defence by Sir E Youde, Terry Streeton (Finance Officer)/or Brenda Chaplin (Protocol and Conference Department), and Roderic Lyne (Assistant Private Secretary).

I am copying this letter to Jim Buckley and Peter Jenkins.

G G H Walden

(G G H Walden)
Private Secretary

M A Pattison Esq
10 Downing Street



10 DOWNING STREET

From the Private Secretary

9 March 1981

I enclose a self-explanatory exchange of personal letters between Clive Whitmore and Sir Frank Cooper, about the effect of the full cost charging arrangements for the use of RAF aircraft by the Prime Minister and Foreign and Commonwealth Secretary.

As suggested in Sir Frank Cooper's letter, Colin Humphreys is ready to hold a discussion of these problems. It would clearly be useful to include all the Departments directly affected by these questions. I should be grateful if you and Jim Buckley (Civil Service Department) and Peter Jenkins (HM Treasury), to whom I am copying this letter, could let me know who could best represent you at a discussion in the Ministry of Defence in the near future.

I am sending a copy of this letter to Colin Humphreys at the Ministry of Defence for information.

M. A. PATTISON

G.G.H. Walden, Esq., C.M.G.,
Foreign and Commonwealth Office.

PERSONAL

PERSONAL



MINISTRY OF DEFENCE

MAIN BUILDING WHITEHALL LONDON SW1A 2HB

Telephone 01-218 2193 (Direct Dialling)

01-218 9000 (Switchboard)

PERMANENT UNDER-SECRETARY OF STATE
SIR FRANK COOPER GCB CMG

4 March 1981

PUS/81/194
1/16

C A Whitmore Esq
10 Downing Street
London SW1

Frank Cooper

AIR TRAVEL BY THE PRIME MINISTER

Thank you for your letter of 9 February about our charges for special flight aircraft about which we had a brief word during the Washington trip.

The change-over to "full charges" was made on Treasury direction. Our costs are higher because we do not fly our aircraft at commercial intensity and will be flying them even less next year as part of the economies in the Defence programme. As I understand the position a transfer of survey provision has been agreed which will take effect from next year's estimate and is intended to neutralise the budgetary effect of the higher rate of charging. There appears to be some confusion over the effects of the change. I wonder whether it would be worth someone from your staff coming across to discuss the problems with Colin Humphreys here? I gather there is also a potential problem about WRAF at Chequers which might also be discussed.

Would you think it sensible to have the FCO, CSD and Treasury present also?

Frank Cooper

FRANK COOPER

PERSONAL



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

01 211 6402

M Pattison Esq
Private Secretary
10 Downing Street
LONDON
SW1

✓
[Handwritten initials]
3 March 1981

Dear Mike,

As requested in your letter of 18 February, I enclose copies of our records of ministerial visits overseas since 1 October 1980.

In one or two instances, our Accounts Branch has as yet received no claims for subsistence and the final cost of the visit is therefore not yet available.

I should also point out that some of the figures quoted may well be subject to amendment because transactions made on behalf of this Department by Embassies abroad would have been processed through the Post Account system, and our Accounts Branch may not yet have received details.

Yours ever,

G S DART
Private Secretary

Geoff Dart
[Handwritten signature]

MINISTERIAL TRAVEL
RECORD OF SIZE OF DELEGATION
AND COST

Minister	DAVID HOWE wh (SOS)																
Place, Purpose and Date of Visit	OSHD 6 FEB. 1981 - 6 FEB 1981 Discussion with Norwegian Oil Minister																
Composition of the UK Delegation	MINISTER APS/C DART SIR D MAITLAND																
Approximate Costs	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;">a.</td> <td style="width: 65%;">Travel</td> <td style="width: 15%; text-align: right;">£</td> <td style="width: 15%; text-align: right;">1356.00</td> </tr> <tr> <td>b.</td> <td>Hotels and Subsistence</td> <td style="text-align: right;">£</td> <td style="text-align: right;">40.00 EST no claims yet</td> </tr> <tr> <td>c.</td> <td>Other Costs (including transport and entertainment)</td> <td style="text-align: right;">£</td> <td style="text-align: right;">_____</td> </tr> <tr> <td colspan="2" style="text-align: right;">Total:</td> <td style="text-align: right;">£</td> <td style="text-align: right;">1396.00</td> </tr> </table>	a.	Travel	£	1356.00	b.	Hotels and Subsistence	£	40.00 EST no claims yet	c.	Other Costs (including transport and entertainment)	£	_____	Total:		£	1396.00
a.	Travel	£	1356.00														
b.	Hotels and Subsistence	£	40.00 EST no claims yet														
c.	Other Costs (including transport and entertainment)	£	_____														
Total:		£	1396.00														
Distribution	Civil Service Dept (Manpower 1 - Mrs G A Davis) FCO - P&C Dept: Ministerial Visits Committee Files																

MINISTERIAL TRAVEL
RECORD OF SIZE OF DELEGATION
AND COST

Minister	DAVID HOWELL (SOS)													
Place, Purpose and Date of Visit	MIDDLE EAST 4 JAN 81 - 9 JAN 81	Bilateral talks with Energy ministers												
Composition of the UK Delegation	MINISTER PS J WEST P KELLY													
Approximate Costs	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%; text-align: right;">a.</td> <td style="width: 60%;">Travel</td> <td style="width: 35%; text-align: right;">£ 3891.00</td> </tr> <tr> <td style="text-align: right;">b.</td> <td>Hotels and Subsistence</td> <td style="text-align: right;">£ 20.00</td> </tr> <tr> <td style="text-align: right;">c.</td> <td>Other Costs (including transport and entertainment)</td> <td style="text-align: right;">£ _____</td> </tr> <tr> <td colspan="2" style="text-align: right;">Total:</td> <td style="text-align: right;">£ 3911.00</td> </tr> </table>		a.	Travel	£ 3891.00	b.	Hotels and Subsistence	£ 20.00	c.	Other Costs (including transport and entertainment)	£ _____	Total:		£ 3911.00
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b.	Hotels and Subsistence	£ 20.00												
c.	Other Costs (including transport and entertainment)	£ _____												
Total:		£ 3911.00												
Distribution	Civil Service Dept (Manpower 1 - Mrs G A Davis) FCO - P&C Dept: Ministerial Visits Committee Files													

MINISTERIAL TRAVEL
RECORD OF SIZE OF DELEGATION
AND COST

Minister	DAVID HOWELL (SOS)								
Place, Purpose and Date of Visit	Paris (RAF) 9 DEC 1980 - 10 DEC 1980 IEA meeting								
Composition of the UK Delegation	MINISTER PS/J. WEST D & B JONES								
Approximate Costs	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">a. Travel</td> <td style="text-align: right;">£ 2429.16</td> </tr> <tr> <td>b. Hotels and Subsistence</td> <td style="text-align: right;">£ 135 64</td> </tr> <tr> <td>c. Other Costs (including transport and entertainment)</td> <td style="text-align: right;">£</td> </tr> <tr> <td style="text-align: right;">Total:</td> <td style="text-align: right;">£ <u>2,564.80</u></td> </tr> </table>	a. Travel	£ 2429.16	b. Hotels and Subsistence	£ 135 64	c. Other Costs (including transport and entertainment)	£	Total:	£ <u>2,564.80</u>
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Distribution	Civil Service Dept (Manpower 1 - Mrs G A Davis) FCO - P&C Dept: Ministerial Visits Committee Files								

MINISTERIAL TRAVEL
RECORD OF SIZE OF DELEGATION
AND COST

Minister	DAVID HOWELL (SOS)												
Place, Purpose and Date of Visit	BRUSSELS 27 NOV '80 - 27 NOV '80 Energy Council.												
Composition of the UK Delegation	MINISTER APS/ C DART D le B JONES I GILLIS W BURROUGHS												
Approximate Costs	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 5%;">a.</td> <td style="width: 75%;">Travel</td> <td style="width: 20%; text-align: right;">£ 885.00</td> </tr> <tr> <td>b.</td> <td>Hotels and Subsistence</td> <td style="text-align: right;">£ 56.16</td> </tr> <tr> <td>c.</td> <td>Other Costs (including transport and entertainment)</td> <td style="text-align: right;">£</td> </tr> <tr> <td colspan="2" style="text-align: right;">Total:</td> <td style="text-align: right;">£ <u>941.16</u></td> </tr> </table>	a.	Travel	£ 885.00	b.	Hotels and Subsistence	£ 56.16	c.	Other Costs (including transport and entertainment)	£	Total:		£ <u>941.16</u>
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Distribution	Civil Service Dept (Manpower 1 - Mrs G A Davis) FCO - P&C Dept: Ministerial Visits Committee Files												

MINISTERIAL TRAVEL
RECORD OF SIZE OF DELEGATION
AND COST

Minister	JOHN MOORE (PUSS)								
Place, Purpose and Date of Visit	U. S. A. 25 NOV 80 — 3 DEC 80 Ministerial visit								
Composition of the UK Delegation	MINISTER PS/ MR P EDWARDS DR J LEWIS								
Approximate Costs	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">a. Travel</td> <td style="width: 50%; text-align: right;">£ 3144.50</td> </tr> <tr> <td>b. Hotels and Subsistence</td> <td style="text-align: right;">£ 1853.13</td> </tr> <tr> <td>c. Other Costs (including transport and entertainment)</td> <td style="text-align: right;">£</td> </tr> <tr> <td colspan="2" style="text-align: right; padding-top: 10px;">Total: £ <u>4997.63</u></td> </tr> </table>	a. Travel	£ 3144.50	b. Hotels and Subsistence	£ 1853.13	c. Other Costs (including transport and entertainment)	£	Total: £ <u>4997.63</u>	
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Distribution	Civil Service Dept (Manpower 1 - Mrs G A Davis) FCO - P&C Dept: Ministerial Visits Committee Files								

MINISTERIAL TRAVEL
RECORD OF SIZE OF DELEGATION
AND COST

Minister	HAMISH GRAY (MOS)											
Place, Purpose and Date of Visit	OSLO 3 NOV 80 - 4 NOV 80	UK / Norwegian Co-ordinating Committee RAF										
Composition of the UK Delegation	MINISTER T P JONES C HERZIG S SPAIN PS / MISS MCKINLAY											
Approximate Costs	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">a. Travel</td> <td style="width: 50%; text-align: right;">£ 2680.00</td> </tr> <tr> <td>b. Hotels and Subsistence</td> <td style="text-align: right;">£ -</td> </tr> <tr> <td>c. Other Costs (including transport and entertainment)</td> <td style="text-align: right;">no subsistence yet claimed</td> </tr> <tr> <td></td> <td style="text-align: right;">£</td> </tr> <tr> <td style="text-align: right;">Total:</td> <td style="text-align: right;">£ 2,680.00</td> </tr> </table>		a. Travel	£ 2680.00	b. Hotels and Subsistence	£ -	c. Other Costs (including transport and entertainment)	no subsistence yet claimed		£	Total:	£ 2,680.00
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MINISTERIAL TRAVEL
RECORD OF SIZE OF DELEGATION
AND COST

Minister	HAMISH GRAY (MOS)								
Place, Purpose and Date of Visit	CZECHOSLOVAKIA 6 OCT '80 - 8 OCT '80 MEETINGS WITH MINISTER FOR FUEL & POWER								
Composition of the UK Delegation	MINISTER PS/ MISS MCKINLAY MR J D'ANCONA								
Approximate Costs	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">a. Travel</td> <td style="width: 50%; text-align: right;">£ 759.00</td> </tr> <tr> <td>b. Hotels and Subsistence</td> <td style="text-align: right;">£ 15.97</td> </tr> <tr> <td>c. Other Costs (including transport and entertainment)</td> <td style="text-align: right;">£</td> </tr> <tr> <td style="text-align: right;">Total:</td> <td style="text-align: right;">£ <u>774.97</u></td> </tr> </table>	a. Travel	£ 759.00	b. Hotels and Subsistence	£ 15.97	c. Other Costs (including transport and entertainment)	£	Total:	£ <u>774.97</u>
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Distribution	Civil Service Dept (Manpower 1 - Mrs G A Davis) FCO - P&C Dept: Ministerial Visits Committee Files								

Ministers

Y SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switsfwrdd)
01-233 8545 (Llinell Union)



WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switchboard)
01-233 8545 (Direct Line)

ODDI WRTH YSGRIFENNYDD
PREIFAT YSGRIFENNYDD
GWLADOL CYMRU

FROM THE PRIVATE SECRETARY
TO THE SECRETARY OF STATE
FOR WALES

24 February 1981

C.F.

Do our records confirm that none of the Welsh junior ministers have been overseas in this period? MRP

Dear Private Secretary,

OVERSEAS TRAVEL BY MINISTERS

In your letter of 18 February to Geoffrey Dart, which was copied to me here, you asked Departments for a copy of their records of Ministerial travel overseas undertaken since October 1980.

... I enclose a copy of our record accordingly.

Leif D. David

PP D M ROLPH
Private Secretary

M Pattison Esq
Private Secretary to
Prime Minister
10 Downing Street
LONDON

DESTINATION	PERSONNEL	DATE	REASON FOR VISIT
1. <u>United States</u> Cost: Approx £16,000	Secretary of State and Mrs Edwards PS/Mr J F Craig Mr J E Jones - Industrial Director, Welsh Office Industry Department Mr E M Bowen - Principal Information Officer Mr J Griffiths - representing Wales TUC	22 Sept- 11 Oct 1980	Inward Investment Promotion
2. <u>Brussels</u> Cost: Approx £800	Secretary of State Permanent Secretary PS/Mr J F Craig	20-22 Oct 1980	Meetings with EEC Commissioners
3. <u>Japan</u> Cost: Approx £16,000	Secretary of State PS/Mr J F Craig Mr J E Jones - Industrial Director, Welsh Office Industry Department Mr E M Bowen - Principal Information Officer Mr J Griffiths - representing Wales TUC	21 Feb- 4 March 1981	Inward Investment Promotion



SF



2 MARSHAM STREET
LONDON SW1P 3EB

My ref:

Your ref:

20 February 1981

Dear Mike *MP*

MINISTERIAL VISITS OVERSEAS

In your letter of 18 February to Geoffrey Dart you asked Departments to confirm that up-to-date and readily accessible records were kept of Ministerial visits overseas and for a note on Ministerial travel since 1 October 1980.

We do in fact keep an up-to-date central record of all official Ministerial visits both inland and overseas, and of the costs involved as part of the regular Departmental scrutiny of expenditure.

Details of Ministerial overseas travel since 1 October 1980 are shown in the attached table.

Yours ever
Jeff Channing

J P CHANNING
Private Secretary

Mike Pattison Esq

APPENDIX

RECORD OF OVERSEAS VISITS BY MINISTERS OF
THE DEPARTMENT OF THE ENVIRONMENT DURING PERIOD
1 OCTOBER 1980 - 20 FEBRUARY 1981

MINISTER	PLACE VISITED	DATE OF VISIT	COST
John Stanley	France	13-16 November	£ 235.00
Marcus Fox	Brussels	11 December	Cost borne by the EEC
TOTAL DOE EXPENDITURE			235.00



10 DOWNING STREET

From the Private Secretary

18 February 1981

Dear Geoff

David Wright wrote to Ministers' Private Secretaries on 30 September last, drawing attention to changes in "Questions of Procedure for Ministers" on the subject of Ministers' visits overseas.

He explained that there would no longer be a central record of overseas visits and that individual Departments would therefore be expected to maintain an up-to-date and readily accessible record which could be drawn upon at short notice if there was any central or departmental requirement to produce a statement on costs and level of such travel.

Recent experience has shown that we will from time to time have to fall back on these arrangements to enable the Prime Minister to deal with Parliamentary Questions which she will not be prepared to devolve. I am therefore taking the precaution of checking with several Departments that there is an up-to-date and readily accessible record. I should be grateful therefore if you could let me have a copy of your record of Ministerial travel since 1 October 1980, to reach me by the middle of next week.

I am sending copies of this letter to Jeff Channing (Department of the Environment) and Martin Rolph (Welsh Office), with the same request.

I am also sending copies of this letter, for information only, to Murdo Maclean (Chief Whip's Office), Chris Jebb (FCO) and David Wright (Cabinet Office).

Yours ever

Mike Paterson

Geoffrey Dart, Esq.,
Department of Energy.

JS
cc: JOE
NO
CWO
FCO
8

RF 25/4/81

PH

CONFIDENTIAL



Foreign and Commonwealth Office
London SW1A 2AH

Telephone 01- 233 8601

Review
Rh Wright:
You may like to
be aware of this.
Amh

R D H Baker Esq
Finance Branch
Civil Service Department
Loddon House
Basing View
Basingstoke

Your reference

Our reference TXC 101/2

Date 10 February 1981

THE PRIME MINISTER'S OVERSEAS VISITS: COMMUNICATIONS

1. I would like to refer to the Memorandum of Understanding between the Civil Service Department and the FCO of 1975, which agreed the apportionment of costs for the Prime Minister's overseas visits; a copy is attached.
2. Paragraph 4 (j) states that the Civil Service Department will bear the extra costs of FCO communications staff, except when the Foreign Secretary accompanies the Prime Minister on the visit, (my underlining.) This arrangement presupposes that it is the Foreign Secretary's presence, rather than that of the Prime Minister which requires a special and comprehensive communications service and that therefore the DSC Vote should bear the costs. The facts are however, somewhat different.
3. When the Foreign Secretary travels abroad, communications arrangements are usually covered by the resources of the post or posts visited; it is the exception rather than the rule for additional communications staff to be provided. If he goes to cities or areas where we have little or no representation the nearest post may provide an occasional Special Courier service (though, for short visits even this is not required), but there is no question of bringing in and setting up a Telecommunications Centre and all the ancillary arrangements necessary, for example, when the Prime Minister visited Bremen and Venice for the 1978 and 1980 European Councils, respectively.
4. When away from London, the Prime Minister needs to be kept in constant touch with a wide spectrum of issues and policies, including domestic ones and also any incidents such as hi-jacking or indeed embassy sieges, where only she can authorise urgent action required. It is true that a direct telephone link with 10 Downing Street is usually installed but this is never protected and therefore classified matters can only be dealt with by telegram.

/5. I am

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5. I am therefore writing to ask that for the Prime Minister's overseas visits, irrespective of whether she is accompanied by the Foreign Secretary, essential additional FCO communications staff and equipment (including the transport of the latter) as from the beginning of the next financial year, should be regarded as a common service in the usual way, with costs falling to the Sponsor Department, in this case the Civil Service Department. The Appendix to my letter of 17 October, copied to you, to Mr Alexander on the Maastricht Council arrangements serves as a guide to what is involved; a copy is attached for easy reference.

M M Hall
Conference and Visits Section
Protocol and Conference Department

cc Mr M O'D B Alexander, 10 Downing Street
Mr J L Wright, Cabinet Office, G 131/4
Mr R Larcombe, COD (2)
Mr J Perris, Finance Department
Mr R Canning, PCD

CONFIDENTIAL

PRIME MINISTER'S CHARTER FLIGHTS OVERSEAS: COST SHARING

MEMORANDUM OF UNDERSTANDING BETWEEN FCO AND CSD

The following principles have been agreed between the FCO and the CSD for the apportionment of the costs of Ministers and FCO staff travelling in the Prime Minister's chartered aircraft.

1. CSD will be initially responsible for payment of the total costs for the charter of aircraft and any necessary apportionment will be on a pro rata basis.
2. FCO will meet the costs of FCO Ministers, advisers and their Personal Assistants (but see 3 below).
3. Costs under 2 will be met by CSD when a Foreign Office Minister does not travel and when FCO alone provide advisers (viz when there are no advisers from other departments).
4. CSD will meet the costs of common services, including:
 - (a) extra costs of the FCO Conference Officer
 - (b) extra office accommodation overseas
 - (c) extra telephone and telex costs
 - (d) transport costs overseas
 - (e) gratuities
 - (f) entertainment
 - (g) gifts
 - (h) extra expenditure at discretion of Conference Officer
 - (i) extra costs of military security staff
 - (j) extra costs of communications staff (except when the Foreign Secretary accompanies the Prime Minister on the visit).
5. CSD will not be responsible for costs of FCO Ministers travelling as representatives of HMG. (When the Prime Minister or other CSD Ministers travel overseas as representatives of HMG there would of course be an automatic CSD liability but the costs would not be charged against the PM's Office).
6. CSD will meet the costs of a Minister of another department travelling as the representative of the Prime Minister where there is no significant departmental interest.
7. Cases of doubt to be the subject of discussion between FCO and CSD.

December 1975.



Maunter

file 1/15

10 DOWNING STREET

From the Principal Private Secretary

9 February 1981

PERSONAL

AIR TRAVEL BY THE PRIME MINISTER

We are due to go over on 1 April 1981 to the new system under which No. 10 will be charged full costs for the use of RAF aircraft.

We have known for some time that the new arrangements were going to result in a substantial increase in the annual cost of the Prime Minister's air travel. For example, David Omand wrote to Mike Pattison on 3 October 1980 giving him the breakdown of the RAF VC10 flying hour costs under the present system and under the new one: this shows that the cost would jump from £2,170 a flying hour to £5,270. The Prime Minister is aware of this change in the costing arrangements and accepts that it must apply to her travel as part of the more general move to charging for services on a repayment basis.

The attached note to David Omand's letter of 3 October 1980 also warned us that the RAF's full cost rates were likely to be higher than those of their civil counterparts because the amount of flying allowed to the RAF VC10 was deliberately restricted to prolong the aircraft's in-service life, whereas a commercial airline would make much more intensive use of its assets. This warning is now beginning to take practical shape. The Prime Minister is due to go to India and the Gulf States in April, and this will be the first occasion when the new system of charging full costs will apply. The estimated charge for using an RAF VC10 for the trip is £166,000 (under the existing system the figure would be £69,000). We have had enquiries made to see how this compares with what British Airways would charge us if we used one of their aircraft. The cost of using a Boeing 707 with a special interior fit of the kind which the RAF provide when the Prime Minister uses one of their VC10s would be £85,000. If we used a British Airways VC10 so that the Prime Minister did not fly in a foreign aircraft, the cost would be £90,000 (but this would not be an option which would be open to us for overseas visits after the one to India and the Gulf States because British Airways are withdrawing their VC10s from service).

/We had not

We had not expected that the difference between the RAF's charges and a commercial airline's would be so great, but the disparity is such that we really have no alternative but to use British Airways. This situation is going to repeat itself whenever non-Defence Ministers want to undertake a long journey of the kind for which in the past they would have used an RAF VC10. It means that while Defence Ministers and, I suppose, the Chiefs of Staff will be flown by the RAF in British aircraft to countries overseas, the Prime Minister and Ministers from civil departments - and in particular the Foreign and Commonwealth Secretary - will have to fly in foreign aircraft when they go abroad in future. I do not think that anybody foresaw that this situation would arise when it was decided to move over from the present system of charging to the new one.

I am not sure what we can now do. One possibility is that we should stick with the existing arrangements for charging for Ministerial flights using RAF aircraft. Another is to get the RAF to look at the basis on which they calculate full costs to see whether they can be brought more into line with commercial charges. I wonder whether it would be helpful if, when you have had time to think about the problem, I were to come across and have a word with you.

G. A. WHITMORE

Sir Frank Cooper, G.C.B., C.M.G.

WJW

RESTRICTED

1. Mr. Whitmore
2. Miss Stephens

cc: Mr. Ryder
Miss Parsons

Please see Miss Parsons costings below for use of a McAlpine's HS 125.

We cannot take this further at present in respect of the May journey because no final decision has yet been reached on the question of a visit to Sullom Voe.

In principle, it should be possible to accept this cheaper option on occasion. During the 1979 Election campaign, Mr. Callaghan used an aircraft hired through McAlpines, and our security advisers were able to make satisfactory arrangements with the Company over inspection of the aircraft, guarding of it between flights and vetting of the air crew. There is of course a hidden cost to public funds in making these additional arrangements, but I doubt whether we would be able to quantify these, even if one might guess that the true cost to public funds would not be very different either way.

In cases where we see attraction in using such hire arrangements, it would obviously be open to Special Branch to make representations against it for particular reasons. We therefore need to make a choice as early as possible.

MA

3 February 1981

MR. PATTISON
MISS STEPHENS

Copy to Mr. Ryder

I now have estimated figures for a flight to and from Perth in May.

RAF HS125 £5,623

McAlpine HS125 (Series 600) £3,780
(Series 700) £3,900

McAlpines need a slider of £150 to cover crew costs for an overnight stay.

There would be a small extra charge if Northolt opened specially on the Saturday morning.

A civil Series 600 is not permitted to use Northolt (for noise reasons). I understand that McAlpines would be able to make good arrangements with Heathrow.

A Series 700 is acceptable at Northolt.

2 February 1981

If there is any question of the PM going on to Sullom Voe then clearly we would use the RAF.

RESTRICTED

ds

B/F 1 Feb. 1981

Ministers

MR. WRIGHT
CABINET OFFICE

Ministerial Travel

Thank you for your minute of 28 November.

I agree that we could usefully remind Departments of their obligations early next year, and run a simple check at that time. I shall put this in hand in February.

M A PATTISON

2 December 1980

RESTRICTED

MPGM



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MR. PATTISON

Ministerial Travel

You will recall the exchange of minuting and correspondence during August and September about an amendment to Questions of Procedure on Ministerial Travel. This led to my issuing PS(80) 22 to Private Secretaries in Whitehall advising them that following the decision to dispense with a central record of visits overseas, Departments would henceforward be expected to keep their own records.

2. Since then, Committee Section in the Cabinet Office have continued to keep their own record of Ministerial travel overseas as hitherto, to provide sufficient time for the new system to get into operation. It has become apparent, however, that since the amendment to Questions of Procedure and the issue of PS(80) 22 the Cabinet Office has ceased to receive the detailed information about travel which we received beforehand. Although we still receive copies of letters indicating that the approval of the Prime Minister or the Foreign Minister have been given to visits, we no longer receive copies of the letters requesting approval. We do not therefore receive the precise details of proposed visits. This means that there is little value in trying to keep what is increasingly an incomplete record. I therefore intend to instruct Committee Section in the Cabinet Office to stop maintaining their record. Henceforward therefore we will be dependent on Departments' own records with your own files, I imagine, as a back-up.

3. Since the Cabinet Office is no longer receiving all the requests for approval, it may be reasonable to assume that Departments now have their own records in hand as instructed. However, it is for consideration whether in due course there might be some value in checking this. It is at the moment probably too early to do so. But I wonder whether in early February or March it might be worthwhile reminding Departments of the revision of Questions of Procedure and asking them (or only a number of them) to produce a return for overseas travel by their Ministers for a particular period.

(D. J. Wright)

28th November 1980



MO 35/5

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01-~~230 7022~~ 218 2111/3

3rd October 1980

- 1. Mr Whittington ^{MD} 3x.
- 2. Miss Parsons ^P 6/10

^{MD}
MD
3/x.

Dear Mike,

COST OF VC10 FLYING

Thank you for your letter of 23rd September. We are grateful for your agreement that the full cost charging system can apply from 1st April 1981.

/ You asked for a breakdown of the full cost per flying hour for the VC10 aircraft. I attach a note showing how the figure is arrived at in comparison with the current extra cost charge. This is marked Commercial in Confidence since we have found it prudent in dealing with our non-Governmental customers to avoid revealing the detailed methodology behind our charges.

/ The attached figure work is therefore for your information only but I also attach the short line which our Press Office holds on the change-over from extra to full costs for repayment services. We will be very grateful if you could consult us if there is a need to go beyond the press line or use the detailed information in some other context.

Yours ever,
David Omand

(D B OMAND)



RAF VC10 FLYING HOUR COSTS SEPTEMBER 1980

<u>Extra Costs</u>	<u>£</u>	<u>Full Costs</u>	<u>£</u>
Fuel (cost price but including duty)	1500	Fuel	1620
Spares, components and contractors' repairs	355	Spares, components and contractors' repairs and ground equipment costs	500
Wastage and Third Party compensation based on actuarial assessments	25	Wastage and Third Party compensation based on actuarial assessments	25
En route charges (for navigation, landing and parking fees)	195	En route charges (for navigation, landing and parking fees)	480
Cash limit factor to cover normal price increases between one costing and the next	95	Aircrew and Ground Crew pay etc	435
	<u>2170</u>	Airfield overheads and personnel administration	460
		Aircraft depreciation	680
		Interest on aircraft capital cost	680
		Cash limit factor to cover normal price increases between one costing and the next	490
			<u>5270</u>



Extra Cost Rates

1. Extra cost rates are those currently charged to other exchequer departments. They represent only the cost directly attributable to an individual flight. The fuel cost is the product of the hourly specific fuel consumption of the VC10 and the ruling price of aviation fuel. The spares estimate is assessed by dividing the annual cost of spares, components and contractors' labour for the VC10 by the annual flying hours authorised for the squadron. Wastage and compensation are actuarial assessments covering respectively the cost of damage to the aircraft over and above fair wear and tear, and the cost of third party claims against the department that arise from operating RAF aircraft. The contingency element is a Treasury requirement to cover normal price increases between one costing and the next. The route charges average out such miscellaneous costs as aircraft navigation, landing, parking and handling fees, in-flight catering and crew subsistence.

Full Cost Rates

2. Full cost rates are those that we propose to charge generally from next April. The directly attributable elements are marginally higher than those in the extra cost rate because a different pattern of departmental expenses applies to full cost transactions. However, the major difference between the two rates comes from the indirect costs which take account of the invested capital and the manning, organisational and administrative support that is needed to provide and operate the aircraft. Full cost rates are therefore assessed on the lines of a commercial costing, but are likely to be higher than their civil counterparts because the amount of flying allowed to the RAF VC10 (over which the standing costs can be amortized) is deliberately restricted to prolong their in-service life. A commercial airline would make much more intensive use of its assets.

3. In more detail, the personnel costs are based on capitation rates which include an element for training costs. Personnel administration covers manpower costs up to Command level that are attributable to supporting the squadron air and ground crew. Airfield overheads are assessed from capital and depreciation costs of the base airfield infrastructure, and running costs such as light and power. Aircraft depreciation costs are assessed according to the Treasury formula of updating the original cost and assuming a life of 20 years. Interest on the capital of the aircraft is assessed as a percentage of the value at half life. In all these assessments the total annual costs are divided by the number of hours flown by the aircraft in the year.

BRIEF ON RAF AIRCRAFT CHARGES

Q1. Why adjust between departments?

A1. Money is voted annually by Parliament to pay for individual departments' programmes and activities. Departmental accounts must therefore reflect the cost of resources provided by one department for the use of another.

Q2. Difference between rates?

A2. The old rates covered the direct operating costs of the aircraft for the particular flight. The present rates include a proportion of RAF administrative and overhead costs attributable to providing the service.

Q3. Advantage of change?

A3. Mainly to simplify administration by having the one rate for departmental and non departmental customers. Full economic rates are more suitable for such purposes as resource management.

Q4. Effect on public expenditure?

A4. Financial adjustments between Government Departments are neutral, so far as the tax payer is concerned.

Q5. What are the rates?

A5. That is a matter between the departments concerned, but they are assessed in accordance with general accounting guidelines.

CONFIDENTIAL

1) C.A. W. Minister
2) C.F.

Cabinet Office,
Whitehall,
London, SW1

PS(80) 22

30th September 1980

Dear Private Secretary,

Ministerial Travel

You have recently received a Note by the Secretary of the Cabinet containing a number of amendments to Questions of Procedure for Ministers. The first of these concerns paragraph 43 of C(P)(79) 1 which deals with Ministers' visits overseas.

You will see from this amendment that existing arrangements for maintaining a central record of the cost of visits overseas are being discontinued. This decision has been taken with the Prime Minister's agreement following the discovery that the existing central records which should have been maintained in accordance with paragraph 43 were inadequate and did not cover all Ministers' visits overseas. Since this system has been found not to be working adequately, it has been decided that henceforward Departments should be responsible for maintaining their own records of visits overseas by Ministers and Ministerial delegations. These Departmental records should be maintained in an up-to-date and readily accessible form so that they can be drawn upon at short notice if it should be necessary to produce a statement of the overall costs and level of Ministerial travel overseas. In this respect, the disappearance of the central record is not to be taken as implying a relaxation in the need for close and regular scrutiny of the costs and level of travel. Inquiries about such questions will in future be directed to Departments themselves, and they will be expected to be in a position to provide a full account of travel by their Ministers. Ministers should continue to be guided by the principles set out in the Note by the Prime Minister covering the Cabinet Procedure paper on Travel by Ministers (C(P)(79) 2) issued in May last year; in particular they should be satisfied that their travel arrangements can be defended in public if challenged.

I am sending copies of this letter to the Private Secretaries to all members of the Cabinet, the Minister of Transport and the Chief Whip. I should be grateful if you could all ensure that this letter is drawn to the attention of all Private Secretaries to Ministers in your Department and also to the Divisions responsible for Ministerial travel.

Yours sincerely,

Signed D. J. WRIGHT

CONFIDENTIAL



bc RD.H. Baker,
CSD

Minutes

TMP

Miss P. Metcalfe
FCO

10 DOWNING STREET

From the Private Secretary

23 September 1980

BF 2-70-80

We had some correspondence earlier in the year about the charges to be raised for VC10 aircraft used by the Prime Minister after 1 April 1981. I am sorry not to have replied earlier to your letter of 16 May, but we have spoken about this.

I can now confirm that the Prime Minister is content that the full cost charging system should apply to all her flights in RAF aircraft.

As I have explained to you before, there is a particular presentational issue in terms of the cost of running the Prime Minister's office, where these new charges will have an appreciable effect on the published costs, if and when we find a need to release the figures in response to Parliamentary or press enquiries. I should therefore like to have a breakdown of the figure of £5270 per flying hour which will apply from 1 April until the next review in July 1981.

M. A. PATTISON

D.B. Omand, Esq.,
Ministry of Defence.

[Handwritten mark]

PRIME MINISTER

Ministers 1
I don't think we can claim
Special treatment. We shall just
have to take the Press with us.

*N.B. for the Government's content - it might
be easier to charter - with the Press.*

I mentioned to you earlier in the year that we are to be charged for use of aircraft in a different way from next financial year. We have up to now paid a charge related to fuel and spares costs. For the VC10, the current rate is £2170 per flying hour. In future, we are to pay on a full cost basis, with the charge designed to cover all overheads. At present rates, this will be £5270 per flying hour, and the rate will be due for review in July next year.

The charging is in fact a paper transaction, as no money changes hands between Departments. PESC provision for the additional receipts will be transferred from the supplying Department to the user Department. This means that neither the CSD nor Ministry of Defence will gain or lose. But on paper the published cost of running the Prime Minister's office will be increased - if there are parliamentary enquiries which cause us to release figures on the costs of your office.

This move is part of wider steps to institute repayment for services. This is linked with Derek Rayner's drive to make sure that Ministers and Departments are properly aware of the cost of resources that they consume, and reach their decisions against this background.

The change will have particular impact on No.10 because of the public and parliamentary interest in the cost of your office. We have therefore considered whether we should challenge the full cost system in the case of your VC10 flights (and those of the Foreign Secretary). The argument would be that the HS125s and Andovers are retained essentially for VIP flying, so a full cost system is clearly correct. But the VC10s are essentially RAF transport planes, with one of them used for VIP flights on a handful of occasions during the year. It might therefore be right to debit CSD with the marginal additional cost of using them for this purpose,

/rather than

rather than the full cost. This would avoid a somewhat artificial increase in the costs on paper of running your office.

On reflection, I think it would be a bad example if we sought exemption from one element of the new charging system. It would encourage other Departments to look for loopholes. If we are faced with PQs or Press enquiries where the answer will look odd, because of the new charging system, we would ensure that the change is explained in giving the answer.

| Content that we should accept the new charging system for your VC10 flights as well as for other special flights?

MA

19 September 1980



Civil Service Department

LODDON HOUSE
Basing View
Basingstoke Hants RG21 2JT

Telephone 0256 (Basingstoke) 29222 ext 210

BF with papers 7/81 MAF

M A Pattison Esq
10 Downing Street
LONDON SW1

Your reference

Our reference

Date
3 July 1980

Dear Pattison

Thank you for your letter of 26 June 1980 enclosing the reply you have received from MOD about the charges to be raised for VC10 aircraft used by the Prime Minister after 1 April 1981.

It is quite true that the Treasury have issued a general directive to departments that the distinction between Exchequer and non-Exchequer customers should disappear with effect from 1 April 1981. I do not quarrel with this as a matter of general policy and, as Omand points out, there would be no financial advantage to the Defence budget and no disadvantage to us. Incidentally I have been able to confirm from MOD that the reference to 1 July in your letter is to 1 July 1981. MOD say that although the change of policy takes effect from 1 April 1981, for administrative reasons which I do not understand, MOD cannot operate it until the following 1 July.

The fact that CSD will be no worse off in financial terms as a result of the change does not dispel my concern, and indeed I was well aware of the PES points mentioned in the MOD letter. As you know, the cost of running the Prime Minister's Office is a fairly sensitive issue and one which gives rise to regular Questions in Parliament. Whilst it is perfectly possible to provide satisfactory explanations of a jump in costs between 1981-82 and earlier years, on the grounds that MOD are now charging full costs for aircraft chartered by the Prime Minister, we must be prepared to justify those additional costs. I still feel somewhat uneasy about the grounds on which MOD propose to charge for VC10s. If it is recognised that part of the justification for maintaining the VC10 fleet is a requirement from time to time to transport the Prime Minister and other senior Ministers, the Royal Family etc, I find it difficult to swallow the argument that they are being "diverted from their main defence task with considerable disruption to RAF programmes over a lengthy period". I accept the additional administrative, material and manpower costs, but surely it is difficult to justify loading part of the capital costs on to us if the aircraft are maintained primarily for defence purposes. I do not see how MOD can have it both ways.

As a very minimum I feel we should ask MOD to be prepared to defend the basis of their costing if we are challenged. I note that the letter has been copied to the Treasury and I suppose in the absence of any comment we should assume that they too are content.

I will pursue the question of PES transfers with MOD but perhaps you would be good enough to let me know whether you are now content that we should pay on the basis MOD suggest or whether you wish to return to the charge.

Q

I am sending a copy of this letter to Peggy Metcalfe at the FCO in case she has any further comments to make.

Yours sincerely
R D H Baker

R D H Baker
Finance Officer

File on "Ministerial Aircraft"

W
CS

BRITISH AEROSPACE HS 125 SERIES 700

ESTIMATED OPERATING COSTS

Presented by:

The 125 Sales Department
British Aerospace Aircraft Group
Hatfield-Chester Division
Hatfield, Hertfordshire, England

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OPERATING COST ASSUMPTIONS

The figures quoted are based on the experience gained by British Aerospace from the hundreds of HS 125's currently in operation throughout the world and are thought to be fairly typical for present operating conditions. Adjustments may be required by prospective buyers to suit their own requirements and to cater for any local variations.

Depreciation

Policy can differ widely on the method of writing-off capital equipment. The choice of method depends on tax arrangements and the expected resale value. A depreciation rate of 8% per year is often used for accountancy purposes, although in practice the actual figure is significantly lower as borne out by the historical second hand value of all HS 125 Series.

The depreciation of a spare parts holding is not included since the use of the BAe Unit Exchange Scheme available in most parts of the world, obviates investment in all but the barest minimum of spare parts.

Insurance

Due to the excellent safety record of the HS 125, the airframe rate is generally well below 1% per year of the first cost of the fully equipped aircraft.

For passengers and third party cover an annual premium of £4,450 is used. Of the sum, £3,250 would cover third-party liability up to £20 million and the remaining £1,200 would cover personal accident liability at £50,000 per seat. These figures are based on the Antony Gibbs, Sage Ltd insurance scheme for all HS 125 aircraft.

Crew

A salary allowance of £15,000 per year per pilot has been assumed. Crew's expenses, pension fund and other benefits might possibly add another 20% to these salary costs. It has been our experience that these vary considerably depending on location and both salary and expenses have, in some cases, been lower than the values assumed in the following calculations.

Maintenance and Overhaul

Labour

A figure of £15.00 per man hour has been used. It represents the prevailing labour rate currently available from European facilities. Adjustments should be made to suit conditions outside this area. The labour man hours used are those required to cover scheduled maintenance and inspections plus an additional 75% to cover any unscheduled work arising.

Material and Component Overhaul

These costs are based upon a standard aircraft equipped with stock avionics and auxiliary power unit. It has been assumed that the component overhaul will be undertaken, whenever possible, through the British Aerospace 125 Unit Exchange Scheme and the Garrett AiResearch Exchange Programme.

Engines

The engine costs shown are based on information supplied by Garrett for the TFE 731-3R-1H using their Maintenance Service Plan with an hourly charge of \$62.10 per engine for 1980.

Fuel

Fuel costs are based on a fuel price of £0.80/Imp gall and the average fuel consumption figure obtained using the Long Range cruise procedure at 37/41,000 ft, associated with a 2 hour flight time.

Landing Fees

Charges are normally based upon the maximum all-up weight of the aircraft. Navigation charges are included although an extra levy is usually incurred for night operations.

		400	500	600	800
Annual utilisation	hrs	2:00	2:00	2:00	2:00
Average flight time	hrs:min	165	165	165	165
Fuel consumption	imp gal/hr				

Budgetary Aircraft first cost £2.65 million

FIXED ANNUAL COSTS £ STERLING PER FLIGHT HOURS

Depreciation

First cost of fully equipped aircraft £2.65 million depreciated over 10 years to a 20% residual value

	530.00	424.00	353.33	265.00
--	--------	--------	--------	--------

Insurance

Airframe

0.825% of first cost of fully equipped aircraft per annum

	54.66	43.73	36.44	27.33
--	-------	-------	-------	-------

Passenger and third party liability

Annual premium £4,450

	11.13	8.90	7.42	5.56
--	-------	------	------	------

Crew (2)

Annual salary of £15,000 each plus 20% for expenses etc

	90.00	72.00	60.00	45.00
--	-------	-------	-------	-------

Hangarage

£2,000/annum

	5.00	4.00	3.33	2.50
--	------	------	------	------

TOTAL FIXED ANNUAL COST/FLIGHT HOUR

	690.79	552.63	460.52	345.39
	640.270	286.216	750.180	

HOURLY COSTS £ STERLING PER FLIGHT HOUR

Maintenance and overhaul

Airframe

Labour at 100% efficiency and £15 per man hour (man hours required per flight hour shown in brackets)

	22.80	19.50	19.20	13.05
	(1.52)	(1.30)	(1.28)	(0.87)

Materials and component overhaul (Including Avionics)

	19.25	22.37	21.57	25.76
--	-------	-------	-------	-------

Engines

Garrett maintenance service plan hourly charge of \$62.10 per engine

	54.00	54.00	54.00	54.00
--	-------	-------	-------	-------

(£1 = \$2.30)

Fuel

Fuel price of £0.80 imp gall

	132.00	132.00	132.00	132.00
--	--------	--------	--------	--------

Landing and Navigation charges at £50 per landing

	25.00	25.00	25.00	25.00
--	-------	-------	-------	-------

TOTAL HOURLY COST PER FLIGHT HOUR

	253.05	252.87	251.77	249.81
--	--------	--------	--------	--------

TOTAL COST PER FLIGHT HOUR

	943.84	805.50	712.29	595.20
	840	786	750	



File

Ministers

10 DOWNING STREET

From the Private Secretary

26 June 1980

I sent you a copy of my letter of 24 April to the Ministry of Defence about charges to the CSD for aircraft used by the Prime Minister. I believe that I have not yet sent you a copy of their reply of 16 May, for which I apologise. As they say that the revised system of charging will not come into effect until next April, I have put this aside as a matter to return to in August.

It would be helpful to know whether the final paragraph of the Ministry of Defence's reply provides any comfort to you in terms of the effect on the CSD travel budget of the new arrangements. I assume that the arrangement will not in fact force you to switch resources from other Prime Ministerial expenses to travel, but will nevertheless increase the out-turn shown for the cost of running the Prime Ministerial office. It is this latter point which should be of concern to us, and it is in our interests to ensure that the notional charges are a genuine reflection of the cost and not a convenient rule of thumb which is in practice actually well above the genuine cost.

The other reason for raising this now is that the FCO claim to have been told that the new system will be implemented as from 1 July. If you have also been informed of this, then I will need to come back to the charge quickly, if at all.

MAP

R.D. Baker, Esq.,
Civil Service Department.

GB



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~8367821~~ 218 2111/3

MO 35/5

16th May 1980

cc. Peggy Neville, Fed

Dear Mike,

Thank you for your letter of 24th April about the charges to be raised for VC10 aircraft used by the Prime Minister after 1st April 1981.

The decision to charge full costs stems from a Treasury instruction agreed with Departments last year that Departments providing repayment services should normally recover full costs in their charges to both Exchequer and non-Exchequer customers. The effect of the change is that Exchequer customers will now be treated on the same bases as non-Exchequer bodies. The Treasury's decision is based on the view that full costs are the most appropriate basis of charge for decision-making and resource allocation and that this is as true for Exchequer as for non-Exchequer bodies.

The Treasury instruction permits certain exceptions to be made as a matter of national policy; an example of this would be an operation in aid of the civil community following a disaster for which allowance could not have been anticipated, but we assume that such cases would be exceptional. However, where the costs can be adequately foreseen and provided for from Departmental Votes, the normal basis of charge between Exchequer Departments should be full costs. This is the position in respect of Ministerial use of VC10s in any given period.

You made the point that the Prime Minister's use of RAF VC10s is only relatively rare and the aircraft are maintained primarily for other purposes. There is however a real cost which has to be put on the additional arrangements that have to be made when the aircraft is taken out of normal

M A Pattison Esq



fleet use to serve Ministers. The RAF Air Transport Force has been severely reduced in recent years; this means that any diversion of VC10s from their main defence task causes considerable disruption to RAF programmes over a lengthy period and involves additional administrative, material and manpower costs. Moreover, a second back-up aircraft also has to be prepared as a contingency measure for important flights. Our view is therefore that the Ministerial use of VC10s should be charged at the full cost rate in line with Treasury policy, as a reflection of the genuine cost of the service being used, and as a spur to the more efficient allocation of resources. I hope that you will accept that the Prime Minister's Office too should adopt these new accounting rules.

I can however give you the assurance you are looking for that the change-over to the new arrangements will not provide any "hidden subsidy" to us. Under the arrangements laid down by the Treasury, PESC provision for the additional receipts will be transferred from the supplying Department to the user Department so that the net effect on the Exchequer is neutral. There will be no financial advantage to the Defence Budget and no disadvantage to the CSD or to other user Departments.

I am sending a copy of this letter to Martin Hall (HM Treasury).

Yours ever,
David Omand

(D B OMAND)



File

Blind copy; Minute 1P
Mr. Baker, CSD
cc: Mr. Parris FLO
~~BFI-580~~

Seen
P 30/4

10 DOWNING STREET

From the Private Secretary

24 April 1980

AIR TRAVEL BY MINISTERS

We have recently been informed of the new arrangements for the charging of flights by RAF aircraft, which involve full cost charges for all flights by Ministers and other passengers belonging to HMG who have, up to now, enjoyed concessionary fares.

This will have a very significant effect on the cost of running the Prime Minister's office. The Prime Minister is entirely in favour of ensuring that Government Departments do meet the genuine costs of the resources and services which they consume, and is therefore quite content with the abolition of concessionary fares.

I have, however, been asked to investigate further one aspect of the new arrangements. The Andovers and HS-125s in which the Prime Minister makes most of her air journeys are obviously maintained primarily to provide this VIP service. But, on the relatively rare occasions when the Prime Minister makes a long journey, she is flown in an RAF VC-10 which is maintained primarily for other purposes. I assume that in addition to the Prime Minister, only the Foreign Secretary makes use of the VC-10s with any regularity. With this in mind, I need to be able to explain to the Prime Minister how the charges for the use of the VC-10 will be assessed. It seems that the true cost of providing this service for the Prime Minister is the marginal cost of the additional arrangements that have to be made when the aircraft is taken out of normal fleet use to serve the Prime Minister, and not the "full cost" in the normal sense of the word. I can understand that there may be occasions when the RAF has to charter additional capacity because one of its own VC-10s is in use for the Prime Minister or Foreign and Commonwealth Secretary: on such occasions, the cost of that charter would seem to be a legitimate charge to pass on to the CSD (in the case of the Prime Minister) or the FCO.

It may be that the "full cost" basis used for VC-10s would be little different from the marginal cost which we have in mind, as most of the aircraft will now have been in use for some time. But it would be helpful to have an explanation of the basis on which charges are made. I am sure that this issue will have been raised before, but the Prime Minister would like to be clear that the cost

/of her office -

of her office - which from time to time has to be supplied in answer to Parliamentary enquiries - is the genuine cost of the services that she uses and does not provide any hidden subsidy to others.

I am sending a copy of this letter to Martin Hall (HM Treasury).

M. A. PATTISON

D.B. Omand, Esq.,
Ministry of Defence

MR. PATTISON

Air Travel by the Prime Minister

There has been an arrangement whereby passengers belonging to HMG paid less for flights by RAF aircraft than other "non-entitled" people. (Into this latter category come such things as international defence organisations.) The Treasury have now instructed that as from 1 April next year there should be uniformity and our concessionary fares will go.

The CSD Finance Officer telephoned me to talk about this. Mr. Baker points out that it will make a considerable difference to Prime Ministerial flights. (Although it is a question of inter-departmental funding this does not appear in any adverse publicity which might arise from use of RAF aircraft.) Mr. Baker tells me that the increase is very roughly three times as much for long flights and five times as much for short. He gives as an example the journey to Japan and Australia which was some £66,000 and would become some £173,000. In RAF terms they speak of a change from £350 per flying hour to £2500 per flying hour.

Mr. Baker asked about the possibility of using scheduled flights but said that he thought this had been ruled out on security grounds. I told him that this was indeed the case. (The papers below and the minute at flag A give the background.)

He also spoke about chartering commercial aircraft but said that the cost came to about the same as RAF aircraft which were kept in secure conditions. A commercial machine has to be set aside for about 48 hours in advance of the journey in order to provide security clearance.

There is really nothing to be done about this and when the Prime Minister needs to travel by air the CSD will pay. I think however that nearer the time the Prime Minister should be made aware of the high costs involved. I know that Mrs. Thatcher does not like travelling by train but if she is going to a political engagement she might look at the possibility. Better still we should try to arrange official engagements around the political one and avoid a journey such as the forthcoming one to the Scottish Party Conference at Perth, which involves straight flights there and back.

I undertook to be in touch with Mr. Baker during the week beginning 14 April and should be grateful if you would have a word with him.

Joe

2 April 1980



Minute

CIVIL SERVICE DEPARTMENT
WHITEHALL LONDON SW1A 2AZ
Telephone 01 273 5400

*Sir Ian Bancroft G.C.B.
Head of the Home Civil Service*

Mike Pattison Esq
10 Downing Street
LONDON SW1

20 February 1980

Dear Mike

*Agreed with PM
MLP 20/2.*

I am replying to your minute of 12 February about Mr Hector Monro's request for the use of an official car for certain journeys between his home and Glasgow or Edinburgh airport at weekends.

In the very exceptional circumstances outlined in his Private Secretary's letter, we think the Prime Minister can be advised to accede to the request.

*Yours sincerely,
David*

DAVID LAUGHRIN
Private Secretary

COVERING CONFIDENTIAL

HS

B/f 18-2-80

MR. LAUGHRIN
CIVIL SERVICE DEPARTMENT

I enclose a copy of a letter to me from Mr. Hector Monro's Private Secretary, asking that Mr. Monro should be able to use a Government pool car in order to travel between his constituency and Edinburgh or Glasgow airports on occasions when Government business prevents him taking the Thursday night sleeper.

I would be grateful for your advice as to how the Prime Minister might respond to this request.

M.A. PATTISON

12 February 1980

TR

MANAGEMENT IN CONFIDENCE



10 DOWNING STREET

*File 16
Ministers*

From the Private Secretary

10 October 1979;

The Prime Minister has seen your letter of 8 October, to Clive Whitmore, about travel costs for the children of Junior Ministers in the Northern Ireland Office.

She has noted the revised arrangement, which your Secretary of State wishes to introduce, to meet the costs of children's travel on scheduled flights. The Prime Minister is very much aware that any arrangements which increase the facilities for travel for Ministers' families at public expense can generate unfavourable publicity, but she is confident that your Secretary of State will ensure that the arrangements he has in mind will be used with discretion. She is therefore content that the new arrangements should be put into effect.

I am sending a copy of this letter to David Laughrin (Civil Service Department).

M. A. PATTISON

R. A. Harrington, Esq.,
Northern Ireland Office.

MANAGEMENT IN CONFIDENCE

RP

PRIME MINISTER

Mr. Atkins seeks your approval for his Junior Ministers to be accompanied by their children from time to time when on duty in Northern Ireland, at public expense.

Mr. Atkins approached you about the general principles about travel to Northern Ireland by wives and families earlier in the year. At that time, you agreed that children could travel when there was space available on RAF flights and could travel by civil flights in exceptional circumstances. The Northern Ireland Office has now tried to cut back on the number of RAF flights carrying Junior NIO Ministers. They hope to make considerable savings in this way, and would like to be able to apply some of the savings to the transport of children by civil flights to compensate for the reduced opportunity for them to use RAF facilities to be with their parents.

The Civil Service Department are content with these proposals, which will not involve any cost increase. They seem sensible in the special circumstances of Ministerial duties in the Northern Ireland Office. But any arrangements to increase the facilities for travel by Ministers' families at public expense can generate unfavourable publicity, and you should therefore be aware of Mr. Atkins' proposals before they are put into effect.

Do you agree to the new arrangements?

Yes mostly.
I am
sure it will
be used with discretion.
ms

9 October 1979

MANAGEMENT IN CONFIDENCE

From: THE PRIVATE SECRETARY



NORTHERN IRELAND OFFICE
GREAT GEORGE STREET,
LONDON SW1P 3AJ

C Whitmore Esq
10 Downing Street
London SW1

8 October 1979

Dear Chris,

ACCOMMODATION AND TRAVEL COSTS FOR MINISTERS' FAMILIES

The Prime Minister will be aware of the strains, both family and personal, inseparable from Ministerial duty in the Northern Ireland Office.

It is my Secretary of State's policy that all his Ministers should get out and about in the Province to meet people and learn about their problems at first hand. He believes it is important that his wife and the wives of his Ministers should accompany their husbands and attend functions in their own right. The presence of a Minister's children with their father when he is acting as Duty Minister in Belfast is beneficial both to the Department and to the effectiveness of the Ministers.

In my predecessor's letter of 4 June to Ken Stowe the Prime Minister's approval was sought for the payment from public funds for travel, official accommodation and meals for the wives of NIO Ministers visiting Northern Ireland for representational purposes, and of the costs of accommodation and meals of a Minister's dependent children visiting Northern Ireland when the Minister is on duty there at a weekend or over a public holiday. We sought approval to meet children's travel costs from public funds only in exceptional circumstances when there were no spare seats available in RAF aircraft.

Now that my Secretary of State has had time to assess how the present arrangements work he believes that if the aim of reducing the strain on Ministers is to be achieved a number of minor changes to the present arrangements would be beneficial.

The Secretary of State believes that when there is no requirement for an RAF flight other than the single journey for a Minister, it is more economical for a Minister and his family to travel by a civil flight. (Security requirements dictate that the Secretary of State always travels by RAF but there is no such requirement in respect of the five other Ministers).

Travel by civil flight in these circumstances would enable savings in expenditure on travel to be made and would enable the RAF to save fuel. Any resultant increase in civil air costs for Ministers' children can be

MANAGEMENT IN CONFIDENCE

MANAGEMENT IN CONFIDENCE

met from within the savings achieved from the reduction in expenditure on RAF flights.

In the past Ministers' families have been sufficiently small to enable them to move about Northern Ireland in the Minister's official car, but this is no longer true in all cases. Ministers' children visit Northern Ireland when their father is Duty Minister to reduce the separation and strain on families and for the presentational reason that their presence indicates confidence in our control of the security situation and a "return to normality". It is difficult to achieve these aims unless the family can move about the Province together. An additional official car for a Minister's children would be neither appropriate or justifiable. When an additional car is required for a Minister's family we propose that the Minister should be permitted to use, on repayment, one of the self drive cars allocated to the Northern Ireland Office in Belfast for official use.

The Civil Service Department are content with these proposals. My Secretary of State will be very grateful for the Prime Minister's approval to these arrangements.

Yours ever,

R. A. Harrington

R A HARRINGTON

MANAGEMENT IN CONFIDENCE



Ministers ✓
Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

From the
Minister of State

M Pattison Esq
Private Secretary
10 Downing Street
London SW1

25 June 1979

~~Dear Mike,~~

Thank you very much for your letter of
15 June recording the Prime Minister's
agreement to Mr Buchanan-Smith using the
Government car pool in Edinburgh for his
journeys between home and airport at
weekends.

Mr Buchanan-Smith has asked me to convey his
thanks and to assure you that we will be
discreet about this arrangement.

Yours sincerely,
Brian Harding
B J Harding
Private Secretary



VLS
Minister.

10 DOWNING STREET

cc CD
BA (DOE)

From the Private Secretary

15 June 1979

The Prime Minister has seen your letter of 13 June, asking that Mr. Buchanan-Smith be allowed to use the Edinburgh Government car pool for his journeys between his home and the airport.

The provision which you quoted from the guidance on travel by Ministers is intended to apply only in exceptional circumstances, but the Prime Minister has agreed that this may be invoked in Mr. Buchanan-Smith's case. She would not wish to encourage many more applications for this privilege, and I would therefore be grateful if you could be discreet about these arrangements.

I am sending a copy of this letter to David Laughrin in Sir Ian Bancroft's Office.

M. A. PATTISON



B. J. Harding, Esq.,
Ministry of Agriculture, Fisheries and Food.

PRIME MINISTER

Mr. Buchanan-Smith would like to be able to use a Government car on his home-to-airport journey in Edinburgh at weekends.

I attach the relevant extract from your guidance on Ministers' travel. The reference to "Ministers specified by the Prime Minister" was intended to allow special treatment for Junior Ministers in the Welsh, Scottish and Northern Ireland Offices, because they have to spend much of their working time commuting between offices in London and offices in their respective countries. If you make a special exception for Mr. Buchanan-Smith, it would be difficult to refuse it for any other Minister who regularly spends his weekends at a distant point which is near a Government car pool.

Should I turn down the request, saying that you do not want to put additional burdens on regional car pools save in the most exceptional circumstances?

MAD
Mr. Buchanan-Smith is a Scottish Minister although not in the Scottish Office - I think we can make an exception for him.

13 June 1979

Paragraph 4 from Cabinet : Procedure - Travel by Ministers

4. It is desirable, as far as possible, to keep the hours of duty of drivers within reasonable limits. Ministers must therefore be prepared to use any car at weekends (see also Paragraph 7). At these times cars may normally be used only for official purposes or for social occasions of an official character in London. Cabinet Ministers and Ministers specified by the Prime Minister may, however, use a car from a pool outside London at weekends for journeys of up to 50 miles between home and an airport or railway station conveniently placed in relation to a Government car pool.



Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

From the
Minister of State

Mike Pattison Esq
Private Secretary
10 Downing Street
London SW1

13 June 1979

Dear Mr Pattison.

Mr Buchanan-Smith has read the guidance on travel by Ministers which is contained in the Memorandum attached to the Prime Minister's note of 24 May and has drawn my attention to section 1, paragraph 4 which deals with the use of official cars at weekends for journeys between home and airport.

Mr Buchanan-Smith flies to and from Edinburgh at weekends, making his own way between home and airport. However, since his home is 5 miles from the airport, and the airport only about 5 miles from the Government car pool in Edinburgh it would appear from the Memorandum that he is entitled to use an official car for this leg of his journey. If at all possible, Mr Buchanan-Smith would very much like to avail himself of the provision, but has noted that only Ministers "specified by the Prime Minister" may do so. Since this implies that the Prime Minister's permission is required, I am writing to seek the necessary clearance for Mr Buchanan-Smith to use a car from the Edinburgh pool at weekends for his journeys between home and airport.

Yours sincerely,
Brian Harding

B J Harding
Private Secretary

FILE
Ministers.

10 DOWNING STREET

From the Principal Private Secretary

8 June 1979

Dear Joe,

Accommodation and Travel Costs for Ministers' Families

Thank you for your letter of 4 June about the arrangements under which the Secretary of State would like Ministers to bring their wives to Northern Ireland for representational duties and to have their wives and children with them in Northern Ireland at weekends and over Public Holidays when they are on duty.

The Prime Minister has given careful thought to Mr. Atkins's proposals, as set out in your letter, and has noted that the Civil Service Department are content with them. She has concluded that it would be wholly right to proceed on this basis and she has suggested that the same arrangements should also apply, as and when appropriate, to the Permanent Secretary and Deputy Secretaries whose permanent home is not in Northern Ireland.

Yours ever,
Ken Stowe.J. G. Pilling, Esq.,
Northern Ireland Office.



NORTHERN IRELAND OFFICE

GREAT GEORGE STREET,

LONDON SW1P 3AJ

K Stowe Esq CB
No. 10 Downing Street
LONDON SW1

H June 1979

Prime Minister.

*These are sensible proposals
for introducing an element of humanity
and family "normality" into N. Ireland Govt.*

Dear Ken,

ACCOMMODATION AND TRAVEL COSTS FOR MINISTERS' FAMILIES *Are you content?*

K.S.

The Prime Minister will appreciate that there are special strains inseparable from Ministerial duty in the Northern Ireland Office. Ministers have to combine the responsibilities of running Government Departments in the Province while attending to Parliamentary and other duties in London. This entails continuous commuting between London and Northern Ireland, with Ministers spending on average more of the working week in Northern Ireland than in Great Britain. There is the ever present security risk and the oppressive precautions that have to be taken to counter it. There is the need for a Minister to be on duty in Northern Ireland at all times, including weekends and Public Holidays. Inevitably there will be family as well as personal strain.

One aspect of my Secretary of State's policy in Northern Ireland will be for himself and his Ministers to get out and about in the province to meet people and to learn about local problems and feelings at first hand. He believes that his wife and the wives of his Ministers have an important complementary role to play by attending with their husbands, or in their own right, the numerous representational functions to which they are invited in the Province, and by taking as normal a part as they can in the life of the Province. Since there is no tier of Government in Northern Ireland between Westminster and the local District Councils, Ministers and their wives in effect have to cover not only the normal social obligations of Government Ministers, but also many of those which in Great Britain fall to elected officials of Local Authorities. This is an unusual and additional burden of official activity for any Minister's wife, but the Secretary of State and his Ministers accept it as part of their direct responsibility for the Government of Northern Ireland.

/...



My Secretary of State also feels that the presence of Ministers' children with their fathers, when they are acting as Duty Minister in Belfast, has very real presentational benefit in the Province, indicating confidence in our control of the security situation and a "return to normality".

For all these reasons my Secretary of State wishes his colleagues to bring their wives to Northern Ireland for representational duties and to have their wives and children with them in Northern Ireland at weekends and over Public Holidays when they are Duty Minister. To this end he would be grateful for the Prime Minister's approval to arrangements - similar to those which have applied in the past - whereby financial authority can be given for the necessary costs of travel, official accommodation and meals to be paid from NIO funds when wives of NIO Ministers visit Northern Ireland for representational purposes; and for the costs of official accommodation and meals of a Minister's dependent children visiting Northern Ireland when the Minister is on duty there at a weekend or over a Public Holiday.

*Agreed
M.I.*

In practice the costs will be very small. Accommodation is already available in Northern Ireland both for wives carrying out representational duties, and for wives and children during weekends and over Public Holidays. The travel costs of wives carrying out representational duties should properly be regarded as a charge to public funds; though for the most part they will travel in spare seats on RAF aircraft, they could, if necessary, travel by civil scheduled flights at public expense.

When a Minister's dependent children travel to Northern Ireland, not for representational purposes but merely to be with the Minister when he is on duty there at a weekend or over a Public Holiday, they will nearly always be able to travel in spare seats on RAF aircraft at no extra cost to public funds. It is accepted that normally there are no grounds for paying children's costs additionally from public funds (except if they accompany their parents when the latter are on duty at Christmas, Easter, or other Public Holidays). But there may be in exceptional circumstances a need, in the public interest, to meet additional travel costs from public funds for visits by Ministers' children.

My Secretary of State has in mind, for example, the circumstance in which a Minister's young child cannot be left at home, his mother is due to carry out a representational duty in Northern Ireland, and no spare seats are available in the RAF aircraft. Such circumstances are likely to occur at the last minute, and it would not be in the public interest for the Minister's wife to call off her duty visit at the last moment nor equitable to expect the Minister to meet the child's travel costs because of the duty pressure on his wife's going to Northern Ireland. Therefore my Secretary of State would be grateful for authority in such exceptional circumstances, which would be closely monitored, to meet the travel costs of visits of children from public funds.

*Agreed
out*



In no circumstances will any additional public expense be incurred by diverting an RAF aircraft to an airfield near a Minister's home for the sole purpose of picking up his wife and/or children.

The Civil Service Department are content with these proposals.

I shall be very grateful if you will indicate to me, the Prime Minister's approval of these arrangements.

Yours sincerely

J G Pilling

J G PILLING

JG

Yes -

*Suggest the same
arrangement should
be made for his other
residence in north
N.I.*

Ans

Cabinet / Cabinet Committee Document

The following document, which was enclosed on this file, has been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES.

Reference:

C(P)(79)2

Date:

24 May 1979

Signed

Wayland

Date

16 June 2011

PREM Records Team

CONFIDENTIAL



CIVIL SERVICE DEPARTMENT
WHITEHALL LONDON SW1A 2AZ
Telephone 01 273 5400

*Sir Ian Bancroft G.C.B.
Head of the Home Civil Service*

✓
MAP
MINISTERS

Martin Vile Esq
Private Secretary to
Sir John Hunt GCB
Cabinet Office
Whitehall
London SW1

15 May 1979

Dear Martin,

MINISTERIAL TRAVEL

... As you will see from the attached copy of Mike Pattison's letter of 14 May, the Prime Minister has now approved the note and memorandum on Ministerial Travel in the form enclosed with my letter of 11 May to Nick Sanders.

... I would be most grateful therefore if you could now arrange for the note and memorandum to be issued in this form in the usual C(PR) series. For convenience, I attach a copy of the approved note and memorandum.

I am copying this letter to Sir Robert Cox's office for information.

Yours sincerely,

David

DAVID LAUGHRIN
Private Secretary

CONFIDENTIAL

Minister

14 May 1979

The Prime Minister has seen the draft note and memorandum on Ministerial travel enclosed with your letter of 11 May to Nick Sanders.

She is content for the guidance to issue in this form, and is most grateful for the work put into this much improved version.

M.A. PATTISON

David Laughrin, Esq.,
Civil Service Department.

LLM

CONFIDENTIAL



CIVIL SERVICE DEPARTMENT
WHITEHALL LONDON SW1A 2AZ
Telephone 01 273 5400

Sir Ian Bancroft G.C.B.
Head of the Home Civil Service

Nick Sanders Esq
Private Secretary
10 Downing Street
London SW1

PRIME MINISTER. b.
You asked for simpler travel instructions for ministers. Flag A is a Note to Ministers, Flag B guidance to their offices to be issued under your authority. These take account of your earlier comments, on version at flag. Agree? MAF:lv
11 May 1979

Dear Nick,

MINISTERIAL TRAVEL

We have discussed the Prime Minister's request for a reduced and simplified version of the draft memorandum to her colleagues which was submitted to her earlier.

... I hope that the attached redraft meets the Prime Minister's wishes by separating the general principles to be drawn to Ministers' attention from the more detailed guidance to be available for Private Secretaries. You will see we have considerably edited the material.

Perhaps I could add that the purpose of making detailed guidance available to Private Secretaries has been:

- a. to secure the maximum economy consistent with Ministerial convenience and the efficient despatch of Government business;
- b. to ensure reasonable consistency and public credibility in an area which has on occasions been the subject of Parliamentary Questions and newspaper articles.

In the absence of quite detailed guidance the task of those often junior civil servants whose job it is to try to meet the needs of Ministers within a predetermined, and strictly limited, number of cars and MOD aircraft is made much more difficult.

*Yours sincerely,
David.*

DAVID LAUGHRIN
Private Secretary

Excellent - it was worth while being 'difficult'.

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THIS DOCUMENT IS THE PROPERTY
OF HER BRITANNIC MAJESTY'S GOVERNMENT

DRAFT

C(PR)(79)
May 1979

COPY NO:

CABINET: PROCEDURE

TRAVEL BY MINISTERS

Note by the Prime Minister

Being a Minister increasingly involves a lot of travel. Travel is expensive in both Ministers' time and direct transport costs. As a Government we are committed to securing the greatest possible economy and efficiency. Since travel by Ministers is often very much in the public eye, we must all strive to make the most efficient and cost effective arrangements for our travel using commonsense about the means we adopt.

The guiding principles are:

a. propriety

Official transport should not normally be used for travel arrangements arising from Party or private business, except where this is justified on security grounds;

b. efficient use of resources

The availability of some services such as the Government Car Service and RAF aircraft has to be limited to ensure efficient use of resources;

c. cost consciousness

The cost of alternative arrangements should be considered before decisions involving substantial cost are made, especially where special flights are being considered as an alternative to scheduled services;

d. security

For certain Ministers, security factors make special arrangements necessary;

e. public presentation

Colleagues should be satisfied that their arrangements could be defended in public if challenged.

... I have approved guidance (contained in the attached Memorandum) which should enable Private Offices to make suitable travel arrangements. I have no doubt that my colleagues will at all times exercise good sense and judgement in these matters.

GUIDANCE ON TRAVEL BY MINISTERS

I. The Use of Official Cars

1. Cabinet Ministers, Ministers in charge of major Departments and such other Ministers as the Prime Minister may indicate will have first call on cars in the Government Car Service pool. When the Minister concerned does not require the car it will be available for other use (see Paragraph 7).
2. On Mondays to Fridays Ministers may use a car in London (the Metropolitan Police District) for any purpose (other than Party business, see Paragraph 5) which will secure a saving of their time. They may also use it for the purpose of attending an official engagement outside the Metropolitan Police District if that is the most convenient way of travelling to their destination.
3. Ministers are permitted to use an official car for home to office journeys on the understanding that they would normally be carrying classified papers on which they would be working. Ministers may use official cars for journeys from London to a house in the country if they have been seriously delayed by their official duties and other means of transport are not conveniently available. Such journeys should not exceed 50 miles in either direction.
4. It is desirable, as far as possible, to keep the hours of duty of drivers within reasonable limits. Ministers must therefore be prepared to use any car at weekends (see also Paragraph 7). At these times cars may normally be used only for official purposes or for social occasions of an official character in London. Cabinet Ministers and Ministers specified by the Prime Minister may, however, use a car from a pool outside London at weekends for journeys of up to 50 miles between home and an airport or railway station conveniently placed in relation to a Government car pool.
5. Except for Ministers covered by the special arrangements in Paragraph 6, official cars should not be used for journeys on Party business, such as constituency visits or attendance at Party meetings. There is, however, no objection to using an official car if the meeting involving Party business takes place immediately between two official engagements in the course of the working week.
6. The Prime Minister, the Secretary of State for Defence, the Foreign and Commonwealth Secretary, the Home Secretary, the Secretary of State for Northern Ireland, and any other Minister for whom the security authorities exceptionally consider it essential may use their official cars for all journeys by road, including those for private or Party purposes. A charge will be made for the use of the official car on journeys for private or Party purposes which are outside the provisions of Paragraph 2-5. The charges will be on the basis of the Civil Service Motor Mileage Allowance.
7. Car drivers are required to keep records in the form of log sheets. Journeys between points within five miles of Whitehall will not be recorded individually, but all other journeys outside this area will be detailed in full. Ministers will be responsible for ensuring that cars are used only for authorised journeys, and for identifying which journeys require repayments. Log sheets will

be sent weekly to Ministers' Private Secretaries for authorisation. Private Secretaries will be responsible for ensuring:

- a. the release of drivers and cars whenever possible to return to the Government Car Service pool and help out on other work.
- b. that first call cars are not used at weekends if other pool cars are available.
- c. that spot checks are made on log sheets to check the time when the driver is dismissed.

8. Other Ministers without first call on a car may use the cars in the Government Car Service pool for official purposes and to and from work when pressed for time. For short official journeys in Central London they may use taxis and claim repayment.

9. When travelling on official business, a Minister may use a private car instead of an official car, and claim a mileage allowance in the same circumstances and on the same terms as civil servants.

10. Subject to the general rules set out above, a Minister's spouse may use the car for official engagements. Official cars may not in any circumstances be used by the spouses of Ministers in connection with private or political functions or engagements.

II. Rail Travel

11. Ministers qualify for First Class Travel.

III. Air Travel

Scheduled passenger services

12. All Ministers and Parliamentary Secretaries on official visits have discretion to use civil scheduled flights in this country and abroad if they consider that this will save time. Wherever possible British airlines should be used, but if a Minister's routeing or the time of the journey makes this impossible, subject to any security restraints which may apply, a scheduled flight on a foreign airline may be taken, preference to be given, for security reasons, to well established international airlines of Commonwealth or NATO countries.

Non-Scheduled special flights

13. These are flights for official purposes, in this country and abroad, using aircraft belonging to the Ministry of Defence or commercial operators. They are much more expensive than scheduled passenger services and may only be authorised in the manner and circumstances described in paragraph 14 and 15 below. They must not be used or diverted for journeys to or from Party business, such as constituency visits or attendance at Party meetings. When the time factor is critical, diversions from direct routes may, however, be authorised to collect or deliver a Minister to an airfield near his or her home provided that the only extra costs result from the extra flying time needed to carry out the additional landing and take-off.

14. Members of the Cabinet and Ministers in charge of departments only have discretion to authorise these special flights either for themselves or for other Ministers within their Departments. Cabinet Ministers may authorise special flights when a scheduled service is not available, or when it is essential to travel by air, but the requirements of official or Parliamentary business or security considerations preclude the journey being made by a scheduled service. Special flights may also be authorised by members of the Cabinet if they or other Ministers are required urgently on unforeseen official business. Use of special flights by Parliamentary Secretaries should only be approved in exceptional circumstances.

15. The costs are borne on the Departmental Votes of the Minister arranging the flight who should ensure that the interests of his Accounting Officer are fully safeguarded.

16. In addition, all Defence Ministers travelling on Defence business and other Ministers engaged on business of the Defence Department or visiting a Service or Defence Establishment may use Ministry of Defence aircraft in accordance with rules and procedures approved by the Secretary of State for Defence. Those Ministers who are individually authorised to do so may use aircraft of The Queen's Flight.

17. There are separate arrangements for flights by the Prime Minister, the Secretary of State for Foreign and Commonwealth Affairs and the Ministers of the Northern Ireland Office. Otherwise, special flights may be provided by the Ministry of Defence, using aircraft of The Queen's Flight or other RAF aircraft; or by private charter firms. Charges for Ministry of Defence aircraft are currently lower than charges for commercial charter flights in similar aircraft. The real resource cost is not necessarily lower, however, and since the number of aircraft available to the Ministry of Defence for these purposes is limited, they will always feel bound to give preference to Ministers whose needs relate to security, and to journeys for which reasonable alternative means of travel are not available. On occasions when the destination air-field is unsuitable for the types of aircraft used by Ministry of Defence or when there are problems in using Ministry of Defence aircraft to certain destinations abroad, private charter aircraft will have to be used. An estimate of the cost of a special flight should always be obtained for the information of the Minister concerned before final arrangements for it are confirmed.

18. Guidance for Private Offices on practical arrangements is set out in an Appendix to this note.

AUTHORISATION AND ARRANGEMENT OF SPECIAL FLIGHTS

1. Private Secretaries of Ministers not in charge of departments should normally obtain authority through their Senior Minister's Private Secretary, giving details of the proposed journey and the reasons why a special flight is considered to be appropriate. These authorities are not required when a Minister who is personally authorised to do so wishes to use an aircraft of The Queen's Flight, or when a Minister travelling on Ministry of Defence business or visiting a Service or Defence Establishment wishes to use a Ministry of Defence aircraft. However, all flights in Ministry of Defence aircraft, including those of The Queen's Flight, require the authority of the Under Secretary of State (RAF).

2. Detailed procedures for arranging special flights are as follows:

A Flights in Ministry of Defence aircraft

i. Private Offices should apply to the Personal Air Secretary to the Parliamentary Under Secretary of State for Defence for the Royal Air Force (PAS/US of S(RAF)) (telephone numbers 01-218-6065 or Federal 1867) and give details of the journey, names of passengers and likely duration. Confirmation in writing should always be given on RAF Form 1815, supplies of which may be obtained from the Office of the PAS/US of S(RAF). As much advance notice as possible should be given especially for flights abroad as special diplomatic clearance is required in most countries for the use of military aircraft and this can in some cases take some time to obtain. It is not open to Private Offices to specify a preference between aircraft of The Queen's Flight or other RAF aircraft except where a Minister's request is based on his or her personal authorisation to use The Queen's Flight.

ii. In those cases where a flight in a Ministry of Defence aircraft is requested, the Personal Air Secretary will try to give the speediest possible reply. The considerations will include:

- a. availability of aircraft;
- b. length of notice;
- c. ability to secure diplomatic clearance, when necessary, within the timescale.

B Flights by private charter

i. Private charter flights should be arranged by the most economical means.

ii. Private Offices should contact an agent who will obtain quotations. Private Offices should select the quotation to be accepted (normally the lowest) and the agent will

then make all necessary arrangements. It is suggested that the following agents might be used:

- a. Hogg Robinson (Travel) Ltd
Craven House
119-123 Kingsway
London WC2 6PT
Tel: 01-242 1091
- b. Lep Chartering Ltd
Sunlight Wharf
Upper Thames Street
London EC4P 4AD
Tel: 01-236 5050
- c. Pickfords International
International House
Great South West Road
Hatton Cross
Feltham, Middlesex
Tel: 01-751 0901
- d. London Air Taxi Centre
18 Eldon Street
London EC2M 7LA
Tel: 01-588 3578

Departments are, of course, free to use other agents if they wish. Departments who have tested the charter market through agents in the previous 12 months and who have received satisfactory and economical service from a charter company as a result may continue to make use of that company's services.

EFFECT OF TRAVEL BY NON-COMMERCIAL AIR FLIGHTS ON PERSONAL INSURANCE POLICIES

3. Ministers who have occasion to travel by non-commercial air flights are advised to check whether their personal insurance policies are likely to be prejudiced thereby. Normally, life assurance contracts are "unconditional", that is to say there are no restrictive clauses in the contract and the sum assured is payable on death irrespective of the cause. The position in relation to other types of policy is more complex and Ministers should seek the advice of their insurers if they are in any doubt about the effect of travel by non-commercial flights.

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Permanent Secretary
Civil Service Department

Mr Sanders

MINISTERIAL TRAVEL
We spoke. I attach
an attempt we put
together this afternoon to
meet the Prime Minister's
points on the draft rules.

We agreed to speak
tomorrow about what
should be put to
the Prime Minister.

David Lay
29/5

Minister

MR STOWE

I understand that the Prime Minister has asked for a reduced and simplified version of the draft memorandum to her colleagues which was submitted to her earlier.

The purpose of the rules has in the past been:

- a. to secure the maximum economy consistent with Ministerial convenience and the efficient despatch of Government business;
- b. to ensure reasonable consistency and public credibility in an area which has on occasions been the subject of Parliamentary Questions and newspapers articles.

In the absence of ground rules, the task of those civil servants whose job it is to try to meet the needs of Ministers within a predetermined, and strictly limited, number of cars and MOD aircraft is made difficult and invidious. For all these purposes, simplifying the rules beyond a certain point greatly reduces their value. Without rules it cannot, for example, be assumed that all Ministers would reach the same conclusions about the circumstances in which it was appropriate for their husbands and wives to use official cars, or on the use of official cars on Party business.

On the other hand, we appreciate that the Prime Minister would like to put something more terse to her colleagues. This could perhaps be achieved by inviting her to consider a shorter note on the lines of the attached draft. The fuller note of guidance could either:

- a. be attached as an annex to the memorandum (in which case in the interests of brevity paragraph 11 on rail travel might be dropped and paragraph 20 and 21 might be notified separately to Private Offices); or
- b. be circulated separately to the Private Offices with an indication in the main memorandum that they had the approval of the Prime Minister. The guidance notes would then need a little redrafting to meet the changed circumstances but this can be quickly done if a solution on these lines would be acceptable to the Prime Minister.

I would be glad to know the Prime Minister's decision.

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DRAFT

C(PR)(79)
May 1979

COPY NO:

CABINET: PROCEDURE

TRAVEL BY MINISTERS

Note by the Prime Minister

Being a Minister increasingly involves a lot of travel. Travel is expensive, and in some cases (for instance travel in specially chartered aircraft and long journeys by chauffeur driven cars) extremely so. As a Government we are committed to securing the greatest possible economy in public expenditure. Since travel by Ministers is often very much in the public eye, we must all strive to keep our costs in this area down by making a practice of travelling by the cheapest possible means consistent with commonsense and the efficient despatch of business.

From this point of view, travel by rail is for example to be preferred to travel by official car or helicopter or chartered aircraft for long journeys within the UK, - and scheduled flights to charter flights. Nevertheless, there will obviously be cases where special considerations will dictate the need for special arrangements and it is helpful to make provision for these in a set of ground rules in order to ensure consistency as well as economy in an area in which we could well find ourselves called upon to explain and justify our practices. I have therefore approved ground rules [which will be circulated to all Private Offices for their, and your, guidance.] or [which are set out in the attached annex]

I have no doubt that my colleagues will at all times exercise good sense and judgement in making travel arrangements.

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File



10 DOWNING STREET

From the Private Secretary

B/K 11/5/79

9 May 1979

MINISTERIAL TRAVEL

The Prime Minister has seen Sir Ian Bancroft's minute of 4 May to Mr. Stowe to which was attached a draft procedure document setting out the rules governing travel by Ministers. The Prime Minister has commented that in her view "the whole thing is far too detailed". She would prefer that Ministers should be advised ^{to use} such travel facilities as are reasonable, having regard to all the circumstances including economy.

I think this means that we must ask you to submit an alternative version of this guidance document, which would be in the form of a summary of the principles involved. To that might be attached a very much condensed version of the detailed rules.

Ministers could then be asked to observe the general principles, with the shorter version of the detailed guidance available to their Private Offices for reference.

The Prime Minister has made a number of other detailed comments. Firstly, she is prepared to agree that the regional car pools should provide cars for Ministers below Cabinet rank in the Scottish, Welsh and Northern Ireland Offices for the last leg of their journeys home. Secondly, she would not wish to remind her colleagues that air travel is expensive. She takes the view that the time of Ministers and top civil servants is also expensive, and it costs almost as much to keep aircraft available on the ground as it does if they fly.

Turning to the draft document itself, she suggests that paragraph 2 should be amended by the substitution of "if that is the most convenient way of travelling to their destination" for the last nine words of paragraph 2. She suggests that the first sentence of paragraph 10 should have "use the car for the purpose of official engagements" substituted for all the words between "accompany" and "position". She suggests that the section on rail travel is too pernicious, and that Ministers should be invited to use their discretion. In the light of all these comments, could you please let me have a revised version along

/the lines

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- 2 -

the lines I have suggested which takes the Prime Minister's detailed comments into account, to reach us here by close of play on 11 May and preferably sooner.

I am copying this letter for information to Martin Vile (Cabinet Office).

D.P. Laughrin, Esq.,
Civil Service Department.

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PRIME MINISTER

Ministerial Travel

This note from Sir Ian Bancroft seeks your approval for the issue of the normal rules on Ministerial travel. Sir Ian Bancroft's note at Flag A outlines the minor changes which he proposes to these rules. The draft itself is at Flag B.

Are you content to approve that draft, and with Sir Ian Bancroft's proposal for a concession on the weekend use of cars by certain Junior Ministers?

MS

4 May 1979

I really think the whole thing is far too detailed. Time is precious and expensive. Can't Ministers be advised to use such travel facilities as are reasonable having regard to all the circumstances including economy etc.

C

MR STOWE

MINISTERIAL TRAVEL

As you will recall, it is customary for a Prime Minister forming a new Administration to issue guidance to Ministerial colleagues on arrangements affecting travel. The rules include sections on the use ... of official cars, on rail travel and on air travel. The attached draft rules reflect a pattern of usage which seems reasonable and appropriate in current circumstances, but there are one or two considerations which are not mentioned in the draft but which I should draw to your attention.

The Use of Official Cars

It can be argued that Junior Ministers, as well as Ministers of Cabinet rank, in the Scottish, Welsh and Northern Ireland Offices are subjected to considerably more "wear and tear" than Junior Ministers in other Departments by virtue of the fact that they have offices (and often homes) many miles distant from London, but are at the same time required to be in London frequently for parliamentary as well as departmental business. This being so, there is a case for permitting Ministers below Cabinet rank in those Departments to use cars from appropriate regional car pools to help them on the last leg of journeys to homes in Scotland, Wales and Northern Ireland respectively. This small group of Junior Ministers would then, for special reasons, enjoy the weekend arrangements proposed for Ministers of Cabinet rank in paragraph 4 of the draft. If the Prime Minister does feel disposed to make such a concession, I think it could most conveniently be arranged by correspondence rather than spelt out in the circulated rules themselves.

*Agreed
out.*

If the Prime Minister agrees with these rules a separate submission will be made on the list of Ministers who should have first call on cars in the Government car service pool.

Rail Travel

The passage on rail travel in the attached draft is short and straightforward and I do not think it calls for any comment.

Air Travel

The draft rules on air travel reflect the fact that where non-commercial flights are used, the need has to be met by the Ministry of Defence's 32 Squadron RAF. (The Civil Aviation Flying Unit maintained by the Civil Aviation Authority no longer provides services for Ministers). For much of the time, the demands on the Ministry of Defence are heavy and officials have been considering the best way of meeting them. They have concluded that they are not yet such as to justify the expense of adding to the existing MOD flight. They have as an alternative considered the case for limiting the demands on it by increasing the charges made to a point at which they became roughly comparable with commercial rates. On the other hand, much of the Ministerial use of MOD aircraft is at present determined by security requirements rather than by convenience and in these circumstances the Ministry of Defence are for the present at least content to continue to try to meet such need as arises. It would be helpful, however, if departmental Ministers could be warned that the resources of No 32 Squadron are strictly limited and that the Ministry of Defence will always have to give priority to Ministers whose needs arise from security considerations, and to flights for which there is no satisfactory alternative either in the form of land travel or of commercial flights. (This means that aircraft will not normally be available for flights to destinations to which there are regular and frequent civil flights, for instance Brussels).

The Prime Minister may also wish to remind colleagues that air travel is expensive, whether undertaken on commercial flights (where the cost is obvious) or in MOD aircraft financed within the Defence Budget.

Plan delete - limited time (and to limit growth) is expensive - and it costs too much to keep aircraft & pilots idle on the ground as it does if they fly.

If in spite of these warnings, which are included in the attached draft memorandum, demand reaches a point at which the Ministry of Defence can no longer cope, I think officials should be invited to reconsider the problem in the light of the circumstances then prevailing. They may in any case wish to make recommendations, at a later stage, on the charging arrangements if this appears to be desirable to ensure consistency with normal interdepartmental charging procedures.

In the meantime I commend the attached draft, which also covers a number of other, practical matters, for the Prime Minister's approval.

SAB
I P BANCROFT
4 May 1979

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DRAFT

C(PR)(79)
May 1979

COPY NO:

CABINET: PROCEDURE

RULES GOVERNING TRAVEL BY MINISTERS

Note by the Prime Minister

1. I have approved the attached rules governing the use of official cars, rail and air travel by Ministers.
2. I have no doubt that my colleagues will at all times exercise good sense and judgement in the use of Government transport, with proper regard to the cost and the need to avoid unnecessary expenditure.

10 Downing Street
May 1979

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RULES GOVERNING TRAVEL BY MINISTERSI. The Use of Official Cars

1. Cabinet Ministers, Ministers in charge of major Departments and such other Ministers as the Prime Minister may indicate will have first call on cars in the Government Car Service pool. When the Minister concerned does not require the car it will be available for other use (see Paragraph 7). Paragraphs 2-7 below set out the rules which these Ministers should observe.

2. On Mondays to Fridays Ministers may use a car in London (the Metropolitan Police District) for any purpose (other than Party business, see Paragraph 5) which will secure a saving of their time. They may also use it for the purpose of attending an official engagement outside the Metropolitan Police District ~~if the journey cannot conveniently be done by rail.~~ *if that is the most convenient way of travelling to their destination.*

3. Ministers are permitted to use an official ^{car}/for home to office journeys on the understanding that they would normally be carrying classified papers on which they would be working or to which they might need to refer. Ministers may use official cars for journeys from London to a house in the country only if they have been seriously delayed by their official duties and other means of transport are not conveniently available. Such journeys should not exceed 50 miles in either direction.

4. It is desirable, as far as possible, to keep the hours of duty of drivers within reasonable limits. Ministers must therefore be prepared to use any car at weekends (see also Paragraph 7). At these times cars may normally be used only for official purposes or for social occasions of an official character in London. Cabinet Ministers and any other Ministers specified by the Prime Minister may, however, use a car from a pool outside London at weekends for journeys of up to 50 miles between home and an airport or railway station conveniently placed in relation to a Government car pool.

5. Except for Ministers covered by the special arrangements in Paragraph 6, official cars should not be used for journeys on Party business, such as constituency visits or attendance at Party meetings.

There is, however, no objection to using an official car if the meeting involving Party business takes place immediately between two officials engagements in the course of the working week.

6. The Prime Minister, the Secretary of State for Defence, the Foreign and Commonwealth Secretary, the Home Secretary, the Secretary of State for Northern Ireland, and any other Minister for whom the security authorities exceptionally consider it essential may use their official cars for all journeys by road, including those for private or Party purposes. A charge will be made for the use of the official car on journeys for private or Party purposes which are outside the provisions of Paragraph 2-5. The charges will be on the basis of the Civil Service Motor Mileage Allowance.

7. Car drivers will be required to keep records in the form of log sheets. Journeys between points within five miles of Whitehall will not be recorded individually, but all other journeys outside this area will be detailed in full. Ministers will be responsible for ensuring that cars are used only for authorised journeys, and for identifying which journeys require repayments under these arrangements. Log sheets will be sent weekly to Ministers' Private Secretaries for authorisation. Private Secretaries will be responsible for ensuring:

- a. the release of drivers and cars whenever possible to return to the Government Car Service pool and help out on other work.
- b. that first call cars are not used at weekends if other pool cars are available.
- c. that spot checks are made on log sheets to check the time when the driver is dismissed.

8. Other Ministers without first call on a car may use the cars in the Government Car Service pool for official purposes and to and from work when pressed for time. For short official journeys in Central London they should so far as possible use taxis and claim repayment.

9. When travelling on official business, a Minister may use a private car instead of an official car, and claim a mileage allowance in the same circumstances and on the same terms as civil servants.

10. Subject to the general rules set out above, a Minister's spouse may accompany the Minister concerned in an official car. The spouse may also travel in an official car either to join the Minister at an official engagement or a social engagement of an official nature to which the Minister has been invited in that capacity, or to represent the Minister in the Minister's absence at such engagements, or where the spouse is carrying out a representational function stemming directly from the Minister's position. Official cars may not in any circumstances be used by the spouses of Ministers in connection with private or political functions or engagements.

may also use the car for the purpose of official engagements

II. Rail Travel

11. When travelling by rail in this country, members of the Cabinet and Ministers in charge of Departments, including the Law Officers, may reserve separate 6-seater first class compartments on services where they are available, when they consider it really necessary (eg when the Minister needs to hold discussions with officials during the course of the journey or has work to do at a time of particular pressure). Ministers not in charge of Departments may do the same but only when accompanied by two or more people with whom they intend to discuss official business during the journey; the approval of the Minister in charge of the Department should first be obtained. Trains with open first-class compartments are unlikely to be suitable for discussions of this kind; but if it is necessary for Ministers to work on official papers they may reserve seats adjacent to their own. In making any of these arrangements, Ministers should take account not only of the expense involved but also of possible public reaction.

*Do we really have to
go into this
permissions detail. Can't
they use their discretion?
ANT*

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III Air Travel

GENERAL DIRECTIONS

Scheduled passenger services

12. All Ministers and Parliamentary Secretaries on official visits have discretion to use civil scheduled flights in this country and abroad if they consider that this will save time. Wherever possible British airlines, either public corporations or independent companies, should be used, but if a Minister's routing or the time of the journey makes this impossible, subject to any security restraints which may apply, a scheduled flight on a foreign airline may be taken, preference to be given, for security reasons, to well established international airlines of Commonwealth or NATO countries.

Non-Scheduled special flights

13. These are flights for official purposes, in this country and abroad, using aircraft belonging to the Ministry of Defence or commercial operators. They are necessarily much more expensive than scheduled passenger services and may only be authorised in the manner and circumstances described in paragraph 14 and 15 below. They must not be used or diverted for journeys to or from Party business, such as constituency visits or attendance at Party meetings. When the time factor is critical, diversions from direct routes may, however, be authorised to collect or deliver a Minister to an airfield near his or her home provided that the only extra costs result from the extra flying time needed to carry out the additional landing and take-off.

14. Members of the Cabinet only have discretion to authorise these special flights either for themselves or for other Ministers within their Departments. (For this purpose "other Ministers" means Ministers not in the Cabinet and as defined in Parts II and III of Schedule I of the Ministerial and Other Salaries Act 1975). Cabinet Ministers may authorise special flights when a scheduled service is not available, or when it is essential to travel by air, but the requirements of official or Parliamentary business or security considerations preclude the journey being made by a scheduled service. Special flights may also be authorised by members of the Cabinet if they or other Ministers

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are required to travel urgently on unforeseen official business. Use of special flights by Parliamentary Secretaries (as defined in Part IV of Schedule I of the Ministerial and Other Salaries Act 1975) will only be approved in exceptional circumstances: permission must be obtained from the Prime Minister, normally by the Cabinet Minister concerned. The relevant extract from the Act is attached.

15. Ministers not covered by the arrangements in paragraph 14 who wish to use special flights must obtain the Prime Minister's permission in advance.

16. The costs are borne on the Departmental Votes of the Minister arranging the flight who should ensure that the interests of his Accounting Officer are fully safeguarded.

17. The only exceptions to the general rule that members of the Cabinet only may authorise special flights are, first, that all Defence Ministers travelling on Defence business and other Ministers engaged on business of the Defence Department or visiting a Service or Defence Establishment may use Ministry of Defence aircraft in accordance with rules and procedures approved by the Secretary of State for Defence; second, that those Ministers who are individually authorised to do so may use aircraft of The Queen's Flight.

18. There are separate arrangements for flights by the Prime Minister, the Secretary of State for Foreign and Commonwealth Affairs and the Ministers of the Northern Ireland Office. The following arrangements apply to special flights in all other cases.

19. Where special flights have been decided to be necessary they may be provided by the Ministry of Defence, using aircraft of The Queen's Flight or other RAF aircraft; or by private charter firms. Charges for Ministry of Defence aircraft are currently related only to the operating costs of the flight and are lower than charges for commercial charter flights in similar aircraft. The real resource cost is not necessarily lower, however, and since the number of aircraft available to the Ministry of Defence for these purposes is limited, they will always feel bound to give preference to Ministers whose needs relate to security, and to journeys for which reasonable alternative means

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of travel are not available. On occasions when the destination airfield is unsuitable for the types of aircraft used by Ministry of Defence or when there are problems in using Ministry of Defence aircraft to certain destinations abroad, private charter aircraft will have to be used. An estimate of the cost of a special flight should always be obtained for the information of the Minister concerned before final arrangements for it are confirmed.

PRACTICAL ARRANGEMENTS

20. A Private Secretary in a Department headed by a Cabinet Minister should normally obtain authority through that Minister's Private Secretary. Private Secretaries in other Departments should seek the Prime Minister's authority through the Private Secretary at No 10, giving details of the proposed journey and the reasons why a special flight is considered to be appropriate. These authorities are not required when a Minister who is personally authorised to do so wishes to use an aircraft of The Queen's Flight, or when a Minister travelling on Ministry of Defence business or visiting a Service or Defence Establishment wishes to use a Ministry of Defence aircraft. However, all flights in Ministry of Defence aircraft, including those of The Queen's Flight, require the authority of the Under Secretary of State (RAF).

21. Detailed procedures for arranging special flights are as follows:

A Flights in Ministry of Defence aircraft

- (i) Private Offices should apply to the Personal Air Secretary to the Parliamentary Under-Secretary of State for Defence for the Royal Air Force (PAS/US of S(RAF)) (telephone numbers 01-218 6065 or Federal 1867) and give details of the journey, names of passengers and likely duration. Confirmation in writing should always be given on RAF Form 1815, supplies of which may be obtained from the Office of the PAS/US of S(RAF). As much advance notice as possible should be given especially for flights

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abroad as special diplomatic clearance is required in most countries for the use of military aircraft and this can in some cases take some time to obtain. It is not open to Private Offices to specify a preference between aircraft of The Queen's Flight or other RAF aircraft except where a Minister's request is based on his or her personal authorisation to use The Queen's Flight.

- (ii) In those cases where a flight in a Ministry of Defence aircraft is requested, the Personal Air Secretary will try to give the speediest possible reply. The considerations will include:
 - (a) availability of aircraft;
 - (b) length of notice;
 - (c) ability to secure diplomatic clearance, when necessary, within the timescale.

B Flights by private charter

- (i) Private charter flights should be arranged by the most economical means.
- (ii) Private Offices should contact an agent who will obtain quotations. Private Offices should select the quotation to be accepted (normally the lowest) and the agent will then make all necessary arrangements. It is suggested that the following agents might be used:
 - (a) Hogg Robinson (Travel) Ltd
Craven House
119-123 Kingsway, London WC2 6PT
Tel: 01-242 1091
 - (b) Lep Chartering Ltd
Sunlight Wharf
Upper Thames Street, London EC4P 4AD
Tel: 01-236 5050

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- (c) Pickfords International
International House
Great South West Road
Hatton Cross
Feltham, Middlesex
Tel: 01-751 0901
- (d) London Air Taxi Centre
18 Eldon Street, London EC2M 7LA
Tel: 01-588 3578

Departments are, of course, free to use other agents if they wish. Departments who have tested the charter market through agents in the previous 12 months and who have received satisfactory and economical service from a charter company as a result may continue to make use of that company's services.

EFFECT OF TRAVEL BY NON-COMMERCIAL AIR FLIGHTS
ON PERSONAL INSURANCE POLICIES

22. Ministers who have occasion to travel by non-commercial air flights are advised to check whether their personal insurance policies are likely to be prejudiced thereby. Normally, life assurance contracts are "unconditional", that is to say there are no restrictive clauses in the contract and the sum assured is payable on death irrespective of the cause. The position in relation to other types of policy is more complex and Ministers should seek the advice of their insurers if they are in any doubt about the effect of travel by non-commercial flights.

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CIVIL SERVICE DEPARTMENT
WHITEHALL LONDON SW1A 2AZ
Telephone 01 273 5400

*Sir Ian Bancroft G.C.B.
Head of the Home Civil Service*

*MINISTERS
The revised text
was included in
submission to PM*

*na
MAP.*

Mike Pattison Esq
Private Secretary
10 Downing Street
Whitehall
London SW1

4 May 1979

Dear Mike,

TRAVEL BY MINISTERS

You had a word with me yesterday about the passage in our draft rules on Ministerial travel which deals with rail travel. You suggested that in these days of Inter City trains without separate six seater compartments, the current rules seemed rather dated. I agreed with you and promised to have another look at the rules to see if we could improve them before they were promulgated.

... I attach an alternative and I hope modernised version. If you agree and there is a chance to substitute it for the version in the folder which is being put to the Prime Minister that would be helpful. Otherwise I would be grateful for your views on whether we could adopt the change in any case as nothing more than drafting changes to modernise the rules.

I am copying this to Martin Vile.

*Yours sincerely,
David.*

DAVID LAUGHRIN
Private Secretary

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Copy of 6th
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II. Rail Travel

11. When travelling by rail in this country, members of the Cabinet and Ministers in charge of Departments, including the Law Officers, may reserve separate 6-seater first class compartments on services where they are available, when they consider it really necessary (eg when the Minister needs to hold discussions with officials during the course of the journey or has work to do at a time of particular pressure). Ministers not in charge of Departments may do the same but only when accompanied by two or more people with whom they intend to discuss official business during the journey; the approval of the Minister in charge of the Department should first be obtained. Trains with open first-class compartments are unlikely to be suitable for discussions of this kind; but if it is necessary for Ministers to work on official papers they may reserve seats adjacent to their own. In making any of these arrangements, Ministers should take account not only of the expense involved but also of possible public reaction.