

PREM 19/1670

SECRET

Westland Helicopters

AEROSPACE

Pt 1: April 1985

A.5

Pt 5: March 1986

(Reports from Defere Committee attached).

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
3.3.86							
4.3.86							
5.3.86							
10.3.86							
14.3.86							
19.3.86							
20.3.86							
27.3.86							
7.4.86							
8.4.86							
21.4.86							
27.4.86							
16.7.86							
18.7.86							
21.7.86							
23.7.86							
24.7.86							
28.7.86							
31.7.86							

Material used by
Official Historian
DO NOT DESTROY

PREM 19/1670

PART
ENDS

PART FIVE ends:-

SSI/MOD to CDP 31-7-86.

PART SIX begins:-

Sir K. Stowe to PM 1-8-86.

2

2



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-920 7022 218 2111/3

MO 26/16/1V

31st July 1986

Prime Minister
You have already
agreed to an E(A)
discussion in September.
You will want to note:

Mr
Dear Charles,

(a) the intention to order 8 Sea Kings now
(b) the figures on the cost of
benefit versus the saving on not
ordering 7 more Sea Kings. They are not
very convincing
COP
31/7

WESTLAND

The Prime Minister will have seen the letter of 28th July from the Secretary of State for Trade and Industry to the Secretary of State for Defence, proposing an E(A) discussion of the Westland problem in September.

My Secretary of State and the Trade and Industry Secretary have now met to consider the proposals in Mr Channon's letter. Mr Younger sees the advantages of E(A) discussion in September, and if this course commends itself to the Prime Minister, a paper on the options will be prepared by the officials of the Departments accordingly. Mr Younger also agrees a prior meeting with Sir John Cuckney, as Mr Channon has proposed.

Mr Younger and Mr Channon considered in particular the problem of Sea King procurement, on which they had exchanged views in letters of 1st July and 17th July. Defence plans currently provide for eight Sea Kings, as against the figure of up to fifteen which Westland knows was at one time in mind. The firm is likely to continue to press for a decision. To order eight now will inevitably raise doubts about the remainder of the fifteen; on the other hand, to delay any order, pending E(A) discussion, would raise doubts about the order as a whole. The Defence Secretary therefore proposes to order the eight; questions about the rest will be answered on the lines that the requirement for any further Sea Kings was still being considered. The Defence Secretary believes the approach to the firm should be low-key because of the sensitivities; the order will therefore be agreed at a meeting between officials and the firm, to carry forward discussion of the details of the Westland approach.

Finally, I owe you a reply to your letter of 7th July about the cost of redundancies and unemployment benefit as a result of the procurement of only eight Sea Kings. On very broad assumptions about earnings figures and the numbers of the workforce who would need to be laid off, our assessment is that

Charles Powell Esq
No 10 Downing Street

SECRET



the cost of benefit and the loss of revenue at 1985/86 prices might amount to around £1 million a year for three years. This assumes about one hundred and fifty redundancies, direct and indirect. The saving from not ordering seven Sea Kings would be about £28 million. These figures are very tentative in the absence of any consultation with the firm: but the general point that the cost of redundancies in this case is unlikely to be a substantial offset to savings is likely to be valid.

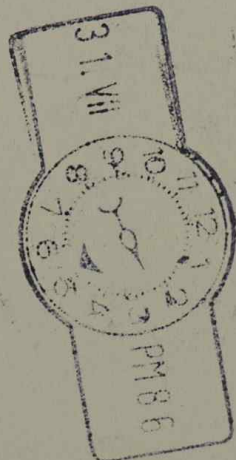
I am sending copies of this letter to the Private Secretaries to the Secretary of State for Trade and Industry, the Chancellor of the Exchequer, the Lord President, the Chancellor of the Duchy of Lancaster and Sir Robert Armstrong.

Yours sincerely,
John Howe

(J F HOWE)

SECRET

AEROSPACE : Westland P.T.S





F.

Tam Dalyell Esq MP
House of Commons
London SW1A 0AA

31st July 1986

Dear Tam.

Thank you for your letter of 27 July.

My part in the institution of Sir Robert Armstrong's inquiry has been described in the Prime Minister's statements last January, in my own answers to Parliamentary Questions, and in Sir Robert Armstrong's evidence to the Select Committee on Defence.

On the matter of the immunity, I answered a question by Edward Gardner on 24 July.

I have nothing further to add on these matters, save that I do not accept that the Law Officers have been misused by the Prime Minister.

Yours etc. Michael

PS I hope you have an enjoyable holiday
away from it all!



01-405 7641 Extn

ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

The Rt. Hon. Dr John Gilbert MP.
House of Commons
London SW1A 0AA.

31 July 1986

Dear John

Thank you for your letter of 29 July.

As I said in my answer to Edward Gardner, at the time when I granted immunity to the official concerned, while I had reason to believe that the disclosure had been made by the official concerned and that the official concerned had acted in complete good faith, I was not aware of the full circumstances. I have nothing to add to that answer.

Yours

Michael

CONFIDENTIAL

KL3BIV



10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

Thank you for your minute of 29 July about the handling of the response to the Defence Select Committee's reports about Westland.

I have not shown your minute to the Prime Minister, but I think that the arrangements described in your minute for preparing the responses to the two reports are on the right lines.

I strongly agree that the response to the Select Committee's report on Government decision-making should be constructed so as to avoid retelling the story of events discussed in the Select Committee's report. Clearly it is essential to avoid another round of evidence taking and reports. This means, I think, that the responses should avoid giving further information of the events of last January.

None of this need prevent a disquisition on the question of accountability and the role of civil servants in relation to Select Committees, etc. But such material should be put in general terms and not related to the particular circumstances of the Defence Committee's inquiry. I agree, too, that at this stage two separate responses should be prepared, though in the event, it may be decided to brigade them into one Government response to the two reports. It is possible that the response may also have to cover the outstanding report of

CONFIDENTIAL

BM

CONFIDENTIAL

- 2 -

the Select Committee on Trade and Industry. Murdo Maclean is finding out its publication date. It would clearly be highly convenient if the Government's response to that document could be published at the same time as the responses to the Defence Select Committee's two reports.

I hope that drafts of the responses can be available with us by, say, about the middle of September. You are certainly right in wanting their publication to be kept clear of Party Conferences.

Finally some thoughts on the Parliamentary handling of the report. One possibility is for the Government's response to be published in one document which, while not brushing aside the Government decision-making aspects, concentrates on policies of helicopter procurement and industrial aspects. This response would be presented to Parliament by the Secretaries of State for Defence and Trade and Industry, though it may prove impossible to avoid adding the Prime Minister's name. If a debate is inevitable, there would be much to be said for the Government offering time in the spill-over period. The Secretary of State for Defence would open the debate and speak mainly about helicopter procurement, making some passing references to the comments on Government decision-making aspects. A Trade and Industry Minister could wind. The business managers will, no doubt, be advising on all this in due course.

I am sending copies of this minute to the Private Secretaries to the Lord President, Lord Privy Seal and Chief Whip.

N.L.W.

N.L. WICKS

31 July 1986

CONFIDENTIAL

file

02BHG



10 DOWNING STREET

From the Principal Private Secretary

31 July 1986

I have shown the Prime Minister your letters of 29 and 30 July about letters which the Attorney has received from Dr. Gilbert and Mr. Dalyell. The Prime Minister has also seen Sir Robert Armstrong's letter to you of 30 July in which he puts forward some revised draft replies to Dr. Gilbert and Mr. Dalyell.

The Prime Minister has said that she agrees with the approach in Sir Robert's letter.

I am sending a copy of this letter to Sir Robert Armstrong.

N. L. Wicks

Miss J. L. Wheldon,
Attorney General's Office.

083

PRIME MINISTER

John Gilbert (Flag A) and Tam Dalyell (Flag B) have both written to the Attorney to ask him questions about his role in the Inquiry into the circumstances of the disclosure of the Solicitor General's letter. John Gilbert asked whether the Attorney could say whether Ministerial approval had been given for the disclosure of the letter when he granted immunity to Miss Bowe. Mr. Dalyell asks questions in a similar vein.

The Attorney wants to reply to Dr. Gilbert that he did not know of any Ministerial approval for disclosure when he granted immunity. He wants to reply in similar terms to Mr. Dalyell's question on this point, but to refuse to answer his other questions.

I am sure the Attorney goes too far. The more answers volunteered, the more the questions that will be asked. Sir Robert Armstrong takes the same view in his letter immediately below.

Shall I tell the Attorney that you agree with Sir Robert's approach?

Yes

(The Attorney may raise this matter at his meeting with you on another matter tomorrow morning.)

N.L.W.

NLW

30 July, 1986.

JD3APA



70 WHITEHALL, LONDON SW1A 2AS

01-233 8319

From the Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref. A086/2201

30 July 1986

Dear Miss Wheldon,

Thank you for your letters of 29 and 30 July, enclosing copies of letters which the Attorney General has received from Dr Gilbert and Mr Tam Dalyell and the draft replies proposed.

On the draft reply to Dr Gilbert, I think that the Attorney General would be best advised not to go beyond the full and comprehensive answer which he has given to Mr Edward Gardner. To do so would invite further questions to the Attorney General not only on this but on other aspects of the Westland affair.

As to the reply to Mr Dalyell, I suggest that the Attorney General could deal with the first point in Mr Dalyell's letter by reference to the Prime Minister's statements, his own answers to Parliamentary Questions, and the answers which I gave to the Select Committee on Defence when I gave evidence on 5 February (QQ 1093-1099).

I attach revised draft replies to Dr Gilbert and Mr Dalyell accordingly; I should of course be very happy to discuss the drafts with you or the Attorney General, should you or he so wish.

I am sending a copy of this letter and the revised drafts to Nigel Wicks.

Yours sincerely

Robert Armstrong

Miss J L Wheldon
Legal Secretary
Attorney General's Chambers
Law Officers' Department

DRAFT LETTER FROM THE ATTORNEY GENERAL TO
TAM DALYELL ESQ MP

Thank you for your letter of 27 July.

My part in the institution of Sir Robert Armstrong's inquiry has been described in the Prime Minister's statements last January, in my own answers to Parliamentary Questions, and in Sir Robert Armstrong's evidence to the Select Committee on Defence on 5 February.

On the matter of the immunity, I answered a question by Edward Gardner on 24 July.

I have nothing further to add on these matters, save that I do not accept that the Law Officers have been misused by the Prime Minister.

DRAFT LETTER FROM THE ATTORNEY GENERAL TO
THE RT HON DR JOHN GILBERT MP

Thank you for your letter of 29 July.

As I said in my answer to Edward Gardner, at the time when I granted immunity to the official concerned, while I had reason to believe that the disclosure had been made by the official concerned and that the official concerned had acted in complete good faith, I was not aware of the full circumstances. I have nothing to add to that answer.

01-405764XXXX 936:6229

Communications on this subject should
be addressed to
The Legal Secretary
Attorney General's Chambers

B B
ATTORNEY GENERAL'S CHAMBERS
LAW OFFICERS' DEPARTMENT
ROYAL COURTS OF JUSTICE
LONDON, W.C.2

Sir Robert Armstrong GCB CVO
Secretary of the Cabinet
Cabinet Office
70 Whitehall
London SW1

30 July, 1986

Dear Sir Robert,

I enclose a copy of another letter on Westland - this
time from Tam Dalyell - and a copy of a draft reply. Again,
I should be grateful for any comments which you or
Nigel Wicks, to whom I am copying this letter and enclosure,
may have.

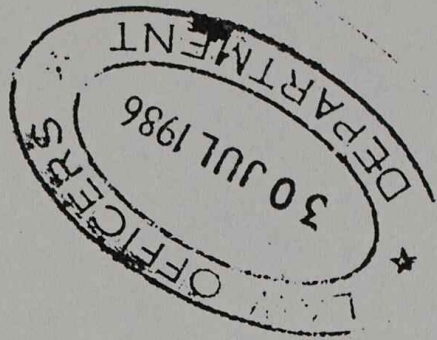
Yours sincerely,
Miss J L Wheldon.

MISS J L WHELDON

DRAFT LETTER TO TAM DALYELL MP

Thank you for your letter of 27 July.

I have, I believe, already made my position in this matter sufficiently clear in the answers which I have given to Parliamentary questions and, in particular, in my reply to Edward Gardner of 24 July. But to avoid any possible misunderstanding I have confirmed ^{by letter} to John Gilbert that I did not, at the time I granted immunity to the official who disclosed the Solicitor General's letter, know that Ministerial approval had been given for that disclosure. I do not believe that there is anything which I can usefully add in response to the questions in your letter, other than to say that I do not of course accept your suggestion that the Law Officers have been misused by the Prime Minister.



98/12/12

De Michael,

It will probably have been brought to your notice that on Friday, i.e. the 10.15 a.m. Adjournment debate, I asked about whether you had considered bringing in the Police over the banking of the Solicitor-General's letter. I also made a comparison with the haste to bring in the Police, and use Section 2 of the Official Secrets Act, in the case of Chris Pankhurst, who I reminded the House "could, but for the sense of the July, have been languishing in gaol."



I believe that John Lewis' article, prominently displayed on page 1 of the Sunday Telegraph makes it urgent that you should make a statement.

In particular:

- ① Did you warn Sir Robert Armstrong that you would bring in the Police, if there were no better enquiry? I believe that you, rightly, did so.
- ② Did you warn the DPP that Police action might be necessary under Section 2?
- ③ Could you answer the specific questions about indemnity to Collette Bowe which I put in my Adjournment Debate?



I believe the Law Officers
were grossly abused by
10 Downing Street in January
1986, and have since been
subject to intolerable pressures
by the Prime Minister and
10 Downing Street.

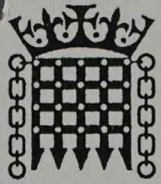
May I refer you to
Hansard 21st July, 1986, Col 62?
As you will see, I refer
to the role of an Attorney General,
quote Professor John Edwards to the
effect that your duties are to the
House, believe that the Select
Committee should have called you,
if they contemplated accusations, and
reiterate my view that you



are an honorable man.

I am sure your
self-respect, and respect
for your unique institution
office will suggest to you
that you respond to the
Adjournment Debate, and to
the Sunday Telegraph article.

In the interests of a
fair legal system, and a
legal system moreover which
is seen by all to be fair,
I am writing to the Chairman
of the Select Committee to
suggest that in the light
of the last paragraphs of
his report, offering to see



persons who believe the action
fraduced by the Co-itter.
Le should re-assess
the Co-itter the her, as
some as practical, to
ask you to come before the.
This would enable you
to explain the exact position,
and den yourself and
the best of the you had.
Whether it is true may say
about having the country
Westminster and sectors of the
press, what is at stake
is the propriety of the legal
system.
Kind regards,
Yours sincerely
T. D. [Signature]

01-4057641EXT 936:6229 010

Communications on this subject should
be addressed to
The Legal Secretary
Attorney General's Chambers

ATTORNEY GENERAL'S CHAMBERS
LAW OFFICERS' DEPARTMENT
ROYAL COURTS OF JUSTICE
LONDON, W.C.2

A
A

Sir Robert Armstrong GCB CVO
Secretary of the Cabinet
Cabinet Office
70 Whitehall
London SW1

29 July, 1986

I enclose a copy of a letter which the Attorney General has received from Dr. Gilbert and a copy of his proposed reply. He wishes to keep the reply as short as possible. Perhaps you would let me know if you have any difficulty with the draft.

I am copying this letter and enclosure to Nigel Wicks.

MISS J L WHELDON



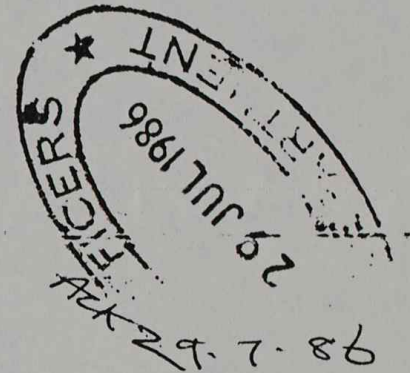
The Rt Hon Dr John Gilbert, MP

HOUSE OF COMMONS
LONDON SW1A 0AA

Switchboard 01-219 3000
Secretary 01-219 6209

25th July 1986

Rt Hon Sir Michael Havers QC MP
Attorney General's Chambers
Royal Courts of Justice
The Strand
LONDON WC2A 2LL



My dear Michael,

First of all let me thank you for letting me have a copy of Edward Gardner's question in time for the debate yesterday. You may have seen that I quoted it and your answer in full and commented at some length on your answer.

As I am sure you would wish no ambiguity to attach to your position, perhaps you would be kind enough to let me know whether in fact, at the time that you authorised the granting of immunity to Miss Bowe, you were aware that ministerial approval had been given for the public disclosure of the letter from the Solicitor-General to the then Secretary of State for Defence, in part or in whole.

[Handwritten signature]

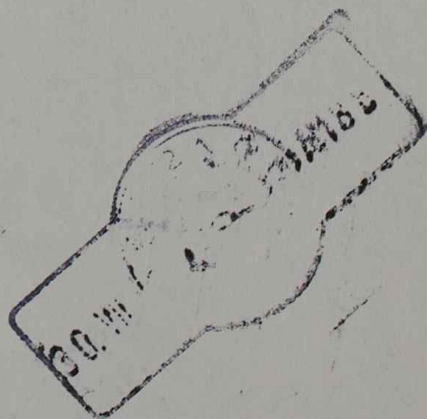
[Handwritten signature]

DRAFT LETTER FROM ATTORNEY GENERAL TO:-

The Rt Hon Dr John Gilbert MP
House of Commons
London SW1A 0AA

July, 1986

Thank you for your letter of 29 July. The answer to
your question is no,





1 *W.P. [unclear]*
 2 *RTA*
I am mainly
RTA. This looks to
be a true right line.

Ref. A086/2184

MR WICKS

The Government's Response to the Reports of the Select
Committee on Defence about Westland plc

W.W.
31.7

F.

I have discussed the handling of the response with the Permanent Secretaries to the Ministry of Defence and the Department of Trade and Industry.

2. The background to this is that the problems of Westland plc are not going to diminish in the coming months, particularly if the Ministry of Defence (as seems likely) are obliged to reduce their orders for Sea King Helicopters. The Select Committee are therefore likely to want to come back to the defence and industrial implications of Westland plc in the coming months.
3. The response to the Select Committee's report on the defence implications will have to be prepared with these considerations in mind.
4. The response to the report on the Government's decision-making will, I think, need to be a different sort of document. I hope that it will be possible so to construct it as to avoid retelling the story of the events discussed in the Select Committee's report: all concerned will want to minimise the risks of another round of evidence-taking and reports. It will need to deal further with the questions of accountability and of the role of civil servants in relation to Select Committees (and vice versa).
5. With these considerations in mind we have agreed to work on the preparation of two separate responses to the two Select Committee reports. The Ministry of Defence will take primary responsibility, in consultation with the Department of Trade and Industry, for preparing the response on defence implications; the Cabinet Office, in consultation with the other Departments concerned, will take primary responsibility for the preparation of a response on decision-making.



6. We aim to prepare drafts and discuss them among ourselves early in September, with a view to getting drafts to the Ministers concerned in time for publication not later than the end of September. I am conscious of the fact that there will be something to be said for publishing the responses either a little earlier than that - so as to keep them clear of party conferences - or a little later than that, so that the responses do not appear until after the party conferences of the opposition parties.

7. I think that the response on the defence implications should be presented to Parliament by the Secretary of State for Defence. If the response on decision-taking is separate, I fear that it will be difficult to avoid the conclusion that it should be presented by the Prime Minister, though it could perhaps be presented by the Prime Minister and the two Secretaries of State jointly.

8. The Lord Privy Seal and the Chief Whip will no doubt have their own views on the arrangements for debating the response. I would judge that a debate would be inevitable; and that the Government should therefore aim to have one debate for the responses to both reports, and to have it during the spill-over rather than in a new Session.

9. I am sending copies of this minute to the Private Secretaries to the Lord President, the Lord Privy Seal and the Chief Whip.

ROBERT ARMSTRONG

29 July 1986

PA - Westland
CF

OSG



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

28 July 1986

Dear Mr Dalyell,

I am writing on behalf of the Prime Minister to acknowledge receipt of your letter dated 24 July concerning the Select Committee Report on Westland.

Yours sincerely
Tim Flesher

Timothy Flesher

Tam Dalyell, Esq., M.P.

OSG



Secretary of State for Trade and Industry

SECRET

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
Telephone (Direct dialling) 01-215 5422
GTN 215
(Switchboard) 01-215 7877

2/16 (2)

28 July 1986

The Rt Hon George Younger MP
Secretary of State for Defence
Ministry of Defence
Main Building
Whitehall
LONDON
SW1

Dear George,

Done Minister
The proposal is to have an E(A) discussion in early September on possible Government measures to support Westland, through orders or otherwise, on the basis of a joint paper by FCO & MOD

WESTLAND

In my letter of 17 July, I suggested that we should have a discussion of the position of Westland following the presentation the company had made to our officials. As you will know, Westland have now written setting out a number of areas in which they seek decisions from Government in order to help them to implement their strategy. The purpose of this letter is to suggest how we should take forward our consideration of this matter.

For the benefit of colleagues, I should first outline the position of Westland's helicopter business as the company have presented it to us. The capital reconstruction approved by shareholders in February has secured the financial position of the company, but the Helicopter Division still faces a shortage of orders. Westland believe their major future helicopter projects provide the basis for a viable helicopter operation from the mid-1990s onwards, but in the short-term the company does not have enough orders to sustain its helicopter business at a viable level. Although the licence from Sikorsky to sell Black Hawk has increased the opportunities Westland have to fill their workload gap through exports, Westland still need orders for some 60 additional helicopters, over and above prospects so far identified, to produce an adequate workload for the years 1989 to 1992. Against this background Westland have sought various Government measures

WILL REQUEST IF REQUIRED of a joint paper by FCO & MOD COP 25/7

JF5BIR

17 19 **86**
BOARD OF TRADE
BICENTENARY



SECRET

including direct MoD orders for new helicopters; a range of actions on existing MoD business designed both to provide more work for Westland and to benefit the company's export efforts; and improved export support in the fields of credit cover, finance and licensing.

We should not minimise the potential seriousness of the situation which clearly also has important political implications. Westland have not spelt out precisely what actions they might take, or on what timescale, if they are unable to fill the workload gap, but at the extreme, they could conclude that they should substantially withdraw from the helicopter business - they believe the company could have a profitable future through concentrating on the expansion of its technologies business. Even if their action fell short of this extreme step, substantial redundancies and plant closures would be likely.

The matters raised by Westland undoubtedly raise major problems for the Government. I believe we must address the underlying point that in planning their strategy Westland need a clear understanding of the Government's requirements. As long ago as October 1984 the then Chairman of Westland said the company needed a much more precise view of the Government's intentions, which was crucial to their management, industrial planning and marketing. That remains the position.

I hope you will agree that there should be an opportunity for a collective discussion before a formal response is made to Westland. I understand our officials are already working on a review of the areas identified by Westland. I suggest they should be asked to produce a statement of the options by the end of August, which could provide a basis for a discussion in E(A) in the early part of September. In the meantime I suggest that you and I should have a preliminary discussion, and might also see Sir John Cuckney to explain the timescale on which we intend to handle this matter, and to seek more specific information from him on the consequences for Westland if increased helicopter business in the years 1989 to 1992 cannot be obtained.

I am sending copies of this letter to the Prime Minister, the other members of E(A), and to Sir Robert Armstrong.

*Y
ms,*
Paul
PAUL CHANNON

JF5BIR

17
1986
BOARD OF TRADE
BICENTENARY



10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

The Government's Response to the Reports of the Select
Committee on Defence and on Westland

We discussed briefly last week the handling of the Government's response to these two reports. You agreed to arrange for the relevant Departments to put in hand the arrangements for the drafting of the Government's responses to both reports. Simply for planning purposes, Departments should work on the assumption of publication of response(s) by the end of September.

BF || I should also be glad if you, in consultation with the Business Managers, could let the Prime Minister have advice, say at the end of August, on the tactics for handling the Government's response in Parliament. Your advice should include the following issues: should there be one White Paper combining into one document the Government's response to the two reports or two separate White Papers; which Ministers should present the response to Parliament; when should this be done; should the Government pre-empt Opposition demands for a debate by giving time for one debate (presumably on the response to both reports at the same time) and if so, when; who should speak in the debate?

I am sending a copy of this minute to the Private Secretaries of the Lord President, Lord Privy Seal and Chief Whip.

N.L.W.

N.L. WICKS

28 July 1986

Failure to give a Lead

The Select Committee have said that the Head of the Home Civil Service failed to give a lead in this case. I cannot accept that view. He has stated on the record, in evidence to the Select Committee which has been reported and broadcast, that it would be much better not to have disclosed the information in the way in which it was disclosed. He issued a memorandum of guidance in February last year on the duties and responsibilities of civil servants in relation to Ministers, The Treasury and Civil Service Committee have accepted the validity of those principles and they have been reaffirmed by the Government in the response to the Treasury and Civil Service Committee which was published yesterday. Following discussion with My Rt Hon and Learned Friend the Attorney General it was the Head of the Home Civil Service who proposed that there should be an inquiry. He conducted that inquiry himself, with assistance from a colleague from the Cabinet Office (Management and Personnel Office), and reported fully to the Prime Minister and the Attorney General on the disclosure and the circumstances in which it came to be made. He took

the view, in my judgment rightly, that it would not be fair or reasonable to expect the officials who had given an account of their role to him and co-operated fully in his inquiry to submit to a second round of detailed questioning of the sort that would have been involved in giving evidence to the Select Committee. He offered himself to give evidence to the Select Committee, and answered their questions fully and fairly at two sessions lasting altogether for nearly five hours. Indeed, the Select Committee have relied extensively on his evidence in producing their own Report. Far from that being a failure of leadership, it demonstrates the exercise of leadership with a high degree of responsibility and integrity.

WESTLAND

e/f

General Line to Take

The Government will, of course, respond to these reports in due course. I should, however, like to make two things clear straight away.

First, my Rt. Hon. Friend the Secretary of State for Trade and Industry and I have total confidence in our officials referred to in the Report. As the House will be aware, those responsible for decisions on disciplinary action have already concluded that

there was no case for such action in these instances.

Second, I do not accept the Committee's comments on the role of the Head of the Home Civil Service. He continues to have the Government's total confidence.



Minister of State

~~Nigel~~

I attach the full text of
the latest draft as discussed.
NB. Rufus will not use
it all!

Paul Thomas

PA. He has just rung to
say he has shown the Chief
Whip and Lord President
copies of the transcript version
on from which this was
typed and they saw no problems
in it!

ADJOURNMENT DEBATE: MINISTER'S RESPONSE

The Hon Gentleman is well known in the House and outside for his persistence and determination in pursuing issues. We respect him for that. But I have to let him into a secret. He does sometimes get so obsessed with an issue that he loses his balance and objectivity. One obsession he has is that there is a continual conspiracy in Government against the nation. This impression that he gives that he lives in a world of illusions does very often diminish the credibility of his case.

Indeed he is notorious at raising issues which fascinate a part of Westminster and the Press but which bore the rest of the country stiff.

It is also very noticeable that the Hon Gentleman continues not to notice many of the facts given to the House when it suits him to do so.

The Third and Fourth Reports from the Defence Committee on Westland were received by the Government only yesterday. These reports are based on lengthy inquiries that the Committee has conducted and the Government will naturally be studying them carefully before responding to Parliament in due course. I note that the Rt Hon Gentleman the Member for Islooin recognised yesterday the need for the Government to have time to reply.

In responding to the points that the Hon Member has made, I do not propose to go over the whole of the series of events in detail. My Rt Hon Friend the Prime Minister gave full accounts to the House on 23 and 27 January and has answered many questions in the House since then. Sir Robert Armstrong gave extensive and detailed evidence to the Committee on two occasions; and my Rt Hon and Learned Friend the Attorney-General has answered numerous questions in the House concerning his position and that of my Rt Hon and Learned Friend the Solicitor-General.

But there are a number of points that the Hon Member has insisted on making in spite of the information already made available and I propose to deal briefly with a few of these and to raise related issues.

Prime Minister's Involvement

He has continued to allege that the disclosure of the Solicitor-General's letter was made in some way with the Prime Minister's authority. The Committee's report states very clearly in paragraph 183 that "The Prime Minister stated that she had no knowledge on 6 January of what was taking place. We accept this". I hope that in the light of that clear conclusion from the Committee we shall hear no more from the Hon Member on this matter.

Attorney-General

He has repeated also the allegation that he made earlier concerning the Attorney-General, suggesting that the Attorney knew when he instituted the inquiry that the disclosure had been authorised by the then Secretary of State for Trade and Industry. I would refer the House to the reply given by the Attorney-General yesterday which he made the position abundantly clear. He said:

"The Select Committee state that if, when I authorised an offer of immunity from prosecution to one of the officials concerned in the Head of the Home Civil Service's inquiry into the circumstances of the disclosure of the Solicitor General's letter of 6 January, I was able at that stage to say that under no circumstances would I prosecute the official concerned, I must have known, and must have learned from the Head of the Home Civil Service, that the disclosure had been authorised.

I wish to make it absolutely clear that, at the time when I advised that an inquiry be instituted, I did not know by whom the disclosure had been made or that it had been authorised by the then Secretary of State for Trade and Industry if at all.

At the time when I granted immunity to the official

5

concerned, while I had reason to believe that the disclosure had been made by the official concerned, and that the official concerned had acted in complete good faith, I was not aware of the full circumstances. It was important that the inquiry should discover as fully as possible the circumstances in which the disclosure came to be made, and should provide those concerned with the opportunity of giving their accounts of their part in the affair. It was clear that the testimony of the official in question would be vital to the inquiry, and I judged it right that possible impediment to full co-operation in the inquiry should be removed. I was and am satisfied that that in no way interefered with the course of justice: the facts as disclosed in the inquiry confirmed my judgement that there would have been no question of proceeding against the official concerned.

As the Select Committee recognise, I was not told of the direct involvement of the then Secretary of State for Trade and Industry until 2 January."

Individual Civil Servants/Discipline

I turn now to the allegation the Hon Member has made concerning individual civil servants. Once again I would refer Hon Members to what my Rt Hon Friend the Prime Minister stated in the House yesterday on this matter.

"First, my Rt Hon Friend the Secretary of State for Trade and Industry and I have total confidence in our officials referred to in the report. As the House will be aware, those responsible for deciding on disciplinary action have already concluded that there was no case for such action.

Second, I do not accept the Committee's comments on the role of the Head of the Home Civil Service. He continues to enjoy the Government's total confidence. He is a very distinguished public servant, who has performed great service to Governments ^{of both} ~~and~~ parties."

The Select Committee said that they find extraordinary the fact that no disciplinary action was taken against any of the officials concerned in the disclosure of the Solicitor General's letter. My Rt Hon Friend the Prime Minister has already expressed to her House, in her speech on 27 January, her regret at the manner in which the disclosure was made. As the Head of the Home Civil Service has said in his evidence to the Selection Committee, clearly things were done in this affair which would

7

have been better done differently, and in that sense people made wrong judgements. The question is whether those errors of judgement were such as to call for disciplinary action. As my Rt Hon Friend ~~and~~ ^{the} Prime Minister made clear yesterday, those responsible for decisions about disciplinary action concluded that there was no case for such action in these instances. As the Committee's report acknowledges, the disclosure was made with the authority of the then Secretary of State for Trade and Industry. Indeed the House will need little reminding that my Rt Hon and Learned Friend the Member for Richmond, Yorks in his statement to this House on 27 January accepted full responsibility for the fact and form of the disclosure. He went on to make clear that officials acted in accordance with his wishes and instructions.

8

Accountability

This was a clear demonstration of the principle of Ministerial accountability. The overriding importance of that principle has been stressed in the Government Response to the Seventh Report from the Treasury and Civil Service Committee, which my Rt Hon Friend the Prime Minister presented to the House yesterday. The Government had no hesitation in reaffirming the principle that Ministers are responsible and accountable for the actions of their civil servants.

This issue has been addressed at some length in the Government Response to the Seventh Report of the Treasury and Civil Service Committee. This set out the position in the following way:

"Any attempt to make civil servants directly accountable to Parliament, other than the strictly defined case of the Accounting Officers' responsibility, would be difficult to reconcile with Ministers' responsibility for their departments and civil servants' duty to their Ministers.

This has implications for the position of civil servants in relation to Select Committees generally and the Departmental Select Committees in particular.

These Committees were established to examine the expenditure, administration and policy of government departments, and the conventions accepted as applying to the exercise of their powers are set out

comprehensively in the First Report from the House of Commons Select Committee on Procedure and the memorandum to that Committee by the Clerk of the House.

The report and the memorandum recognised that civil servants who give evidence to Select Committees do so on behalf of their Ministers; that there are certain matters on which they cannot answer questions (notably, as the Committee's own report states, on policy matters - which are for Ministers - and on advice given to Ministers); and that, as the Procedure Committee's report stated:

"it would not, however, be appropriate for the House to seek directly or through its Committees to enforce its rights to secure information from the Executive at a level below that of the ministerial head of department concerned (normally a Cabinet Minister), since such a practice would tend to undermine rather than strengthen the accountability of Ministers to the House";

The memorandum to the Procedure Committee by the Clerk of the House stated:

"it would certainly appear more in accordance with Ministerial accountability to the House that Ministers should accept responsibility for the conduct of their officials, and that the House should proceed against Ministers".

It is not, in the Government's view, generally in

accordance with those conventions, or with the underlying principles of ministerial accountability, that Select Committees should criticise individual civil servants who are, for the reasons already explained, unable to speak freely in their own defence."

The very serious problems arising from attempts by Select Committees to hold civil servants accountable to them are I believe amply demonstrated in the efforts of the Defence Committee to extend its inquiry beyond questions of departmental policy and execution into the performance and conduct of individual officials. I sincerely trust therefore that in the next session of this Parliament we shall see Select Committees return to the principles which have hitherto been accepted as the basis on which officials give evidence to Select Committees.

Bernard Ingham and Sir Robert Armstrong

The Hon Member singled out for particular criticism the Head of the Home Civil Service and the Prime Minister's Chief Press Secretary. They have long been accustomed to such allegations from the Hon Member. But that is no reason for leaving those allegations unanswered and my Rt Hon Friend the Prime Minister had made clear to this House on numerous occasions, including yesterday afternoon, that they retain her total confidence and she has asked me to confirm that again this morning.

The Committee's report claims that Sir Robert Armstrong's dual role as Cabinet Secretary and Head of the Civil Service may have caused a conflict of interest in the conduct of this inquiry. The Government's response to the Seventh Report from the Treasury and Civil Service Committee already makes clear that it sees no *grounds for change* in what is said in the Defence Committee report affects that. The dual role is not the issue here. ~~The fact is that the staff in the Prime Minister's Office have always come within the formal responsibility of the Department whose Permanent Secretary is the Head of the Civil Service - but in practice of course they answer to the Prime Minister direct, rather than through the Head of the Civil Service, in the day to day discharge of their duties.~~



Sir Robert Armstrong: Failure to give a Lead

The Select Committee have said that the Head of the Home Civil Service failed to give a lead in this case. I cannot accept that view. He has stated on the record, in evidence to the Select Committee which has been reported and broadcast, that it would have been much better not to have disclosed the information in the way in which it was disclosed. He issued a note of guidance in February last year on the duties and responsibilities of civil servants in relation to Ministers. The Treasury and Civil Service Committee have accepted the validity of those principles and they have been reaffirmed by the Government in the response to the Treasury and Civil Service Committee which was published yesterday. The Head of the Home Civil Service conducted himself, with assistance from a colleague from the Cabinet Office (Management and Personnel), in a way which was a failure in the disclosure of the Solicitor General's letter and reported fully to the Prime Minister and the Attorney General on the disclosure and the circumstances in which it came to be made. He took the view, in my judgement rightly, that it would not be fair or reasonable to expect the officials who had given an account of their role to him and co-operated fully in his inquiry to submit to a second round of detailed questioning of the sort that would have been involved in giving evidence to the Select Committee. He offered himself to give evidence to the Select Committee, and answered their questions fully and fairly at two sessions lasting altogether for nearly five hours. Indeed, the Select Committee have relied extensively on his evidence in producing their own Report. Far from that being a failure of leadership, it

13

demonstrates the exercise of leadership with a high degree of responsibility and integrity.

There are of course many other issues raised in the Defence Committee's Fourth Report and I do not intend to comment on these in detail today. Some of them are relevant to the general question of the relationship between civil servants and Ministers. The Government set out its position on these matters fully in its response yesterday to the Seventh Report from the Treasury and Civil Service Committee. This response drew attention to and reaffirmed the procedures laid down in the note of guidance issued by Sir Robert Armstrong in February 1985 for civil servants who are faced with a crisis of conscience. The Government said then and remains of the view that it is neither desirable nor practicable to attempt to prescribe in detail for every situation which might arise. But the Government has already acknowledged that Sir Robert's note was not necessarily the last word on the subject. And it has been agreed that there should be further discussions with the Civil Service unions about the detailed procedures, and about the arrangements for a right of appeal direct to the Head of the Civil Service.

The matters to which I have referred are but a few of those raised in the Committee's report. The Government will of course be making its full views known in due course.

DISCLOSURE INQUIRY: DEFENSIVE

The Select Committee state that it appears that Sir Robert Armstrong must have known at the outset of his inquiry that the disclosure of the Solicitor General's letter must have been authorised.

By the time that Sir Robert Armstrong began to carry out his inquiry, he had reason to believe that the disclosure had been made by the official concerned, and that the official concerned had acted in complete good faith. He had not at that stage heard the testimony of the official concerned. Neither was he aware of the full circumstances, though he was aware that there was likely to be some conflict of evidence about some of the circumstances. In that situation he took the view that it would be premature to report to the Prime Minister at that stage. The right course was for him formally to hear the testimony of all the officials concerned, to ask all necessary questions of each of them, and then to form a judgment as to what had occurred. That was exactly what he did, and in the circumstances it was

the right and fair thing to do. To have reported to the Prime Minister what he had reason to believe, before he had tested the matter thoroughly by means of his inquiry would have been to risk reaching erroneous conclusions and a miscarriage of justice.

2

DRAFT PARAGRAPHS ON DEFENCE SELECT COMMITTEE

REPORT

The Select Committee state that it appears that Sir Robert Armstrong must have known at the outset of his inquiry that the disclosure of the Solicitor General's letter must have been authorised.

By the time that Sir Robert Armstrong began to carry out his inquiry, he had reason to believe that the disclosure had been made by the official concerned, and that the official concerned had acted in complete good faith. He had not at that stage heard the testimony of the official concerned. Neither was he aware of the full circumstances, though he was aware that there was likely to be some conflict of evidence about some of the circumstances. In that situation he took the view that it would be premature to report to the Prime Minister at that stage. The right course was for him formally to hear the testimony of all the officials concerned, to ask all necessary questions of each of them, and then to form a judgment as to what had occurred. That was exactly what he did, and in the circumstances it was

the right and fair thing to do. To have reported to the Prime Minister what he had reason to believe, before he had tested the matter thoroughly by means of his inquiry would have been to risk reaching erroneous conclusions and a miscarriage of justice.

Discipline

The Select Committee said that they find extraordinary the fact that no disciplinary action was taken against any of the officials concerned in the disclosure of the Solicitor General's letter. My Rt Hon Friend the Prime Minister has already expressed to her House, in her speech on 27 January, her regret at the manner in which the disclosure was made. As the Head of the Home Civil Service has said in his evidence to the Select Committee, clearly things were done in this affair which would have been better done differently, and in that sense people made wrong judgments. The question is whether those errors of judgment were such as to call for disciplinary action. As My Rt Hon Friend the Prime Minister made clear yesterday, those responsible for decisions about disciplinary action concluded that there was no case for such action in these instances. It was not my Rt Hon Friend's or my responsibility to take that decision, but I consider it to be an entirely reasonable decision to take in all the circumstances.

The officials concerned are of course well aware of the errors of judgment which were made. They are a matter of public record. That is something that they have to live with. They are not likely to repeat those errors. What happened will be a lesson to others for the future. My Rt Hon Friend the Prime Minister has made it clear that both she and Mr Rt Hon Friend the Secretary of State for Trade and Industry have total confidence in the officials concerned.



COMMITTEE OFFICE
 HOUSE OF COMMONS
 LONDON SW1A 0AA
 01-219 (Direct Line)
 01-219 3000 (Switchboard)

*CDP
 24/7*

DEFENCE COMMITTEE

24 July 1986

Dear Mr Powell,

I am enclosing copies of the Defence Committee's Third Report, The Defence Implications of the Future of Westland plc, and the Committee's Fourth Report, Westland plc: The Government's Decision-Making, together with the volume of evidence taken by the Committee (HC 169).

Yours sincerely,

Robert Rogers

Robert Rogers
Clerk to the Committee

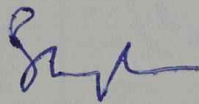
C D Powell Esq
 Private Secretary to the Prime Minister
 10 Downing Street
 LONDON SW1

c: Sir Robert Armstrong

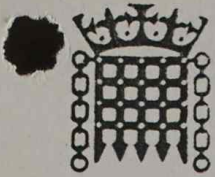
MR WICKS

Attached are the briefing notes given by Dr Gilbert to some journalists when copies of the Westland reports were distributed today.

The sidelinings and other marks are those of the journalist.



BERNARD INGHAM
24 July 1986



PRIME MINISTER

Prime Minister's Veracity

Par 183

"The evidence is that the action of the Prime Minister's office on 6 January in relation to the disclosure was without her direct authority. She has stated that she had no knowledge on 6 January of what was taking place. We accept this."

Par 160

Referring to the reason given by the Prime Minister for the need for the information to have been disclosed to the Press Association, the report says: "Since the information was passed by telephone to Westland in any event, the reason given by the Prime Minister for releasing the information to the Press Association begins to look flimsy, to say the least. Sir John Cuckney told us that the information made no difference to his policy at the press conference".

Par 184

"...I did not know about the then Secretary of State for Trade and Industry's own role in the matter of the disclosure until the inquiry had reported." We asked Sir Robert Armstrong about this; and he thought it "strange, but I believe that to be the case".

Evasive Answers

Par 198

Committee lists, without comment, evasive answers given by the Prime Minister on 23rd January.

The "Meeting" on December 13th

Par 81

The Prime Minister said, "No meeting was agreed so there was no meeting to cancel ...".

Par 82

"Other members of the Cabinet have referred publicly to a meeting on Friday 13th in terms which make it clear that there was a meeting to cancel and that it was cancelled."

Par 83

"There is therefore direct conflict of evidence on this point. It is nevertheless remarkable that, having been given this commission by his colleagues, Mr Heseltine was allowed no opportunity to report formally to those colleagues."



MR BRITTAN

Par 106

Mr Brittan said he had been "put in "the impossible position of trying actually to carry out the Government's policy of being even-handed ..." We think it strange that Mr Brittan allowed himself to be put in what he regarded as an impossible position and we are surprised at the means he chose to extricate himself from it."

The 'phone call to Mr Churchill on Sunday 29th December Par 107

"Mr Brittan told us that he thought that if he were to give the facts about the situation, this would be "open to misconstruction", but that if his officials were to do so, no misunderstanding would arise. This view suggests an extraordinary understanding of the relationship between Ministers and Officials."

Par 109

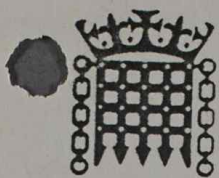
"This (the above paragraph) indicates the attitude of mind which was at the heart of the disclosure of the Solicitor-General's letter. It is obvious that the view was taken in Government, and particularly in the DTI, that the Secretary of State for Defence had breached collective ministerial responsibility and was quite openly continuing to do so. This was in part correct. The consequent assumption that if Mr Heseltine's resignation was not to be required, he could be thwarted by any means cannot be justified."

Par 172

"Mr Brittan, a Queen's Counsel, would have been aware of the special confidentiality of Law Officers' advice. The Secretary of the Cabinet said of Mr Brittan: " How far he addressed his mind to the fact that this was the Solicitor-General's letter and to the discourtesy or impropriety or unwisdom of it being disclosed from his Department I do not know". "

Par 178

"We put the following question to Mr Brittan: "Why was the Solicitor-General not told that his letter was going to be leaked?" Mr Brittan would not tell us."



Par 177

"In the unusual and sometimes bizarre reasoning which has been put before us, a justification has been given for each step taken. Although those involved must carry blame for what occurred, what seems especially reprehensible is a manner of doing business where the direct and honourable course does not present itself to the exclusion of all else. It appears that not one of those involved, from the Secretary of State for Trade and Industry down, suggested simply telephoning the Solicitor-General and explaining the need to publish the "correct information", that was thought to be so compelling."

Par 179

"It was not until Wednesday 22 January that the Solicitor-General discovered that the disclosure of parts of his letter had been authorised by the Secretary of State for Trade and Industry....This was an outrageous way in which to treat a Law Officer of the Crown ..."

Par 204

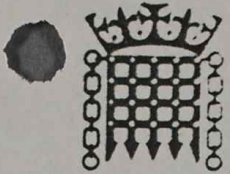
"We asked Mr Brittan whether or not he had any conversation with the Prime Minister, about the fact that he had authorised disclosure of part of the Solicitor-General's letter, before the Prime Minister received the report of the inquiry. He refused to tell us. When it was put to him that there was a period of time after the inquiry had been set up during which he knew what his role had been but chose not to inform the Prime Minister, he would not comment."

Par 205

"If, as the Prime Minister has repeatedly told the House, the DTI officials were confident that they had Mr Brittan's authority for the disclosure, and if, as Mr Brittan has confirmed, he gave them that authority, his silence during this time might be thought to have fallen short of the backing which a Minister normally gives his officials."

Par 205

"We asked Mr Brittan whether he discussed with his private office or with other members of his staff the likely course or the actual course of the leak inquiry. Mr Brittan refused to tell us."



Par 167

"We asked Mr Brittan whether he authorised that the whole document should be published. He refused to tell us. We asked Mr Brittan who selected the passages to be quoted. He refused to tell us. We asked Mr Brittan whether he knew the facts that would enable him to answer the previous questions. Again, he refused to tell us."

SIR MICHAEL HAVERS

Par 195

"He must have known - from Sir Robert Armstrong - that the disclosure had been authorised at the time he was asked to grant immunity to Miss Bowe, ie before the enquiry had got under way."

MR MICHAEL HESELTINE

Par 222

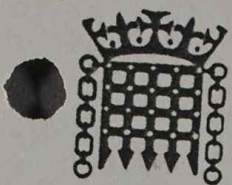
Mr Heseltine "suggested that the summaries (of the October Documents put before us) were misleading."

Par 224

"We repudiate any suggestion that the summaries were misleading in any respect".

Par 126

"It cannot be emphasised too strongly that, whatever the strength of Mr Heseltine's case, it was flawed by the lateness of its presentation and disadvantaged by his personal crusade for one particular solution".



CONDUCT OF OFFICIALS

Par 237

"If Ministers cannot demonstrate that officials have behaved properly, the question of disciplinary proceedings arises."

Par 172

"Asked whether he would have expected the people he interviewed to regard the leaking of the letter as an improper act, Sir Robert said: "I wish that they had had that consideration in their minds. Some of them, I think, did; some of them, I think, did not"."

Par 144

"Sir Robert Armstrong told us that "all the DTI officials concerned" first saw the Solicitor-General's letter in the Secretary of State's private office at around 1.00pm on 6th January The fact that she (Miss Colette Bowe) was alerted to the receipt of the letter and was present at that stage suggests that, before consulting the Secretary of State and before speaking to No. 10, the Officials had in mind that some public use of the information contained in the letter was indicated."

Par 187

"It must therefore be the case that Mr Ingham and Mr Powell were in a position to tell the Prime Minister on 7 January what turned out to be the principal findings of Sir Robert Armstrong's inquiry more than a fortnight later."

Par 188

"Yet on 7 January Mr Ingham and Mr Powell did not share their knowledge - not with Mr Nigel Wicks, the Prime Minister's Principal Private Secretary, not with Sir Robert Armstrong and not with the Prime Minister..."

Par 186

"It is to be presumed that Mr Powell and Mr Ingham were present when the Prime Minister discussed the matter with her office."



Par 189

"We know that during the discussion on 7 January the Prime Minister was told of the Law Officers' concern. To judge from his letter of that day, which was copied to the Prime Minister, the Solicitor General was outraged. The Prime Minister was told "in general terms that there had been contacts" between her office and the DTI. Even if the Prime Minister was content to leave the matter there, it is surprising that Mr Wicks, her Principal Private Secretary, did not make immediate inquiries into a matter which apparently involved a member of the Private Office which he headed."

The Telephone Calls and "Differences of Understanding"

Par 154

"It is not impossible that four extremely able officials in key positions would have been capable of identical misunderstandings of this sort in two separate telephone conversations. But it is far more likely that Mr Ingham realised very well that what was being sought was not agreement but authority for the disclosure, the authority of No. 10 and so of the Prime Minister, and this he refused to countenance."

Par 155

"As far as the disclosure of the Solicitor-General's letter was concerned, however, Mr Ingham undoubtedly realised the implication of what was about to take place and wished to distance No. 10 and the Prime Minister from the consequences."

Par 158

Deals with whether there was a genuine "difference of understanding" between Miss Bowe and Mr Ingham or whether Mr Ingham ordered Miss Bowe to do what she did.

Method of Disclosure

Par 156

"The method of disclosure that was adopted, the unattributable communication of tendentious extracts from the letter was disreputable".

Par 157

"Sir Robert Armstrong's evidence indicated that the method of disclosure was agreed in the telephone call between Mr Ingham and Miss Bowe."



Par 169

"In respect of the disclosure on 6 January, however, those involved knew, or ought to have known, that what was done was wrong. The disclosure was made unattributably in order to conceal the identity of those concerned."

Par 170

"In his reply of 7 January to Mr Heseltine the present Solicitor-General said: "...the rule is very clearly established that even the fact that the Law Officers have tendered advice in a particular case may not be disclosed without their consent, let alone the content of such advice. It is plain that in this instance this important rule was immediately and flagrantly violated"."

Par 175

"Only by releasing the information unattributably could the disclosure be limited to those parts of the letter that damaged Mr Heseltine."



Par 159

"It was the company which had first drawn the Government's attention to differences between the Defence Secretary's letter of 3 January and the Prime Minister's letter of 1 January, and it was the Chairman of the company who had said to an official of the DTI on 5 January that it was very important to Westland that the matter should be cleared up before the Press Conference the next day. Yet the information was given first to the Press Association."

Par 162

"It is clear that the passages chosen for selective disclosure from the Solicitor-General's letter were calculated to do the maximum damage to Mr Heseltine's case and to his personal credibility."

Par 165

"However, an examination of the Press Association tapes on 6 January and the reports carried by the newspapers on 7 January demonstrates that further parts of the letter were disclosed after the original call from Miss Bowe to the Press Association."



THE FUTURE

Par 230

"Our request to have the five officials appear before us still stands."

Par 232

"We do not accept the argument that when civil servants have had to give an account of their actions to an internal inquiry which has no formal status, those civil servants will be in double jeopardy if they subsequently have to give evidence on the same matters to a Select Committee."

Par 233

"Some witnesses may not see the formal protection afforded by privilege as a sufficient safeguard. As Sir Robert Armstrong said in evidence, in the case of the people concerned "it is a case of their careers and reputations and lives." In such circumstances however, the responsibility lies with Ministers who require or expect officials to behave in an improper way, and with officials who comply."

Par 239

"Yet the Government has not been as forthcoming in giving the assistance as the House might have expected".

Par 240

"As far as individuals are concerned, we have made our best judgments on the evidence before us. If anyone feels himself or herself to have been traduced by our findings, we are prepared at any stage to take oral or written evidence, in public or in private, from anyone involved in the events we have examined. If that evidence leads us to modify our conclusions, we will of course make a further report to the House."

a meeting on 11.10.00 ...
that there was a meeting to cancel and that it was cancelled."

Par 83

"There is therefore direct conflict of evidence on this point. It is nevertheless remarkable that, having been given this commission by his colleagues, Mr Heseltine was allowed no opportunity to report formally to those colleagues."

WESTLAND

General Line to Take

The Government will, of course, respond to these reports in due course. I should, however, like to make two things clear straight away.

First, my Rt. Hon. Friend the Secretary of State for Trade and Industry and I have total confidence in our officials referred to in the Report. As the House will be aware, those responsible for civil service discipline have already decided that there is no case for action in this instance.

Second, I do not accept the Committee's comments on the role of the Head of the Home Civil Service. He continues to have the Government's total confidence.

SUPPLEMENTARIES

Will the Prime Minister now comment on the circumstances surrounding the disclosure of the Solicitor General's letter.

My statement on 23 January and my speech on 27 January were checked for accuracy with everyone concerned, and I have nothing to add to what I said then. {We shall of course be responding to the report of the Select Committee in due course}.

Officials giving evidence?

I have set out the normal rules for appearances before Select Committees by officials in my reply to the Hon. Member for Linlithgow on 17 February. I have nothing to add.

Debate?

This is a matter for my Rt. Hon. Friend the Leader of the House.

Mogg Promotion?

24 July 1986

SLHAMM

Monday 17 February 1986

(Answered by the Prime Minister on Monday 17 February 1986)

UNSTARRED
No. 121
(W)

Mr Tam Dalyell: To ask the Prime Minister, what is her general policy towards the circumstances in which officials whose conduct has been the subject of an internal inquiry should be authorised to appear as witnesses before a Select Committee's inquiry into related matters; to what extent the practical application of this policy would be influenced in any given case by: (a) the rank or position of the official in question, (b) whether or not disciplinary action had been taken and (c) the fact that immunity from prosecution had been granted; and if she will make a statement.

THE PRIME MINISTER:

Officials giving evidence before Select Committees do so on behalf of their Ministers, and it is therefore customary for Ministers to decide which officials should represent them for this purpose. The principles are set out in "Memorandum of Guidance for Officials appearing before Select Committees", issued as General Notice GEN 80/38, a copy of which is in the Library of the House.



HOUSE OF COMMONS
LONDON SW1A 0AA

R26/7

24 / 7 / 86

Dear Prime Minister,

I have now read
sections of the Select Committee
Report on Westlands.

Since your most intimate
advisers are criticised, and
your own position deeply
questioned by implication,
what Minister, remaining in
the Government, other than
one of the Law Officers,
or yourself, can convincingly
reply to to-morrow's Adjournment
Debate?



HOUSE OF COMMONS
LONDON SW1A 0AA

Is it really honourable
to require some hapless
Junior Minister, involved
at best on the periphery
of these events to come
along to the House, and
stand at the Despatch
Box, defending the Cabinet
Secretary, Mr Ingham, and
yourself?
Indeed, does not the code
of "an Officer and a
Gentleman" require that you should
not leave the task of replying
to this particular Adjournment Debate
to others, but undertake it yourself?
Yours faithfully
A. D. D. P.



COMMITTEE OFFICE
HOUSE OF COMMONS
LONDON SW1A 0AA
01-219 (Direct Line)
01-219 3000 (Switchboard)

DEFENCE COMMITTEE

24 July 1986

Dear Mr Wicks,

I am enclosing copies of the Defence Committee's Third Report, The Defence Implications of the Future of Westland plc, and the Committee's Fourth Report, Westland plc: The Government's Decision-Making, together with the volume of evidence taken by the Committee (HC 169).

Yours sincerely,

Robert Rogers

Robert Rogers
Clerk to the Committee

Nigel Wicks Esq CBE
Principal Private Secretary to the
Prime Minister
10 Downing Street
LONDON SW1



F

10 DOWNING STREET

NIGEL

WESTLAND

Remarkably little interest by a small hobby which lasted 10 minutes - most of them dealing with reports.

I anticipated no PQs. Said the PM would of course be answering questions this afternoon.

I conveyed an impression of great relaxation about the report

I shook my head sadly, with much tut-tutting, about the spurge of leaks and the remarkable spectacle of two members of the Committee going on radio before publication. This conundrum about leaks does not add up, I said

I said I had raced through the report and couldn't find a new line. Long on questions.

It maintained my beliefs

His leaks invariably
exaggerate.

Would this be my last holiday?
I doubted it; I hadn't
packed my pictures. There
had of course already been
expressions of confidence in
the officials mentioned.

Byham

$\frac{24}{7}$



cc B1
TF
NW

SIR ROBERT ARMSTRONG

1. Thank you for your minute of 23 July.
2. I have considered carefully the view taken at your meeting yesterday but feel that it is essential that I should make the point tomorrow that at the time the inquiry was instituted I did not know that the disclosure had been made by Miss Bowe.
3. I am enclosing a draft of the Answer I propose to give to the arranged Parliamentary Question.
4. I am sending copies of this minute and its enclosure to the Lord President, the Lord Privy Seal, the Chief Whip and Mr Wicks.

Mt

23 July 1986

PERSONAL AND CONFIDENTIAL

DRAFT/

Question: To ask Mr Attorney General, if he has yet received copies of the Reports of the Select Committee on Defence on Westland.

Answer: Yes. The Select Committee state that if, when I authorised an offer of immunity from prosecution to one of the officials concerned in the Head of the Home Civil Service's inquiry into the circumstances of the disclosure of the Solicitor General's letter of 6 January, I was able at that stage to say that under no circumstances would I have prosecuted the official concerned, I must have known, and could only have learned from the Head of the Home Civil Service, that the disclosure had been authorised.

I wish to make it absolutely clear that at the time when I advised that an inquiry be instituted, I did not know that ^{by whom} the disclosure had been made ~~by the official concerned~~ or that it had been authorised by the then Secretary of State for Trade and Industry or at all.

At the time when I granted immunity to the official concerned, while I had reason to believe that the disclosure had been made by the official concerned, and that the official concerned had acted in complete good faith, I was not aware of the full circumstances. It was important that the inquiry should

PERSONAL AND CONFIDENTIAL

PERSONAL AND CONFIDENTIAL

- page two -

discover as fully as possible the circumstances in which the disclosure came to be made, and should provide those concerned with the opportunity of giving their accounts of their part in the affair. It was clear that the testimony of the official in question would be vital to the inquiry, and I judged it right that possible impediment to full co-operation in the inquiry should be removed. I was and am satisfied that that in no way interfered with the course of justice: the facts as disclosed in the inquiry confirmed my judgment that there would have been no question of proceeding against the official concerned.

As the Select Committee recognise, I was not told of the direct involvement of the then Secretary of State for Trade and Industry until 22 January.

PERSONAL AND CONFIDENTIAL

File
CONFIDENTIAL *BR*

MR. INGHAM

WESTLAND - IMMEDIATE RESPONSE

We discussed this afternoon your minute of today which sets out your proposed line at the 11 a.m. lobby tomorrow. On the basis of the discussion, I suggest that your response should be as follows:

You could use paragraph 1 and the first sentence of paragraph 2 of your minute. But I would not say that the Prime Minister might give an "initial reaction" during Question Time. This might build up expectations undesirably.

On paragraphs 3 and 4 you should not draw attention to the Written Question down to the Attorney General (there will not be a Written Question down to the Prime Minister).

The point in paragraph 5 is fine.

Though the TCSC report might be mentioned in passing, you should be wary of putting too much weight on the point in paragraph 6, since this might suggest to some that you had advance copy of the Report (which is the case).

Paragraph 7 will not arise since you will not be trailing the Prime Minister's reply in the afternoon.

I think you can certainly use paragraphs 8, 9, 11, 12 and 13.

Paragraph 10 falls since you will not be trailing the Attorney General's Question. If asked about it, I suggest that you say "We'll have to wait and see what he says".

JD3AOP

CONFIDENTIAL

CONFIDENTIAL

- 2 -

If any of this gives you any difficulty, please have a word.

NLW

23 July, 1986.

CONFIDENTIAL

Prime Minister

This looks CONFIDENTIAL

MR WICKS

fine, except §§ 3 and 4.

cc: Chief Whip
Sir Robert Armstrong
Sir Brian Hayes
Attorney General's Office

N.L.W

23.7

WESTLAND - IMMEDIATE RESPONSE

This note sets out the line which, subject to agreement, and checking of the facts, I propose to take at the 11am Lobby tomorrow:

1. The Prime Minister and members of the Cabinet are not aware of the contents of the report since Cabinet began at 10.30 before publication (and receipt, by those named in the report, of advance copies).
2. Obviously officials will be reading the report and preparing briefing for the Prime Minister when she is in the House for Questions this afternoon. She would hope to give an initial reaction then; this is all that the time factor allows.
3. There are also two Written Questions down - one to the Prime Minister and the other to the Attorney General - and it is hoped the Prime Minister and the Attorney General will be able to set out briefly in writing their initial reaction to points some time after 3.30pm.
4. I would not expect either Written Answer to go much beyond what the Prime Minister would be prepared to say, if asked, at 3.15pm; after all the Government will want to give the two reports of the Defence Select Committee careful consideration.

Best not to trail the PQs, I think.

)

CONFIDENTIAL

CONFIDENTIAL

2.

5. The Government will of course reply formally to the reports in due course - ie in a few months' time.
6. In the meantime, I should draw attention to the Government's response to the Treasury and Civil Service Select Committee report published at 11am which in particular deals with the combined post of Head of the Civil Service and Cabinet Secretary (paras 41-42).

In answer to questions, I would make the following points:

7. Why is the Prime Minister prepared to answer questions so quickly?

I think she will wish to answer a number of points immediately since the report refers to particular individuals.

8. Is your or any other official's job in danger?

May I remind you that there have of course been previous expressions of confidence in the officials concerned. I have no reason to believe you will see any change of personnel.

9. Has any official offered to resign?

Not that I'm aware of.

10. Will the Attorney General's Answer deal with the suggestion he knew who had authorised the leak when he offered immunity?

It could well do so.

11. Will any Minister be giving interviews on the report?

No.

CONFIDENTIAL

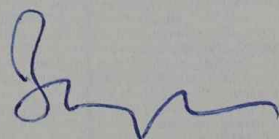
CONFIDENTIAL

3.

12. Doesn't this report come as a further blow to the Government?

My clear impression is that outside the Palace of Wesminster the public were massively bored by the whole esoteric Westland affair as long ago as last January and perhaps even before that - as I believe I told you then.

13. In answer to all other questions - eg how does Prime Minister/Ministers/Officials/you feel about the report? How can you stay in your job etc, I shall offer no comment.



BERNARD INGHAM

23 July 1986

CONFIDENTIAL

file

PERSONAL AND CONFIDENTIAL

J 13 A 00



10 DOWNING STREET

bc:-
NLW
CDP
BI ✓
TF

From the Principal Private Secretary

Sir Robert Armstrong

REPORTS OF THE SELECT COMMITTEE ON DEFENCE ON WESTLAND

Following the discussion earlier this evening, I enclose a revised draft of the oral reply attached to my minutes of earlier today. This reflects the discussion at the meeting.

We will need to settle the form of the Question when we have seen the Report.

I am copying this minute to the Private Secretaries to the Lord President, Lord Privy Seal, Secretary of State for Trade and Industry, the Chief Whip, and to the Legal Secretary to the Attorney General.

NLW

23 July, 1986.

Handwritten initials

PERSONAL AND CONFIDENTIAL

QUESTION:

Will my Rt. Hon. Friend say whether she has any comment on the reports of the Select Committee on Defence published this morning?

REPLY:

The Government will, of course, respond to these reports in due course. I should, however, like to make two things clear straight away.

First, my Rt. Hon. Friend the Secretary of State for Trade and Industry and I have total confidence in our officials referred to in the Report. As he will be aware, those responsible for civil service discipline have already decided that there is no case for action in this instance.

Second, I do not accept the Committee's comments on the role of the Head of the Home Civil Service. He continues to have the Government's total confidence.

292410



10 DOWNING STREET

cc: Mr. Ingham
Mr. Powell
Mr. Fletcher

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

THE REPORTS OF THE SELECT COMMITTEE ON DEFENCE ON WESTLAND

Further to my minute of earlier today, I enclose a revised draft of the oral reply which was attached to my minute. This reflects the Prime Minister's own comments.

I am copying this minute to the Private Secretaries to the Lord President, Lord Privy Seal, Secretary of State for Trade and Industry, the Chief Whip and to the Legal Secretary to the Attorney General.

N.L.W.

N. L. Wicks

23 July 1986

(REVISED VERSION)

ORAL ANSWER

Question: Will my Rt. Hon. Friend say whether she has any comment on the reports of the Select Committee on Defence published this morning?

Reply: The Government would, of course, respond to these reports in due course. Since they make criticisms of a number of individuals, however, I should like to make two points straight away.

First, the House will already be aware that those responsible for discipline in the Civil Service - not I - have decided that there are no grounds for disciplinary action in this matter. My Rt. Hon. Friend the Secretary of State for Trade and Industry and I have total confidence in our officials referred to in the Report.

Second, I do not agree with the Committee's comments on the role of the Head of the Home Civil Service. He too has the Government's complete confidence.



SIR ROBERT ARMSTRONG

1. Thank you for your minute of 21 July enclosing a draft of a statement reacting to the Select Committee's Reports on the Westland affair.
2. I think it important that the statement should make it clear that at the time the inquiry was instituted I did not know that the disclosure had been made by Ms Bowe, nor did I know of any authorisation given to her.
3. I am attaching a re-draft of the first part of your paragraph 3, which attempts to make this point and which omits the complaint about the Select Committee's failure to observe the requirements of natural justice. On reflection, I feel that this might be a hostage to fortune and seems to accept that I might, in some way, be to blame.
4. I have no comments on the other parts of your draft.
5. I am copying this minute to the Lord President of the Council, the Lord Privy Seal, the Chief Whip and Mr Wicks.

MH
—

22 July 1986

DRAFT/

3. I should make it absolutely clear first that my Rt.Hon. and Learned Friend the Attorney General did not, at the time when the inquiry was set up on 13 January, know that the disclosure had been made by the official concerned or that it had been authorised by the then Secretary of State for Trade and Industry or at all. Secondly, when my Rt.Hon. and Learned Friend the Attorney General later granted immunity to the official concerned, he was satisfied, by what the Head of the Civil Service was able to tell him, that there was reason to believe that the disclosure had been made by the official concerned and that there was no reason to doubt that that official had acted in complete good faith. But neither he nor the Head of the Home Civil Service knew that the disclosure had been authorised by the then Secretary of State for Trade and Industry.



10 DOWNING STREET

Nigel

Message from PA

Dr Gilbert has told them
copies of the Westland
report will go to those
named in it only 30
minutes in advance of
publication.

He has also said that
facilities will be available
to take the media through
the report.

At RJA's meeting this
evening we were told

Now we were to have 2
hours to look at the
report and that no
arrangements were
being made for briefing
press.

I have alerted RTA's
Spec and Chief Whip's
Office

John 22/7



N.L.W

10 DOWNING STREET

Prime Minister

From the Principal Private Secretary

Lord Whitelaw is
firmly against having
a written answer.

SIR ROBERT ARMSTRONG

N.L.W
23.7

THE REPORTS OF THE SELECT COMMITTEE ON DEFENCE ON
WESTLAND

The Prime Minister saw overnight your minute of 22 July in which you suggested a draft question and answer, setting out the Government's initial response to the Select Committee's Reports on Westland.

The Prime Minister has not yet considered the drafting of the suggested answer in detail. But she has commented that there needs to be a lot of work done to reduce the draft answer to the minimum wording necessary.

This cannot be done until we have seen the Reports. But I have set out, in the attachments to this minute, possible drafts of what the Prime Minister might say in response both to an oral question and in any following written answer. You will see that the written question differs from the version suggested in the attachment to your minute of yesterday; this reflects the Prime Minister's own drafting.

Having read the revised written answer, I do wonder whether it is necessary because:-

- (i) there must be some risk that a written answer would stimulate strong demands in Parliament for the Prime Minister to come to the floor of the House to make an oral statement at ten o'clock. This clearly is to be avoided;
- (ii) the written text does not say much more than what is said in the oral answer;
- (iii) to the extent it does, it contradicts the reasoning given for an early initial response; i.e., this is required in view of the comments made on individuals in the Reports; and to the extent that the written answer goes beyond the reply on comments on individuals and gets into

substance (the role of Select Committees and the combination of positions of Secretary of the Cabinet and the Head of the Civil Service), the greater the risk identified in (i) above;

- (iv) it risks provoking the Select Committee Lobby in general, and the Defence Committee in particular, in defence of their right to present a Report covering conduct of Government matters and the behaviour of particular named civil servants. Clearly we want to avoid such provocation since it would simply cause the issue to run.

I am therefore somewhat doubtful whether we need a written answer, though I agree that it is helpful to have one tabled as a contingency.

I should be grateful for comments on the drafts attached. The Prime Minister may need to call a meeting.

I am sending a copy of this minute to the Private Secretaries to the Lord President, Lord Privy Seal, Secretary of State for Trade and Industry, the Chief Whip and to the Legal Secretary to the Attorney General.

N. L. WICKS

23 July 1986

(REVISED VERSION)

ORAL ANSWER

Question: Will my Rt. Hon. Friend say whether she has any comment on the reports of the Select Committee on Defence published this morning?

Reply: The Government ^{will} ~~would~~, of course, respond to these reports in due course. Since they make criticisms of a number of individuals, however, I should like to make two points straight away.

First, the House will already be aware that those responsible for discipline in the Civil Service - ~~not I~~ - have decided that there are no grounds for disciplinary action in this matter. My Rt. Hon. Friend the Secretary of State for Trade and Industry and I have total confidence in our officials referred to in the Report.

Second, I do not agree with the Committee's comments on the role of the Head of the Home Civil Service. He too has the Government's complete confidence.

ORAL ANSWER

Question: Will my Rt hon Friend say whether she has any comment on the reports of the Select Committee on Defence published this morning?

Reply: The Government would, of course, respond to these reports in due course. Since they make criticisms of a number of individuals, however, I should like to make two points straight away.

First, the House will already be aware that those responsible for discipline in the Civil Service - not I - have decided that there are no grounds for disciplinary action in this matter. My Rt hon Friend the Secretary of State for Trade and Industry and I have ^{total} ~~the fullest~~ confidence in our officials referred to in the Report.

Second, I ^{do not agree with} ~~believe that~~ the Committee's comments on the role of the Head of the Home Civil Service ^{are} ~~are~~ totally unwarranted. He too has the Government's ~~fullest~~ confidence.

Complete.

WRITTEN ANSWER

To ask the Prime Minister, if she has received the reports of the Select Committee on Defence on Westlands plc; and if she will make a statement.

Draft reply:

As I said in the House this afternoon, the Government will respond to the Committee's reports in due course. But in view of references to particular individuals there are a number of points which should be answered immediately.

In relation to the Select Committee's references to disciplinary action, those responsible for Civil Service discipline decided, having regard to all the circumstances, that there were no grounds for disciplinary action. It was not my responsibility to take that decision, but I consider it to have been an entirely reasonable one. I have the fullest confidence in the officials concerned in my office and so does my Rt hon Friend the Secretary of State for Trade and Industry in the officials concerned in his own Department.

In relation to the Committee's comments on the Head of the Home Civil Service I believe their criticisms are totally unwarranted. It was the Head of the Home Civil Service who proposed to me there there should be an inquiry; he conducted it thoroughly and impartially; he offered himself to give evidence to the Select Committee on Defence; and he answered

their questions fully and fairly at two sessions, lasting altogether for nearly five hours. Far from that being a failure of leadership it demonstrated the exercise of leadership with a high degree of responsibility and integrity.

In relation to the Select Committee's comments on the question of combining the position of Secretary of the Cabinet and Head of the Home Civil Service, the Government's view is set out in its response to the Seventh Report of the Treasury and Civil Service Committee, which is being presented today as Command 9841.

The Select Committee's Report demonstrates the problems that arise when this type of inquiry extends beyond questions of departmental policy and execution into the performance and conduct of individuals. On this aspect of the matter I would refer the House to paragraphs 13 and 14 of the Government's response to the Seventh Report of the Treasury and Civil Service Committee, which deals with the implications of Ministerial accountability to Parliament for relations between civil servants and Select Committees. Those paragraphs read as follows:

Accountability

13. The Government endorses the Committee's two basic propositions on accountability: that Ministers and not officials are responsible and accountable for policy; and that officials' advice to Ministers is and should remain confidential. Constitutionally, Ministers are responsible and accountable for all actions carried out by civil servants of their departments in pursuit of Government policies or in the discharge of responsibilities laid upon them by Parliament. The delegation of authority to managers at all levels, which is an important part of the Government's drive for more efficient and economic use of resources in the Civil Service, involves internal accountability within departments and does not conflict in any way with the external accountability of the Minister to Parliament. Any attempt to make civil servants directly accountable to Parliament, other than the strictly defined case of the Accounting Officer's responsibility, would be difficult to reconcile with Ministers' responsibility for their departments and civil servants' duty to their Ministers.

14. This has implications for the position of civil servants in relation to Select Committees generally and the Departmental Select Committees in particular. These Committees were established to examine the expenditure, administration and policy of government departments, and the conventions accepted as applying to the exercise of their powers are set out comprehensively in the First Report from the House of Commons Select Committee on Procedure (Session 1977-78, HC 588) and the memorandum to that Committee by the Clerk of the House. The report and the memorandum recognised that civil servants who give evidence to Select Committees do so on behalf of their Ministers; that there are certain matters on which they cannot answer questions (notably, as the Committee's own report states, on policy matters—which are for Ministers—and on advice given to Ministers); and that, as the Procedure Committee's report stated:

“it would not, however, be appropriate for the House to seek directly or through its Committees to enforce its rights to secure information from the Executive at a level below that of the ministerial head of department concerned (normally a Cabinet Minister), since such a practice would tend to undermine rather than strengthen the accountability of Ministers to the House”;

and as the memorandum to the Procedure Committee by the Clerk of the House stated:

“it would certainly appear more in accordance with Ministerial accountability to the House that Ministers should accept responsibility for the conduct of their officials, and that the House should proceed against Ministers”.

It is not, in the Government's view, generally in accordance with those conventions, or with the underlying principles of ministerial accountability, that Select Committees should criticise individual civil servants who are, for the reasons already explained, unable to speak freely in their own defence.

PERSONAL AND CONFIDENTIAL



McWicks
Prime Minister
I am sure this is right.

70 WHITEHALL, LONDON SW1A 2AS

01-233 8319

N. C. W.
22.7.

From the Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref. A086/2149

ATTORNEY GENERAL

Yes

Thank you for your minute of 22 July.

2. As you know, the Prime Minister has suggested - and I gather you are content - that you should reply separately on the point about whether you knew that the disclosure had been authorised by the Secretary of State for Trade and Industry when you authorised me to offer immunity from prosecution to Miss Bowe. The latest version of the draft Written Answer by the Prime Minister still includes the material on this, but on the understanding that it would in fact become a separate Answer.

3. When I discussed these matters with the Chief Whip^h and others on the evening of 22 July, the view was taken - particularly by the Chief Whip and Mr Ingham - that it would be better not to try and deal at this stage with the point that at the time the inquiry was instituted you did not know that the disclosure had been made by Miss Bowe. The point can be dealt with when we come to the Government's full response to the Select Committee's Report: if you add that to your answer now, it will give the scrutineers and critics something else to fasten on and make an issue of during Thursday and Friday, when there are likely to be a number of

PERSONAL AND CONFIDENTIAL

PERSONAL AND CONFIDENTIAL

Parliamentary opportunities to take these matters up: in Prime Minister's Question Time, on the Business Statement, on the Motion for the Adjournment, perhaps during the Consolidated Fund debate, and in Mr Dalyell's adjournment debate.

4. I am sending copies of this minute to the Lord President, the Lord Privy Seal, the Chief Whip and Mr Wicks.

Robert Hursting

22 July 1986

cc Mr. Ingham
Mr. Powell
Mr. Flesher

PRIME MINISTER

*Put in my
wording*

THE REPORTS OF THE SELECT COMMITTEE ON DEFENCE ON WESTLAND

I agree generally with Sir Robert Armstrong's advice in his minute attached, subject to the one concern below. We can refine the language of the answers tomorrow and Thursday, but it would be helpful to know whether you are generally content with their form. I am doubtful whether Part V on the Select Committees and Ministerial Accountability is necessary. But Sir Robert Armstrong and the Chief Whip strongly think it is.

My concern, which I will discuss further with the Chief Whip and the Lord Privy Seal, is whether a Written Answer on the lines drafted will stimulate irresistible demands in Parliament for you to come to the floor of the House to repeat what is said. (This happened with Mr. Ridley recently with his water privatisation Written Answer which he had to repeat later that day as an Oral Statement.) I hope that any requests of this sort can be met on the lines that you made an Oral Statement in your Oral Answers earlier that afternoon. But we need to make sure.

Subject to this point,

(i) Are you content that we should inspire a Parliamentary Question on the lines of the draft at Annex A?

Put in my wording

(ii) Have you any comments on the draft answers?

N.L.W.

*We need a bit of work
to reduce the draft-answers
to the minimum wording necessary
- after we have seen what
the reports say.*

(N. L. WICKS)
22 July 1986



Ref. A086/2148

MR WICKS

The Reports of the Select Committee on Defence on Westland

Thank you for your minute of 22 July.

2. I have now discussed this matter further with the Chief Whip, the Permanent Secretary to the Department of Trade and Industry, and the Legal Secretary to the Law Officers.

3. As to the proposal that there should be Questions for Written Answer on Thursday 24 July, we were told that the Lord President took the view that, while the material in the Written Answer should be available for the Prime Minister's use when she was answering oral Questions, it would be preferable not to put down Questions for Written Answer. The Chief Whip and others at my discussion felt that, even though the Prime Minister might draw on the material in answer to oral Questions, it would be advantageous to have the material set out fully in Written Answers. These would be important as points of reference for the press and others, and would in the nature of things be likely to be rather fuller than anything that could be said in reply to oral Questions.

4. The Attorney General is perfectly content to reply himself directly through an arranged Parliamentary Question. His office will arrange for a Question to be put down accordingly. I suggest that that Question should be in the form:

"To ask the Attorney General, if he has yet received copies of the Reports of the Select Committee on Defence on Westland".



5. We considered at my meeting whether the Secretary of State for Trade and Industry should be advised to arrange a Question for Written Answer on 24 July, but we concluded that the position of his officials should be regarded as being covered by the Prime Minister's Answer: it would be disadvantageous to have a proliferation of answers, with people closely scrutinising them for differences of emphasis and so on.

6. We concluded that there was no advantage in having a parallel arranged Question for Written Answer put down for the Secretary of State for Defence. The immediate interest will not focus on the defence implications or on Ministry of Defence officials; and the report on the defence implications of the Westland affair will be a very long document.

7. The proposal is, therefore, that the Prime Minister's office should arrange for a Question to be put down to her, for Written Answer on Thursday 24 July. I attach at Annex A a draft of that Answer. At this stage I have retained the paragraphs about the Attorney General, so that the Prime Minister can see the form which it is proposed (subject to the views of the Attorney General) that they should take; but that would of course disappear from the text of the Prime Minister's Answer and be transferred to the Attorney General's.

8. There have been various drafting changes in the draft Written Answer, though it is basically on the lines of the draft attached to your minute of 21 July. My meeting took the view, however, that it would be useful to retain a final paragraph on Select Committees and Ministerial accountability: with a direct quotation from the relevant paragraphs of the response to the Treasury and Civil Service Committee. The Chief Whip strongly concurred in this view.



9. I attach at Annex B a first draft of a reply which the Prime Minister could use in the course of her oral Questions on Thursday 24 July, if a suitable opportunity arose.

10. I am sending copies of this minute to the Private Secretaries to the Lord President, the Lord Privy Seal, the Secretary of State for Trade and Industry and the Chief Whip and to the Legal Secretary to the Attorney General.

RA

ROBERT ARMSTRONG

22 July 1986

Draft of 22 July

DRAFT QUESTION

To ask the Prime Minister, if she ^{has received the} ~~will make a~~
~~statement on the~~ ^{the} reports from Select Committee
on Defence on Westland plc. ^{and if she will}
^{make a statement.}

DRAFT ANSWER

I. The leaks of the Select Committee's Reports

The Government will respond to the
Committee's Reports in due course in the usual
way; but in view of a number of references in
the Report to particular individuals there are
a number of points which should be answered
immediately.

II. The Attorney General

2. The Select Committee state that if, when
my Rt Hon and Learned Friend the Attorney
General authorised an offer of immunity from

P.N.

Should we drop
the side headings?

This section would
go into the Attorney's
answer, not this
one.

prosecution to one of the officials concerned in the Head of the Home Civil Service's inquiry into the circumstances of the disclosure of the Solicitor General's letter of 6 January, he was able at that stage to say that under no circumstances would he have prosecuted the official concerned, he must have known, and could only have learnt from the Head of the Home Civil Service, that the disclosure had been authorised.

3. The conclusion does not follow from the premise. While he had reason to believe that the disclosure had been made by the official concerned, and that the official concerned had acted in complete good faith, neither he nor the Head of the Home Civil Service were at that time aware of the full circumstances. It was important that the inquiry should discover as fully as possible the circumstances in which the disclosure came to be made, and should provide those concerned with the opportunity of giving their accounts of their parts in the affair. It was clear that the testimony of the official in question would be vital to the inquiry, and my Rt Hon and Learned Friend

judged it right that that possible impediment to full co-operation in the inquiry should be removed. My Rt Hon and Learned Friend was and is satisfied that that in no way interfered with the course of justice: the facts as disclosed in the inquiry confirmed his judgment that there would have been no question of proceeding against the official concerned.

III. Should disciplinary action have been taken against civil servants?

4. The Select Committee say that they find extraordinary the fact that no disciplinary action was taken against any of the officials concerned in the disclosure of the Solicitor General's letter. [I have already expressed to the House, in my speech on 27 January, my regret at the manner in which the disclosure was made. As the Head of the Home Civil Service said in his evidence to the Select Committee, clearly things were done in this affair which would have been better done differently, and in that sense people made wrong judgments.] It was decided by those responsible, having regard to all the

The [] could be dropped. Do you wish to keep it?

circumstances, that the officials concerned had acted in good faith and that there were no grounds for disciplinary action. It was not my responsibility to take that decision, but I consider it to have been an entirely reasonable one. I have the fullest confidence in the officials concerned in my office and so does my Rt Hon Friend the Secretary of State for Trade and Industry in the officials concerned in his own Department.

IV. The Head of the Home Civil Service

5. The Committee suggest that this case may demonstrate one of the conflicts of interest which the Treasury and Civil Service Committee identified when they recommended that the posts of Secretary of the Cabinet and Head of the Home Civil Service should not be held by the same individual. On the question of combining the positions of Secretary of the Cabinet and Head of the Home Civil Service I have seen nothing in these Reports which lead me to wish to add to the Government's response to the

Seventh Report of the Treasury and Civil Service Committee, which is being presented today as Cmnd 9841.

6. The Committee suggest that in this case the Head of the Home Civil Service failed to give civil servants the lead for which they were entitled to look to him. Following discussions with my Rt Hon and Learned Friend the Attorney General, it was the Head of the Home Civil Service who proposed to me that there should be an inquiry. He conducted that inquiry himself, with the assistance of a colleague from the Cabinet Office (Management and Personnel Office), and reported fully to me and to my Rt Hon and Learned Friend the Attorney General on the disclosure and the circumstances in which it came to be made. Since it would have been unfair for the people concerned to be subjected to a second process of inquiry into the same events, he offered himself to give evidence to the Select Committee on Defence, and answered their questions fully and fairly at two sessions lasting altogether for nearly five hours. Far

from that being a failure of leadership, it demonstrated the exercise of leadership with a high degree of responsibility and integrity.

V. Select Committees and Ministerial accountability

7. The Select Committee's Report demonstrates the problems that arise when this type of inquiry extends beyond questions of departmental policy and execution into the performance and conduct of individuals. On this aspect of the matter I would refer to the House to paragraphs 13 and 14 of the Government's response to the Seventh Report of the Treasury and Civil Service Committee, which deals with the implications of Ministerial accountability to Parliament for relations between civil servants and Select Committees. Those paragraphs read as follows:

Accountability

13. The Government endorses the Committee's two basic propositions on accountability: that Ministers and not officials are responsible and accountable for policy; and that officials' advice to Ministers is and should remain confidential. Constitutionally, Ministers are responsible and accountable for all actions carried out by civil servants of their departments in pursuit of Government policies or in the discharge of responsibilities laid upon them by Parliament. The delegation of authority to managers at all levels, which is an important part of the Government's drive for more efficient and economic use of resources in the Civil Service, involves internal accountability within departments and does not conflict in any way with the external accountability of the Minister to Parliament. Any attempt to make civil servants directly accountable to Parliament, other than the strictly defined case of the Accounting Officer's responsibility, would be difficult to reconcile with Ministers' responsibility for their departments and civil servants' duty to their Ministers.

14. This has implications for the position of civil servants in relation to Select Committees generally and the Departmental Select Committees in particular. These Committees were established to examine the expenditure, administration and policy of government departments, and the conventions accepted as applying to the exercise of their powers are set out comprehensively in the First Report from the House of Commons Select Committee on Procedure (Session 1977-78, HC 588) and the memorandum to that Committee by the Clerk of the House. The report and the memorandum recognised that civil servants who give evidence to Select Committees do so on behalf of their Ministers; that there are certain matters on which they cannot answer questions (notably, as the Committee's own report states, on policy matters—which are for Ministers—and on advice given to Ministers); and that, as the Procedure Committee's report stated:

“it would not, however, be appropriate for the House to seek directly or through its Committees to enforce its rights to secure information from the Executive at a level below that of the ministerial head of department concerned (normally a Cabinet Minister), since such a practice would tend to undermine rather than strengthen the accountability of Ministers to the House”;

and as the memorandum to the Procedure Committee by the Clerk of the House stated:

“it would certainly appear more in accordance with Ministerial accountability to the House that Ministers should accept responsibility for the conduct of their officials, and that the House should proceed against Ministers”.

It is not, in the Government's view, generally in accordance with those conventions, or with the underlying principles of ministerial accountability, that Select Committees should criticise individual civil servants who are, for the reasons already explained, unable to speak freely in their own defence.

PERSONAL AND CONFIDENTIAL

ANNEX B

Draft of 22 July

[To ask the Prime Minister, whether she has seen the Reports of the Select Committee on Defence on Westland.]

These Reports were published at 11.00 am this morning, while I was in a meeting of the Cabinet, and I have had no opportunity since then to study them in detail.

The Government will respond to the Reports in due course in the usual way. Since, however, there are comments on a number of individuals, there are certain points which I wish to make at once.

The Select Committee say that they find extraordinary the fact that no disciplinary action was taken against any of the officials concerned in the disclosure of the Solicitor General's letter. It has been made clear to the House that it was decided by those responsible, having regard to all the

PERSONAL AND CONFIDENTIAL

circumstances, that the officials concerned had acted in good faith and that there were no grounds for disciplinary action. It was not my responsibility to take that decision, but I consider it to be an entirely reasonable one. I have the fullest confidence in the officials concerned in my own office and so does my Rt Hon Friend the Secretary of State for Trade and Industry in the officials concerned in his Department. Since my Chief Press Secretary has been singled out for special attention in this matter, I should like to make clear my unreserved confidence in his skill and integrity.

The Committee also suggest that in this case the Head of the Home Civil Service failed to give civil servants the lead for which they were entitled to look to him. I think that that comment is totally unwarranted. Far from his role in the matter being a failure of leadership, it demonstrated the exercise of leadership with a high degree of responsibility and integrity. He has my and the Government's fullest confidence.

MASTER CC SUBJECT



File

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

THE REPORT OF THE SELECT COMMITTEE ON DEFENCE ON WESTLAND

The Prime Minister had a short discussion this morning with the Chancellor of the Duchy of Lancaster, the Lord Privy Seal and the Chief Whip about the Government's response to the Select Committee's Report.

It was agreed that three questions for Written Answer should be tabled tomorrow to the Prime Minister, the Secretary of State for Defence and the Attorney General for answer on Thursday which could, if necessary be used as pegs for statements on the Select Committee's Report. It was suggested that the Question might be in the form:

"To ask the Prime Minister/Secretary of State for Defence/Attorney General if they have yet received a copy of the Report of the Select Committee on Defence on Westland."

If it was decided not to use the pegs, the question could be answered with a simple "Yes".

Ministers thought it inevitable that the Prime Minister would be asked about the Westland Report at Oral Questions. Indeed, it would be worth ensuring that she received an early Oral Question on this subject so that she would have a good opportunity to give a reply, in the form she chose, which effectively blocked further hostile questioning. Her Oral Answers could make clear that the Government would reply to the Select Committee's Report in the normal way but she wanted to take this early opportunity to reaffirm her fullest confidence in any officials criticised in the Report and to rule out disciplinary action. She would consider, in the light of the oral exchanges, whether a further Written Answer would be necessary. In any event, a Written Answer would not be given until after 3.30 pm. On the text attached to your minute ref. A086/2142 to the Attorney General, the Prime Minister thought that it was much too long. The draft should be short and to the point, dignified and brief.

The Prime Minister did not believe that it was appropriate for her to answer on behalf of the Attorney General for his conduct in his capacity as a Law Officer. He should reply himself directly through an arranged Parliamentary Question, though she would be grateful to see the draft of the text he

MJ

proposed to use. It would be important for the Attorney General to avoid saying anything in his Answer which would prompt the Select Committee to summon him as a witness. You kindly undertook to speak to the Attorney General's office about this.

I am sending a copy of this minute to Mr Morris (Lord Privy Seal's office) and Mr Maclean (Chief Whip's office).

Tfm

Mr. N.L. WICKS

22 July 1986



10 DOWNING STREET

From the Principal Private Secretary

Sir Robert Armstrong

Response to Select Committee on Defence Reports on Westland

Thank you for sending me a copy of your minute of today to the Chief Whip.

I rather wonder whether a somewhat shorter treatment of the issues might not be better, and with that thought in mind I attach a shorter version of your draft. This, it seems to me, answers the main points which we expect, on the basis of press reports, to be in the Select Committee's report. Certainly, it does not deal with such things as Peter Kellner's allegation about Bernard Ingham. But I doubt whether that needs to be answered in a Parliamentary Question.

I have not shown the Prime Minister either your draft or my version attached. I suggest that we show her the version which has been agreed interdepartmentally.

I ought also to record this morning's discussion of the Prime Minister's meeting with the business managers. The possibility of an arranged PQ on the lines of your draft was mentioned then. But it was agreed that the vehicle for the Government's first response to the Defence Select Committee's report should be decided when a draft text was available.

I am copying this minute and enclosure to Murdo Maclean (Chief Whip's Office)

(N. L. WICKS)
21 July 1986

DRAFT QUESTION

To ask the Prime Minister, whether she will make a statement on the implications for the Government of the premature disclosure of part of the contents of forthcoming reports from the Select Committee on Defence.

DRAFT ANSWERI. The leaks of the Select Committee's Reports

1. The Government will respond to the Committee's Reports in due course in the usual way; but in view of ^{a number of} the advance ^{references} disclosures and their ^{in the reports} references to particular individuals there are a number of points in the Report which should be answered immediately.

II. The Attorney General

2. The Report states that [say whatever it does say].

3. If the Select Committee had sought the views of the Attorney General, he would have been able to point out that this conclusion does not follow from the premise. The fact was that since the testimony of the official in question would be vital to any inquiry into the circumstances of the disclosure, and the official's readiness to co-operate fully in the inquiry would unquestionably be likely to be affected by the possibility that an admission could lead to a prosecution, the Attorney General judged it right that that possible impediment to full co-operation in the inquiry should be removed. It was only after reading the report of the inquiry that my Rt. Hon. and Learned Friend concluded that on the facts as disclosed in the inquiry there could have been no question of proceeding against the official concerned.

PERSONAL AND CONFIDENTIAL

III. Disciplinary Action

4. The Select Committee say that they find extraordinary the fact that no disciplinary action was taken against any of the officials concerned in the disclosure of the Solicitor General's letter. My statement of 23 January and my speech of 27 January last, and various answers given to Parliamentary Questions and the evidence given by the Head of the Home Civil Service to the Select Committee, explained fully why those responsible judged that disciplinary action was not warranted. That remains the position. It was not my responsibility to take that decision, but I consider it to have been an entirely reasonable one. I have the fullest confidence in the officials concerned in No.10 Downing Street and the Cabinet Office and so, I understand, does my Rt. Hon. Friend the Secretary of State for Trade and Industry, in the officials concerned, in his Department.

IV. The Head of the Home Civil Service

5. The Committee suggest that this case may demonstrate one of the conflicts of interest which the Treasury and Civil Service Committee identified when they recommended that the posts of Secretary of the Cabinet and Head of the Home Civil Service should not be held by the same individual. On the general question of combining the positions of Secretary of the Cabinet and Head of the Home Civil Service I have nothing to add to the Government's response to the Seventh Report of the Treasury and Civil Service Committee, which is being presented today as Cmnd. 9841.

6. The Committee suggest that in this case the Head of the Civil Service failed to give civil servants the lead for which they were entitled to look to him. Once again, I cannot accept the Committee's view. Following discussions with my Rt. Hon. and Learned Friend the Attorney General, it was the Head of the Civil Service who proposed to me that there should be an inquiry. He conducted that inquiry himself, with the assistance of a colleague from the Cabinet Office (Management

PERSONAL AND CONFIDENTIAL

and Personnel Office), and reported fully to me and to my Rt. Hon. and Learned Friend the Attorney General on the disclosure and the circumstances in which it came to be made. Since it would have been unfair for the people concerned to be subjected to a second process of inquiry into the same events, he offered himself to give evidence to the Select Committee on Defence, and answered their questions fully and fairly at two sessions lasting altogether for nearly five hours. Far from that being a failure of leadership, I believe ~~most Rt. Hon. and Hon. Members will share my view~~ that it demonstrated the exercise of leadership with a high degree of responsibility and integrity.

MS206E

Rte



10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

RESPONSE TO SELECT COMMITTEE ON DEFENCE REPORTS ON WESTLAND

Further to my earlier minute of today, can I suggest that the draft Question might read as follows:-

"To ask the Prime Minister if she will make a statement on the Reports of the Select Committee on Defence on Westland plc."

Of course, this assumes that the information would be provided through Parliamentary answer, and this has not yet been decided.

I also suggest that the first paragraph of the draft answer should be amended to read as follows:-

"1. The Government will respond to the Committee's Reports in due course in the usual way; but in view of a number of references in the Report to particular individuals there are a number of points which should be answered immediately."

Finally, I think that the words ".... most Rt. Hon. and Hon. Members will share my view" could be omitted with advantage from the last sentence of the draft.

N.L. Wicks
21 July 1986

To ask the Prime Minister ~~whether~~ if
she will make a statement on the
Reports on the Select Committee on
Dance in Westland etc.

PERSONAL AND CONFIDENTIAL



70 WHITEHALL, LONDON SW1A 2AS

01-233 8319

From the Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref. A086/2128

CHIEF WHIP

c Mr Wicks

response to Select Committee on Defence Reports on Westland

In discussion on 18 July, we agreed that it would be desirable for there to be an immediate response, published on the same day as the Committee's Reports, to certain of the points likely to be contained in those Reports, and in particular to the points concerning the Attorney General, the decision not to take disciplinary action against the five officials, the allegation in Peter Kellner's New Statesman article that Mr Ingham lied to me when he gave evidence in the inquiry, and the position of the Head of the Civil Service.

2. We thought that this response might take the form of a Written Answer to a Parliamentary Question, which could be released at 3.30 pm on 24 July (the Select Committee's Reports will be released at 11.00 am that day). The Question would have to be put down the previous day. Mr Ingham could draw the Lobby's attention to the Question and advise them to expect a substantive reply. If there were to be an attempt by the Opposition to amend the motion for the adjournment, it

PERSONAL AND CONFIDENTIAL

PERSONAL AND CONFIDENTIAL

would not then be necessary for the Government spokesman to deal in detail with issues of substance: he could rely on the reply.

3. I attach a first draft of a reply. Where possible it is based on already published material; notably on the Prime Minister's statement of 23 January, her speech of 27 January, her letter of 17 February to Dr Owen, and my evidence to the Select Committee.

4. I should like to start the process of clearing a text with the Attorney General, the Permanent Secretary to the Department of Trade and Industry, and Mr Ingham. For this purpose I think that it will be sufficient to tell those consulted that our idea of the points from the Select Committee's Report with which it is proposed the reply should deal is based on intelligent speculation. We shall of course need to review the draft reply very quickly as soon as we have texts of the Committee's Reports, to see if the informed speculation is well founded and to see whether there are any other points with which the reply should deal.

5. I should be glad to know whether you and Mr Wicks are content for me to proceed accordingly.

RA

21 July 1986

Draft of 21 July

DRAFT QUESTION

To ask the Prime Minister, whether she will make a statement on the implications for the Government of the premature disclosure of part of the contents of forthcoming reports from the Select Committee on Defence.

DRAFT ANSWER

I. The leaks of the Select Committee's Reports

It is deplorable that there have been a number of what appear to be advance disclosures of selected material from the Select Committee on Defence's Reports on the Westland affair. Hon Members will be able to judge for themselves how far the advance disclosures correspond with the Select Committee's Reports which have been published this morning. The Government will respond to the Committee's Reports in due course in the usual way; but in view of the advance disclosures and their

references to particular individuals there are a number of comments which I think it right to make immediately.

II. The Attorney General

2. The House will recall from my statement on 23 January last that my Rt Hon and Learned Friend the Attorney General authorised the Head of the Civil Service to tell one of the officials concerned in his inquiry into the circumstances of the disclosure of the Solicitor General's letter of 6 January to the then Secretary of State for Defence that, provided that he received full co-operation in that inquiry, the official concerned would not be prosecuted in respect of anything said during the course of the inquiry. The Select Committee argue that, if my Rt Hon and Learned Friend was able at that stage to say that under no circumstances would he have prosecuted the official concerned, he must have known, and could only have learnt from the Head of the Civil Service, that the disclosure had been authorised.

3. It is a pity that the Select Committee did not, as a matter of natural justice, give my Rt Hon and Learned Friend an opportunity of commenting on and responding to this accusation before they included it in their Report. Had they done so, he would have been able to point out that the conclusion by no means follows from the premise, and to tell them that all he knew at that time was that there was reason to believe that the disclosure had been, or might have been, made by the official concerned. Neither he nor the Head of the Civil Service knew that the disclosure had been authorised, or anything else about the circumstances of the disclosure. The purpose of the inquiry was not just to ascertain who had made the disclosure: it was to investigate the circumstances in which the disclosure came to be made, and to provide those concerned with the opportunity of giving their accounts of the circumstances of the disclosure and their part in the affair. It was clear that the testimony of the official in question would be vital to any inquiry into the circumstances of the disclosure; and that the official's readiness to co-operate fully in the inquiry would unquestionably be likely to

be affected by the possibility that an admission could lead to a prosecution. My Rt Hon and Learned Friend judged it right that that possible impediment to full co-operation in the inquiry should be removed. It was only after reading the report of the inquiry that my Rt Hon and Learned Friend told me that on the facts as disclosed in the inquiry there could have been no question of proceeding against the official concerned.

III. Should disciplinary action have been taken against civil servants?

4. It is a long-standing convention in this House that we do not name or discuss the position of individual civil servants. I feel obliged, however, to make an exception in this instance.

5. The Select Committee say that they find extraordinary the fact that no disciplinary action was taken against any of the officials concerned in the disclosure of the Solicitor General's letter. I have no intention of going yet again over the ground that has already been

very fully covered in my statement of 23 January and my speech of 27 January last, in various answers I have given to Parliamentary Questions and in the evidence given by the Head of the Home Civil Service to the Select Committee. I have already expressed to the House, in my speech on 27 January, my regret at the manner in which the disclosure was made. As the Head of the Civil Service said in his evidence to the Select Committee, clearly things were done in this affair which would have been better done differently, and in that sense people made wrong judgments. The question is whether those errors of judgment were such as to call for disciplinary action. It was decided by those responsible, having regard to all the admittedly very unusual circumstances, that they were not. It was not my responsibility to take that decision, but I consider it to have been an entirely reasonable decision to take in the circumstances.

6. The officials concerned are of course well aware of the errors of judgment which were made, and which are a matter of public record. That is something that they have to live with.

They are not likely to repeat those errors. What happened will be a lesson to others for the future. All are officials of proven ability and competence, in whom the Government has great confidence. They should now be allowed to put this affair behind them and get on with their duties and careers.

IV. The Chief Press Secretary

7. In one of the recent press reports it was suggested that one of the officials concerned - my Chief Press Secretary - had or might have lied to the Head of the Civil Service during the course of his inquiry. There is no suggestion in the Select Committee's Report that they believed this to be the case, and I think it right to put on record at once and categorically that there is no foundation whatever for this suggestion, which was a monstrous slur on the integrity of the civil servant concerned. Those who know him will be in no way surprised to know that he gave evidence to the inquiry fully, frankly and truthfully.

V. The Head of the Home Civil Service

8. The Committee suggest that this case may demonstrate one of the conflicts of interest which the Treasury and Civil Service Committee identified when they recommended that the posts of Secretary of the Cabinet and Head of the Home Civil Service should not be held by the same individual. I cannot follow this argument. The Head of the Civil Service was in exactly the same position in relation to the officials concerned in his inquiry as previous Heads of the Civil Service who were Permanent Secretaries to the Civil Service Department and before that to the Treasury would have been. In particular, the Prime Minister's office has always come within the formal responsibility of the Department whose Permanent Secretary is the Head of the Home Civil Service. In practice, of course, the Head of the Civil Service does not exercise direct supervision over the day-to-day work of members of the Prime Minister's office; for that they are answerable to the Prime Minister whom they serve. On the general question of combining the positions of Secretary of the Cabinet and Head of the Home

Civil Service I have nothing to add to the Government's response to the Seventh Report of the Treasury and Civil Service Committee, which is being presented today as Cmnd 9841, save to remind the House that the present position is not unprecedented: two former Secretaries of the Cabinet combined the two positions for parts of their careers, and were indeed Permanent Secretaries to the Treasury as well.

9. The Committee suggest that in this case the Head of the Civil Service failed to give civil servants the lead for which they were entitled to look to him. Once again, I cannot accept the Committee's view. Following discussions with my Rt Hon and Learned Friend the Attorney General, it was the Head of the Civil Service who proposed to me that there should be an inquiry. He conducted that inquiry himself, with the assistance of a colleague from the Cabinet Office (Management and Personnel Office), and reported fully to me and to my Rt Hon and Learned Friend the Attorney General on the disclosure and the circumstances in which it came to be made. Since it would have been unfair for the people

concerned to be subjected to a second process of inquiry into the same events, he offered himself to give evidence to the Select Committee on Defence, and answered their questions fully and fairly at two sessions lasting altogether for nearly five hours. Far from that being a failure of leadership, I believe most Rt Hon and Hon Members will share my view that it demonstrated the exercise of leadership with a high degree of responsibility and integrity in what had become a tense and politically charged situation.

V. Select Committees and Ministerial accountability

10. The Select Committee's Report on the defence implications of the Westland affair demonstrates the value of departmental Select Committees in calling Ministers and their Departments to account for their policies and the execution of them. Their separate report on Government decision-taking, the defence implications of which are hard to perceive, demonstrates the shortcomings and dangers of the Select Committee type of inquiry, when

attempts are made to stretch it beyond questions of departmental policy and execution into the performance and conduct of individuals. On this aspect of the matter I commend to the House paragraphs 13 to 15 of the Government's response to the Seventh Report of the Treasury and Civil Service Committee, which deals with the implications of Ministerial accountability to Parliament for relations between civil servants and Select Committees.

Mr. Ingham

WESTLAND REPORTS - MEDIA HANDLING

The Prime Minister discussed with Sir Robert Armstrong your minute of 16 July and his of 17 July about handling the media when the Defence Select Committee publish their report on Westland next Thursday.

The Prime Minister said that the Government's response should be calm. Over-reaction should be avoided. We should keep what we say to the minimum and not get into details of matters such as who said and did what, and when. On the particular points described on the second page of your minute, the Government's response should refer, wherever possible, to the response to the TCSC Report which was being published the same day. On criticisms of named civil servants and calls for disciplinary action, we should reaffirm the firm statements already made by the Prime Minister on this subject.

I am copying this minute to the Lord President, the Chief Whip and to Sir Robert Armstrong.

(N. L. WICKS)

18 July 1986

Ref. A086/2109

MR WICKS *one minute*

cc Lord President of the Council
Chief Whip
Mr Ingham

The Westland Report - Media Handling

I have seen Mr Ingham's minute of 16 July.

Winston Churchill 2. As I told you, I met a member of the Select Committee on Defence earlier today, who told me that the leaked accounts of what the Report said about me were greatly exaggerated: he did not think that I should find it nearly as bad as was suggested.

3. Nonetheless, I agree with Mr Ingham that this may well be an occasion on which the Government should publish an immediate initial response on at least some aspects of the Committee's findings. I have made arrangements to consider as a matter of great urgency, as soon as a copy of the Report is available, what that initial response might be.

4. Without knowing exactly what is in the Report, I am inclined to think that the initial response should not try to hit too many targets.

5. On the position of the Cabinet Secretary and the Head of the Home Civil Service, and on the relationship of civil servants to Select Committees, it will be possible to refer across to the relevant paragraphs in the response to the 7th Report of the Treasury and Civil Service Committee, which is to be published the same day. On the second point, however, we shall need to be a little bit careful if we are not to

invite the rejoinder from the Committee that they were not allowed to get at the civil servants whom they really wanted to question.

6. If it is suggested that some or all of the officials concerned in the affairs of the Solicitor General's letter of 6 January were not adequately proceeded against, I think that it would be right to make some immediate response on that point, including (as Mr Ingham says) immediate and firm expressions of Government confidence in them.

7. I am not sure that there will be much advantage in trying to fault the Committee for over-concentration on the affair of the Solicitor General's letter: in any case, that charge might not easily stick, if the Report is indeed 250 pages long.

8. If the advance leaks prove greatly to exaggerate the substance of the actual Report, we may be able to comment on this point in passing, if we deal with the question of the relationship of civil servants to Select Committees.

REA

ROBERT ARMSTRONG

17 July 1986

CCB/UP
✓

cc: Lord President
Chief Whip
Sir Robert Armstrong

*You can discuss this
with R. T. A. Tamm*

1. MR WICKS
2. PRIME MINISTER

*N.L.W
17.7*

WESTLAND REPORT - MEDIA HANDLING

We are, as I understand it, agreed that the Government's response to the Treasury and Civil Service Select Committee report on the relationship between Ministers and Civil Servants should be published at the same time as the Defence Select Committee report. This is partly because, on the evidence of leaks of the Defence report, there is some specific as well as general link between the two reports - eg the combined position of Cabinet Secretary and Head of the Civil Service and the role of Press Officers.

Press Officers will be able to draw attention to relevant passages in the Government's reply to the Civil Service report. But this is unlikely to suffice to protect the Government's position.

In the normal course of events the Government does not react immediately to Select Committee reports; instead it says they have been received, will be studied and that a reply will be made in due course.

In recent years, however, the Government has from time to time adopted a more robust initial stance in order to protect its interests.

In this case I suspect more will be required and I know arrangements are in hand for any response to be considered immediately a copy of the report is to hand.

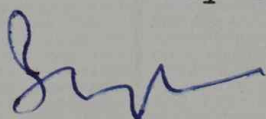
Without knowing what is in the report, it seems likely that the following issues will need to be covered:

1. The extent to which the Defence implications have, or have not, been covered and consequently the extent to which the Defence report concentrates upon the "leak".
2. The extent to which leaks of the Defence report match up to its substance, if necessary to make the legitimate point that the Select Committee's handling of its own report is not reflected in its preoccupation with another so-called leak.
3. The position of the Cabinet Secretary and Head of the Civil Service.
4. The position of any other official criticised; here it will be necessary, especially in view of the promotion this week of one of the cast, to ensure that there are immediate and firm expressions of Government confidence in all those involved and that no action against them is contemplated.
5. The Government's need to study the implications of the conduct of the Select Committee's inquiry and its report for the conduct of Government and the relationship of Civil Servants to Select Committees, especially in view of the public reservations as far back as 1977 about this relationship.

It may well be felt that some effort should be made in advance of publication to reduce the report's impact.

Whatever view is taken on this, I am sure that the officials concerned should not be implicated in pre-emptive strikes, especially in view of reports already circulating that this is exactly what they expect me to get up to.

You may feel that this issue should be discussed.



BERNARD INGHAM
16 July 1986

010

CC GSP
81



17F
2CF
M

COMMITTEE OFFICE
HOUSE OF COMMONS
LONDON SW1A 0AA
01-219 (Direct Line)
01-219 3000 (Switchboard)

DEFENCE COMMITTEE

INFORMATION FOR THE PRESS: DEFENCE COMMITTEE WESTLAND REPORTS

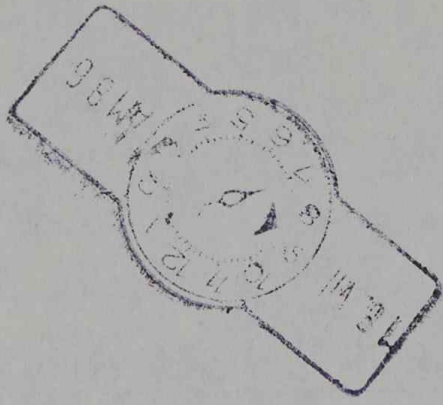
The Committee will publish the following volumes arising out of its Westland inquiry at 1100 on Thursday 24 July:-

1. The Committee's Third Report of Session 1985-86, The Defence Implications of the Future of Westland plc, (House of Commons Paper 518). This Report deals with the Ministry of Defence's helicopter requirements, the effect on European collaborative programmes, of Westland's association with UTC-Sikorsky, and related issues.
2. The Committee's Fourth Report of Session 1985-86, Westland plc: The Government's Decision-Making, (House of Commons Paper 519). This Report deals with the way in which decisions relating to Westland were taken within Government.
3. The Minutes of Evidence and Appendices (the oral and written evidence) relating to the Westland inquiry (House of Commons Paper 169).

Publication arrangements: Your copy of each of these Reports, and the Evidence if required, can be collected from the Committee Office at the House of Commons at any time after 1100 on 24 July. Copies of the Reports not collected by 1700 will be posted. Advance copies will not be issued.

Not for Publication

For further information, telephone the Committee staff on 01-219 3280/3281/6168/6105/5745



DRAFT LETTER FROM THE TREASURY SOLICITOR TO ITN

(F)

I am instructed on behalf of Her Majesty's Attorney General to write to you in connection with the first item on your programme "News at Ten"; on Tuesday 15 July.

The Attorney General has not seen a copy of the report on Westland by the Select Committee. However, since he was not called upon to give any evidence to that Committee and in particular, evidence as to the reasons why the inquiry into the circumstances surrounding the disclosure of the Solicitor General's letter of 6 January to the then Secretary of State for Defence was instituted, it would be most surprising if the Committee felt able to criticise his role in any respect in their report.

In these circumstances, should the report not contain the criticism of the Attorney General which your programme stated it would, I should be grateful if you would confirm that when you broadcast comment on your news programme on the published report, you would expressly refer to the allegations in your broadcast last Tuesday and withdraw them with due prominence.

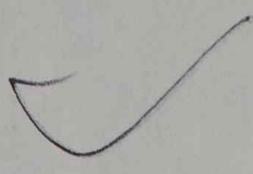
(Similar letter to Today in respect of article on page 2 of Wednesday's edition)

Prime Minister

The Attorney wants to have this letter sent to I.T.N. today.

His office tell me that it is written with "a certain informed confidence" that the ITN's story is not true. N.C.W. 17.7

DRAFT LETTER FROM THE TREASURY SOLICITOR TO ITN



I am instructed on behalf of Her Majesty's Attorney General to write to you in connection with the first item on your programme "News at Ten"; on Tuesday 15 July.

The Attorney General has not seen a copy of the report on Westland by the Select Committee. However, since he was not called upon to give any evidence to that Committee and in particular, evidence as to the reasons why the inquiry into the circumstances surrounding the disclosure of the Solicitor General's letter of 6 January to the then Secretary of State for Defence was instituted, it would be most surprising if the Committee felt able to criticise his role in any respect in their report.

In these circumstances, should the report not contain the criticism of the Attorney General which your programme stated it would, I should be grateful if you would confirm that when you broadcast comment on your news programme on the published report, you would expressly refer to the allegations in your broadcast last Tuesday and withdraw them with due prominence.

(Similar letter to Today in respect of article on page 2 of Wednesday's edition)

Not fully printed - with
+ Pl see for yourself
+ Theoretical present changed.

Insistent on timing - not legal matter -
current full report is out.

Boy of his - political
|
Premier report
later. Say a
few good reviews
Have letter ready

Up there immediately. Stop hand.

H. assured him no continuation →
CW - looks like scrubby for show.
But h. o. need protect himself.
Blackburne who published →

Not make letter once
it written

DRAFT LETTER FROM THE TREASURY SOLICITOR TO ITN

F

I am instructed on behalf of Her Majesty's Attorney General to write to you in connection with the first item on your programme "News at Ten"; on Tuesday 15 July.

The Attorney General has not seen a copy of the report on Westland by the Select Committee. However, since he was not called upon to give any evidence to that Committee and in particular, evidence as to the reasons why the inquiry into the circumstances surrounding the disclosure of the Solicitor General's letter of 6 January to the then Secretary of State for Defence was instituted, it would be most surprising if the Committee felt able to criticise his role in any respect in their report.

In these circumstances, should the report not contain the criticism of the Attorney General which your programme stated it would, I should be grateful if you would confirm that when you broadcast comment on your news programme on the published report, you would expressly refer to the allegations in your broadcast last Tuesday and withdraw them with due prominence.

(Similar letter to Today in respect of article on page 2 of Wednesday's edition)

CONFIDENTIAL



M.L. SAUNDERS
LEGAL SECRETARY

LAW OFFICERS' DEPARTMENT
ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

N B M

Nigel Wicks Esq.
Principal Private Secretary
The Prime Minister's Office
10 Downing Street
London SW1

16 July 1986

Jean Nigel,

REPORT OF THE SELECT COMMITTEE ON DEFENCE ON WESTLAND

ATTACHED
The Attorney General has seen a copy of Sir Robert Armstrong's minute to you of 15 July.

A report on the back page of Monday's "Daily Telegraph" suggested that in the Committee's Report there would be "some upbraiding about the 'ambiguous' position adopted by Sir Michael Havers, Attorney General, and more especially for an apparent lack of support to Sir Patrick who was outraged by the leaking of his letter". The first item on ITN's "News at Ten" last night reported that it was believed that the Select Committee would criticise the Attorney for asking for an inquiry when he knew who was responsible for the disclosure. That item is summarised on page 2 of today's "Today". If these accounts of the contents of the Committee's Report are accurate, I need hardly say that the criticism of the Committee is wholly unjustified. Moreover the Attorney has not at any time been asked by the Select Committee about the Inquiry.

The Attorney would therefore wish to have an advance copy of the Committee's Report so that he may read any criticism before it is published and consider what response he should make on publication. He has asked that the draft letter from the Lord Privy Seal to Sir Humphrey Atkinson should be amended to take account of his position.

CONFIDENTIAL

CONFIDENTIAL

- page two -

I am copying this letter to Sir Robert Armstrong, and the other recipients of his minute to you.

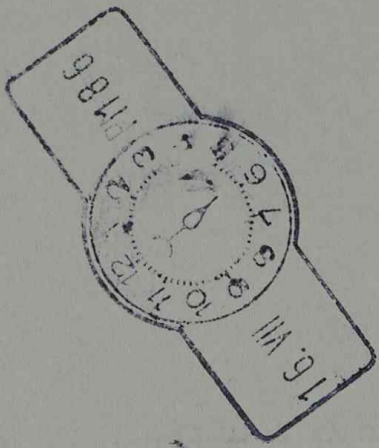
Your sincerely,

Michael Saunders.

M L SAUNDERS

CONFIDENTIAL

ALROSPACE
WESTLAND
DTS



CONFIDENTIAL

Feb 16



10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

I have shown the Prime Minister your minute of 15 July in which you suggest that the Lord Privy Seal should send a letter to Sir Humphrey Atkins, Chairman of the Select Committee on Defence, about the apparent leaks of his Committee's forthcoming report on Westland.

The Prime Minister believes that we should do nothing in advance of publication of the report. The report should be treated like any other.

I have already been in touch with your Office about arrangements for considering what reaction the Government might make to the report when it is published.

I am sending copies of this minute to the Private Secretaries to the Lord President, Lord Privy Seal, Attorney General and Chief Whip.

N. L. WICKS

16 July 1986

✓

CONFIDENTIAL

Ref. A086/2062

MR WICKS

You will have seen the leaks in the press over the weekend about the contents of the forthcoming Report by the Select Committee on Defence on the Westland affair and the criticisms which it is alleged the Report will make over the conduct of a number of named individuals - former Ministers as well as civil servants.

2. This creates a very unsatisfactory situation for those named in the press stories. They do not know whether the stories are true. They do not know exactly what they are going to be criticised for. They have been given no chance to hear what the criticisms are or to rebut them. And the civil servants have no personal right of response.

3. There is something to be said for exploiting the situation created by the leaks to point out the unsatisfactoriness of investigations by Select Committees as a means of inquiring into the conduct of individuals, and to demand advance copies of the Report for those named, so that they have the opportunity to read the criticisms before they are published and to consider whether to take any action by way of public response or rebuttal when they are published. So far as civil servants are concerned, it might of course be that, if there is to be any immediate reaction, rather than have a series of individual responses, there should be some kind of single statement by the Government.

4. If this were thought to be a good plan, perhaps the Lord Privy Seal could write to Sir Humphrey Atkins, the Chairman of the Select Committee on Defence, on the lines of the draft
--- attached.



5. I am sending copies of this minute and of the draft letter to the Private Secretaries to the Lord President, the Lord Privy Seal, the ~~Secretary of State for Trade and Industry~~, the Attorney General and the Chief Whip.

* Copies being recalled if they have not yet gone.

RA

ROBERT ARMSTRONG

15 July 1986

DRAFT LETTER FROM THE LORD PRIVY SEAL TO
THE RT HON SIR HUMPHREY ATKINS KCMG MP, HOUSE
OF COMMONS

I was given to understand that the forthcoming report by the Select Committee on Defence of its inquiry into matters relating to Westland was being restricted to members of the Committee until the report was published next week.

I was therefore very surprised to read the stories in the press over the weekend which purported to give information about the contents of the report and about criticisms which it was said the report would make of certain former Ministers and of a number of civil servants. You will no doubt have your own idea about the source or sources of these stories.

This episode seems to me to illustrate vividly the unsatisfactory and unfair situation that is created when a Select Committee extends its investigation beyond the policies and activities of departments to the conduct of

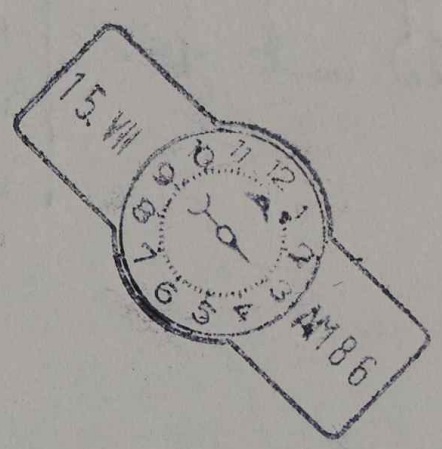
individuals, and particularly of individual officials. If a Select Committee decides to criticise the conduct of a named individual in a report to the House of Commons, the individual concerned is given no opportunity of challenging or rebutting the criticism before the Committee's report is published, and (if he is an official) has no personal right of response afterwards. The process includes none of the safeguards that are normally built into procedures for inquiry into the conduct of individuals. The unfairness of that is compounded when information about the criticisms is apparently given to the press before the report is published. Individuals read in the newspapers that they are to be criticised, but they have no means of knowing whether the stories are true, or exactly what they are being criticised for. I cannot believe that the Committee can regard this situation as fair or satisfactory.

Since it appears that a number of individuals - former Ministers as well as civil servants - are to be named in the Committee's report on the Westland affair and their conduct

*R TA accepts
this paragraph
should not go.*

is to be the subject of criticism, I trust that you will arrange for all those concerned to be given copies of those sections of the report in which they are thus named, at least 72 hours and preferably longer before publication, so that they may have a reasonable opportunity to examine what is written about them and to make public any rebuttal of or comment upon what is written as soon as the report is published. I suggest that natural justice requires no less.

Faint, illegible text, possibly bleed-through from the reverse side of the page.



CONFIDENTIAL

PRIME MINISTER

cc. Mr. Ingham

REPORT BY THE SELECT COMMITTEE ON DEFENCE ON WESTLAND

In his minute below Sir Robert Armstrong suggests that the Leader of the House should write to Sir Humphrey Atkins, Chairman of the Defence Select Committee, to take him to task about the apparent leaking of criticisms of individuals in their Report on Westland and asking that those criticised should be given the relevant sections of the Report 72 hours before publication. Robert tells me that the purpose of the letter would be tactical - to register the Government's dissatisfaction with the leaks rather than to secure any action by the Committee. He accepts that any letter is likely to become public knowledge.

The Chief Whip, Bernard and I all think that this is not a good idea. We can decide what to say on the Report when it is published. But before publication we should maintain a line of weary resignation - all the evidence has been gone through before, this is a dead story, and there is nothing more to add etc, etc. A letter of the sort Robert suggests could be used (by Dr. Gilbert) to depict the Government as being in confrontation with the Committee. It would give opportunity for further undesirable Press reporting before the Report is published. Moreover, there is a certain illogicality in our demanding that individuals named in the Report should be sent relevant extracts when we went to some pains to prevent some of these same individuals appearing before the Committee. The Committee would not be slow to point this out.

My advice therefore is that the Lord Privy Seal should not be asked to write. Agree?

CONFIDENTIAL

CONFIDENTIAL

- 2 -

The Chief Whip tells me also that Sir Humphrey Atkins has suggested that he might come to see you personally to brief you on the contents of the Report. The Chief Whip believes that inadvisable! He suggests that I might telephone Sir Humphrey to say that you are grateful for his offer, but given all the circumstances, you think it better if he keeps up his contacts through the Chief Whip. Bernard is doubtful whether even steering Sir Humphrey towards the Chief Whip is advisable. He believes that we should keep at arms length to the Report until it is published.

What do you think?

*We do nothing. This report
is like any other.*

N.L.W.

mb

NLW

15 July, 1986.

JD3ANW

CONFIDENTIAL

PRIME MINISTER

Murdo Maclean, who has spoken to Humphrey Atkins tells me that, though the timetable is still flexible, the Defence Select Committee Report on Westland goes to the printers on 9 July with a view to publication possibly at 3.30pm on 22 July. Not bad timing since the next day will be dominated by the Royal Wedding.

Humphrey Atkins tells Murdo that there is nothing damaging to you in the Report.

N.L.W.

NLW

2 July 1986

mf

©

Possible Pick
up by Press -
burgling but
news was
going on
thirty years
ago!

F Westlands
file

Noted

M.

Prime Minister
I should like a word
first they know about
this.

N.C.W.

15.7

Ref. A086/2076

MR INGHAM

c Mr Wicks ✓

Mr John Mogg, the Principal Private Secretary to the Secretary of State for Trade and Industry, has been selected for promotion to Grade 3 (Under Secretary) to take the place of Mr N P Brecknell as the Under Secretary in charge of the European Commercial and Industrial Policy Division of the Department of Trade and Industry. The vacancy has arisen unexpectedly, following Mr Brecknell's untimely death (by his own hand).

2. Mr Mogg was of course Principal Private Secretary to Mr Leon Brittan at the time of the Westland affair and the Solicitor General's letter. We do not know whether Mr Mogg is one of those who will be criticised in the forthcoming report of the Select Committee on Defence, but he was not singled out for special notice or criticism in the course of the hearings at which I gave evidence and was not mentioned in the recent press stories.

3. This is a "plum" appointment, and will be seen as a mark of confidence in Mr Mogg.

4. An announcement is likely to be made later this week, and thus before the Select Committee reports. I think that in the circumstances that is the right timing, and have told the Department of Trade and Industry accordingly.

5. If you were to be asked about it, you could say that the appointment was entirely a matter for the Department of Trade and Industry, and was not one for which the Prime Minister's approval was required. The vacancy has arisen unexpectedly, and there is therefore no significance in the timing. A vacancy having arisen, the Department of Trade and Industry is entirely satisfied that Mr Mogg is the most suitable person to promote in to it.

RA

ROBERT ARMSTRONG

15 July 1986

SENIOR STAFF IN CONFIDENCE



COMMITTEE OFFICE
HOUSE OF COMMONS
LONDON SW1A 0AA
01-219 (Direct Line)
01-219 3000 (Switchboard)

CDP
23/4.

DEFENCE COMMITTEE

21 April 1986

Dear Mr Powell,

I am enclosing a copy of evidence given in public to the Defence Committee in their inquiry into the defence implications of the future of Westland plc.

This transcript is uncorrected, and is therefore only for your own private use.

In view of the fact that evidence given before the Committee may affect other witnesses, individuals or companies, the Defence Committee wish you to have the opportunity to comment on any matters in the evidence; they will welcome such comments in the form of written evidence, which should be sent as soon as possible to Mr Robert Rogers, the Clerk to the Defence Committee, at the above address.

Yours sincerely,
Nicholas Wright

Nicholas Wright
Office Clerk

C D Powell Esq
Private Secretary to the
Prime Minister
10 Downing Street
Whitehall SW1

=====

HOUSE OF COMMONS
MINUTES OF EVIDENCE
TAKEN BEFORE

THE DEFENCE COMMITTEE

WEDNESDAY 16 APRIL 1986

MR NORMAN LAMONT, MP, AIR MARSHAL SIR DONALD HALL, KCB, CBE, AFC,
MR B. REEVES and MR J. GULVIN

Evidence heard in Public

Questions 2248 - 2355

USE OF THE TRANSCRIPT

1. Members and prospective witnesses to whom the transcript is sent in strict confidence, under the authority of Mr Speaker and the Committee, are asked to note that the text is unpublished and that its use is restricted.
2. Members receive copies for the purpose of correcting questions addressed by them to witnesses, and are asked to send any corrections to the Committee Clerk as soon as possible.
3. Prospective witnesses receive copies in preparation for any evidence they may subsequently give.
4. This is an uncorrected and unpublished transcript of evidence taken in public and reported to the House.
5. No public use should be made of the text.

WEDNESDAY 16 APRIL 1986

Members present:

Sir Humphrey Atkins, in the Chair
Mr Dick Douglas
Dr John Gilbert
Mr Edward Leigh
Mr Keith Speed
Mr Neil Thorne
- - - -

MR NORMAN LAMONT, a Member of the House, Minister of State for Defence Procurement, examined.

AIR MARSHAL SIR DONALD HALL, KCB, CBE, AFC, RAF, Deputy Chief of the Defence Staff (Systems), MR BILL REEVES, Assistant Under Secretary (Systems) and MR JOHN GULVIN, Director of Defence Equipment Collaboration, Ministry of Defence, called in and examined.

Chairman

2248. Mr Lamont, gentlemen, good morning. Welcome to this meeting of the Defence Committee. On current plans this is our final session of evidence in our inquiry into the defence implications of the future of Westland. Mr Lamont, your colleagues at the table with you are well known to us and they know the way we proceed. That is to say, we take as much of our evidence as possible in public; if at any time we ask you a question you wish to answer in private, just say so and we will leave it to the end. I would like to start by asking you one or two questions about your view of the importance of Westland plc. How important do you consider the firm to be to the defence industrial base? In other words, do you regard it as just someone from whom you buy your helicopters or as a design and manufacturing source for the future? How do you regard the company?

(Mr Lamont) We regard Westland as an indigenous

helicopter manufacturing company as very important for the defence needs of the country and it was for that reason that the Prime Minister used the words that she did when she said at the time of the problems of the company that it was the Government's objective to retain that capacity if at all possible.

2249. Thank you. I think you will remember Lord Aldington wrote a letter on 18th October 1984. Now, I would be interested to know what happened as a result of that letter. We know that the former Secretary of state told our sister committee, Trade and Industry, that in the latter part of 1984 he asked for a totally comprehensive survey of what the options were for the future of Westland and for the helicopter procurement of the Ministry of Defence. Can you tell us what was actually done as a result of all this?

(Mr Lamont) Well, of course, you are going back a very long time before I arrived in the Ministry of Defence. The letter was written in October 1984. As I understand it (and I have glanced at the letter, knowing the Committee were interested in it) it referred to the company's need for a partner, a United States partner; it sought clarification on the AST404; and it put out various warning signals about the W30-300, particularly in relation to the AST404. As a result of that letter, I understand that a paper was written in February 1985 - there were, of course, meetings with Lord Aldington - which outlined the alternatives of European collaboration and which emphasised the Italian collaboration that was then getting under way, and talked about the short term problems of the company. I did not myself actually see that paper.

2250. Yes. Am I right in thinking it was about that time that the decision was reached to join the NH90 project and also

to put Air Staff Target 404 on the shelf?

(Mr Lamont) Air Staff Target 404 was put into abeyance about March of 1985. The decision to join NH90 was taken when?

(Air Marshal Sir Donald Hall) I think the timescale was pretty similar.

(Mr Lamont) January or February.

(Mr Gulvin) Very shortly afterwards.

2251. How did those decisions fit into your projection of Westland's workload?

(Mr Lamont) Our current projections?

2252. Your then projections?

(Mr Lamont) As I understand it -- again I emphasise that I have not seen this paper and was not in the Ministry of Defence at the time - the paper did include some projections of helicopter sales both to the MOD and also as export sales, and that would have been included within it.

Chairman: I would like to come to a number of questions about the role of the helicopter and I think Dr Gilbert will start on that.

Dr Gilbert

2253. How many studies have the Ministry of Defence made, that is, formal studies, of the role of the helicopter in, shall we say, the last five years?

(Mr Lamont) As I understand it, there has been a very large number of studies -----

2254. A very large number?

(Mr Lamont) Yes. If I could just go on to list them, there were studies in 1980 and 1983 done by the Army. There have also been reports done by DOAE, some of which I think have

been made available to the Committee. There was also Project Foresight which was to do the future battlefield and, of course, there is the current study that is being done by the Defence Staff particularly in relation to the support helicopters. So perhaps "very large" is over-egging it, but there have been quite a number.

2255. Are you anywhere close to getting a consensus within MOD as to what future role you see helicopters fulfilling and how many you need to procure and what sort?

(Mr Lamont) No, very much the opposite, we wish this question to be clarified. Part of the lessons of the Sixth Air Mobile Brigade may be to throw some light on some of these questions. The newly formed Central Staffs system is, of course, extremely well-placed to judge the competing merits of different systems across the Services, and of course in the immediate area of the support helicopters we hope to have that very much clarified by the end of this year.

2256. Are you concerned about the fact that, as I understood your last reply, you are nowhere near getting a consensus as to the role, the numbers or the types? When do you expect the Ministry of Defence to have made their mind up about this?

(Mr Lamont) There is this very extensive survey which is being done at the moment by the Defence Staffs. We are hoping to have an interim view of this, particularly as regards the support helicopters, by July, but the actual study will be complete by the autumn of this year, and I would hope we would be able to take firm views by the end of this year.

2257. As I understand it, the DOAE studies which we have, and I must admit I cannot retain in my head everything they have studied in detail, were only comparing existing types of helicopters given the established role. They were not tasked to start thinking about possible changes in the roles that MOD has up to now allocated to the helicopter. Would that be fair?

(Mr Lamont) I think that is fair about the DOAE studies, but of course the Central Staffs are looking at it on a wider basis, not just the existing uses of helicopters and the balance between them but the balance between helicopters and other types of weapon systems as well.

2

2258. When were the Central Staffs initially tasked to do this?

(Mr Lamont) I think that followed when AST 404 was set in abeyance, because as I understand it - and again one is going back long before I was there - arising out of the exercise Lionheart in 1985, as I know the Committee are well aware, questions were raised about the air mobility concept, about the role of helicopters and support helicopters. This then led first to studies by the Army about the role of helicopters and then I think it was some months later that it was decided that a more fundamental study should be done by the Staffs.

2259. Could Sir Donald help us, through you, as to when the Central Staffs were first given this task?

(Air Marshal Sir Donald Hall) I cannot help you as to the precise date. Late last year was the decision - whether my colleagues can help me or not remains to be seen. If I can expand slightly on this, I do not think there is enough about the roles for which we need helicopters, what we do need to be sure about is the precise terms we ascribe to the various roles and therefore the numbers and types of helicopters, the best use of helicopters, the most efficient and economic use of helicopters we need to set in train for those roles and hence our procurement policy.

2260. Might there not be circumstances in which current roles for helicopters might come into question, for example with the development of RPVs, remotely piloted vehicles?

(Air Marshal Sir Donald Hall) I have difficulty at the moment in extrapolating that thought into a particular role. In the Naval scenario, anti-submarine surface-to-surface ----

2261. I was thinking, when I put the question, more in terms of the battlefield scenario in Western Europe.

(Air Marshal Sir Donald Hall) Certainly in the context of the RPVs, one tends to look towards the surveillance role. We look at helicopters predominantly in a transport support role and to some extent for potential reconnaissance but not in any deep-ranging sense, and of course the anti-armour role.

2262. Could we look at the anti-armour role? Do you foresee a helicopter sustaining that role indefinitely or might it not be replaced with other systems?

(Air Marshal Sir Donald Hall) Indefinitely is a very long term. I see a viable role for the anti-armour helicopter sufficiently far ahead to warrant the investment we plan to make in that type, epitomised by A129 project, of which I think you are aware.

2263. I am in no sense challenging your evidence, but trying to get on the record whether or not the Ministry of Defence is actually looking at such fundamental questions as these and may well come to the view, and there is nothing wrong with that, that the present concepts are still valid. I am interested in whether or not you are in-house challenging those concepts and testing them right now. The whole of the helicopter procurement policy is in the melting pot.

(Air Marshal Sir Donald Hall) Of course we are challenging the roles, we continue to challenge all the roles for our defence equipment, as we have said before.

2264. I am not talking about a general thing but the job you are tasked to do in the Defence Staffs?

(Air Marshal Sir Donald Hall) We want to be sure we are going to employ helicopters in the whole battlefield scenario as efficiently as resources will allow.

2265. Are the Services content with the DOAE studies they have seen with respect to helicopters? It is not unknown for there to have been friction in the past between the Services and the DOAE, as a result

X
of DOAE producing conclusions which were not palatable to the Services.

(Air Marshal Sir Donald Hall) I do not think there is any fundamental disagreement which I am aware of. In this case, as in every case, we shall be using a judicious blend of analysis and military judgment, because I do not think any scientist would claim that operation analysis gives you the total answer. There are no fundamental disagreements which I can report to this Committee from my knowledge today.

2266. From the expression on your face, Air Marshal, I can see there is a certain amount of unhappiness here and there. Both you and I know what the relationship between the DOAE and the Service Departments has been from time to time.

(Air Marshal Sir Donald Hall) I fully accept that there have been areas of disagreement between ourselves and the analysts.

2267. With respect to helicopters?

(Air Marshal Sir Donald Hall) I am not aware of disagreements with respect to helicopters; there have been some in other areas, of which you are probably aware. I can say, and I believe this will be borne out by any of my colleagues in the Ministry of Defence, that there is a better understanding now within the Ministry of Defence of the place of operation analysis and its relation to judgment, and we are working I believe more closely with West Byfleet than we have done in the past. I do have a rather more optimistic view of the future.

2268. Do you value highly the work of West Byfleet?

(Air Marshal Sir Donald Hall) Yes, I do.

Mr Thorne

2269. Mr Lamont, can you tell us what future plans there are for the 6th Air Mobile Brigade?

(Mr Lamont) Yes. As you know, the 6th Air Mobile Brigade was formed in 1983. It was always intended that it would exist only for a short period of time and it is going to go back to being a mechanised brigade, I think, in 1988, is that right?

(Air Marshal Sir Donald Hall) Yes, 1987-88.

(Mr Lamont) As a result of the experience of that, obviously there are certain lessons, certain policies that have to be thought about, particularly relating to the use of helicopters.

2270. Therefore, you do not see any permanent role for such a mobile brigade?

(Mr Lamont) I think there will be studies as to whether we do need a permanent brigade of that kind, but the present intention is that it should revert to being a mechanised brigade in 1988.

2271. When do you think those studies will be carried out?

(Air Marshal Sir Donald Hall) They are part and parcel of the broad-ranging study into the battlefield applications for helicopters which will be completed in the autumn of this year. A central part of that study is the concept of an air mobile brigade and, if the study shows that is a very useful cost-effective concept to go for, then it will be necessary to look at the means of providing that brigade, given that the Army's longterm reorganisation plot does envisage mechanising the current two battalions which comprise the 6th Air Mobile Brigade.

2272. Can an assurance be given that the future of the Air

Mobile Brigade will not depend upon the availability of helicopters, that the decision on whether or not an air mobile brigade is necessary will be taken independently?

(Mr Lamont) That is right, obviously.

2273. Therefore, you will not be tailoring it to what helicopters you have at your disposal at that time?

(Mr Lamont) No, it would be the other way round.

The whole concept and study of air mobility is designed to tell us what we might need rather than that the air mobile brigade as a concept should be strengthened or weakened by the helicopters we have. We would tailor our procurement policy to the concept.

2274. Presumably some thought has been given to what helicopters might be required if that were going to be part of the future combat force.

(Mr Lamont) Yes. This very much relates to the whole question of the support helicopters and whether we go for large support helicopters, medium support helicopters or for the balance between the two.

2275. But you are expecting to have some firm decision on this by the autumn of this year?

(Mr Lamont) We certainly expect to have a firm decision, and to make a decision on the support helicopters by the end of the year. The question of air mobility, I think, is in a longer timespan as Air Marshal Sir Donald Hall indicated.

2276. But if, in fact, the air mobile brigade is to be phased out in 1988 on present plans, that does not seem to me to leave a lot of time.

(Air Marshal Sir Donald Hall) I think we have got sufficient time. Can I just take it through in stages?
If - and this is supposition - we decide that the concept of an

air mobile brigade is sufficiently worthwhile and we need to form one, we then have two to three years to decide how we are going to reorganise, find the manpower, and redeploy in order to provide the two battalions or whatever number is required to replace the existing 6th Air Mobile Brigade who by then have become mechanised. At the same time we will have to procure the helicopters to fit the notion of the brigade. So I would have thought the timescales are not too unsynchronised. Given the development and production timescales for new helicopters, if indeed new helicopters are required, I believe that the plot should come together and it should fit our current projections for replacement helicopters in the 1990s.

2277. But most certainly with that sort of timescale you are going to have to buy helicopters off the shelf because there is no way in which by the end of this decade we can have a helicopter purpose designed for what we would consider to be the requirements of the British solution to the problem as opposed to the type of solution proposed by some of our other allies?

(Mr Lamont) Yes, I think that is right.

2278. Therefore, we shall be forced to accept whatever is available between now and then?

(Mr Lamont) In the short term yes.

(Mr Reeves) If I could add a word, Chairman, the important resources aspect will also have to be put into consideration - the size of the potential bill for additional assets.

Chairman: We understand that.

Mr Douglas: We await the White Paper with interest.

Dr Gilbert

2279. In the course of the studies that are currently going

on, is thought being given to the possibility of changing the boundaries between the Royal Air Force and the Army that relate to ownership?

(Mr Lamont) I am aware that this is a question that has interested people. It has been raised in the defence debates, and the Service debates recently. I am also aware of Major Goodman's article.

Chairman

2280. I think he has been reduced to the rank of major; he is a major-general.

(Mr Lamont) That shows how I am not very aware of him, but I am aware of him for the purposes of your question. I think it is fair to say that the Services are well satisfied with the present division. The users are happy. But because these questions have been raised I have asked that, when we get our interim presentation in July on the work that is being done on the support helicopters, this whole question of the ownership should be raised. I think there are two aspects to it, as I see it. There is the command and control dimension of it and, of course, there are always command and control problems to be overcome in the forward battle area. I do not think the Services believe that the splitting of the ownership of helicopters creates command and control problems that are of a different nature from those that arise in battle anyway. There is the other question too -and I was looking at some of the evidence you took before. I know that you yourself referred to the RAF being unwilling to foot the bill for some Army helicopters except when there looked like being an underspend. I think there is the question of whether the split of ownership between the larger and smaller helicopters

does influence the procurement attitudes. Now, of course, having the Central Staffs now, one would hope that that new machinery would enable the more impartial and broader view of the different Service requirements to be taken. That would be the answer to the question and I do stress that the Services are happy at the moment. Nonetheless, because this issue has been raised, I have asked that by both myself and the Secretary of State, in our review of where we have got in July, there should be consideration of this question.

Dr Gilbert

2281. I am obliged to you for that. I am certainly very happy to accept your evidence on that point. Could I ask you whether or not there is any thought of procuring a genuine heavy lift helicopter? For us the Chinook is called a heavy lift; in point of fact it is only medium lift in the whole spectrum of helicopter capability. Have we any thought of going for anything with greater capability than the Chinook?

(Mr Lamont) Not at the moment.

2282. Not even in terms of procurement?

(Mr Lamont) No.

Mr Speed

2283. On this point, Minister, could I just ask whether in this review in regard to Army helicopters we are looking at what our allies do? I think I am correct in saying the armies of most of our allies tend to run army helicopters and their air forces run air force helicopters. Are we taking their experience into account as well?

(Mr Lamont) Yes, we are obviously going to take that into account. The situation is not, however, uniform.

I think it is right to say, as you have said, that a majority have ownership vested in the army, but there are some countries that have it split as we do.

2284. Perhaps we can switch the subject slightly. In 1980 there was a study of the possibility of developing a single helicopter both for anti-submarine warfare and a lot of support roles. Do you know why this was not considered possible then, or why it was not developed?

(Mr Lamont) Again a very long time before my time.

2285. But clearly you have influenced the thinking since then.

(Mr Lamont) As I understand it, there were three ways identified of meeting the replacement for the Sea King, there was a national WG34, there was the EH101 which was in effect the collaborative version of the WG34, and there was a third option which was known as option 4B. Now that was the only one which was judged capable of actually meeting the requirement on the joint basis that you are seeking after. As I understand it, the conclusion was that it would not be cost-effective to pursue a single solution for the two requirements, and of course some work had been done on the EH101, so that was why the decision was made. Could I just say that this is a matter that has concerned me since I arrived in the MOD last September, because one of the things that strikes anyone immediately is the extremely large cost of the EH101 and the development costs are huge. As you know, there is only a modest firm order for the Royal Navy, 50 helicopters, and 40 for the Italian Navy at the moment, and when one looks at these very large development costs one is bound to be struck by the fact that this looks like being, in development costs per helicopter, an extremely expensive option. Now I am, of course, extremely well aware of designing a requirement around a helicopter that exists, but having put this enormous amount of money into the EH101, I have very much emphasised to the Defence Staffs that I will want to see when we are considering the question of the support helicopters very, very full consideration and some weighting given to the EH101, because we have

2

made a huge investment in that. I think this question you have raised of a dual role is one which might resurrect itself.

2286. The EH101 is extremely important both to Agusta and Westland as part of their on-going programme. On this particular point, the Royal Navy's requirements for a troop carrying helicopter for Royal Marines was adapted out of the anti-submarine warfare Sea King, so you had the Sea King Commando, and it seems from what you are saying there would be a similar development out of the original anti-submarine warfare helicopter EH101 to a troop-carrying helicopter along those lines?

(Mr Lamont) What I am talking about is a Staff helicopter for the Marines but also wider still.

2287. Precisely, so first of all there would be a requirement for a successor to the Sea King Commando, which would be a Royal Navy requirement, which would be the EH101 and its support version, and also an Army requirement as well?

(Mr Lamont) Yes. There are problems with that but the fact there is a utility version of the EH101 being developed I think means one has to look at this option seriously.

2288. This may be, perhaps, for the Air Marshal to comment, but are there significantly different requirements for an amphibious support helicopter as opposed to a continental support helicopter in this role?

(Air Marshal Sir Donald Hall) I do not believe there are, and part of this grand study which we keep returning to is going to examine precisely that: what are our requirements for the battlefield in the centre of Europe and what are our requirements for amphibious operations and are the two the same and can we bring them together if they are not already together. We are undertaking a very wide-ranging review and the hope would be to synchronize those requirements which

3

would lead to synchronized procurement and if it happened to be within the shape and size and cost of the EH101 aircraft, that would be a prime candidate to meet the Royal Navy Marine requirements and indeed Army requirements for the centre region of Europe.

2289. At this stage there is no indication, is there, that there would be a known insuperable design problem as far as loading in battlefield conditions was concerned, as far as operating in Arctic warfare on the northern flank in a support role was concerned? No major re-design or maintenance problems that one can see at this stage? One is not trying to anticipate such, of course.

(Mr Lamont) There is the point I was making before, the fact there is a utility version might help but of course the current studies, when they conclude, will very much provide the answers to your question.

2290. If the path does go along the lines you outlined, we will be talking of many more than 40 helicopters for the two countries, we would be talking of significant numbers both for the Royal Marines and Army here, and there could be significant export possibilities for our Allies or indeed third countries?

(Mr Lamont) Yes, that is very much the thinking behind the interest that I have taken in this question. I think one is concerned with the state of the civilian helicopter market and that, of course, the EH101 may or may not be successful in the civilian export market. It is a very difficult climate at the moment but we, having got this four-way collaboration, having invested such huge sums of money, must I think do everything we can in our procurement policy which will make the export of the helicopter easier.

2291. Obviously the first operational EH101 is going to be the Naval anti-submarine warfare version?

X

(Mr Lamont) That is right.

2292. Can you give us any more precise information as to when the Royal Navy should receive the first batch of these?

(Mr Lamont) Very early in the 1990s.

2293. Very, very early?

(Mr Lamont) The early 1990s.

Dr Gilbert

2294. Can you tell us anything about the cost?

(Mr Lamont) I have a figure in mind for the development cost, I think that is a figure we can give you but we have been careful not to say it in public, although I was itching to give it to you! I am told I can give it to you - I do not know why I could not give it in the House - it is £650 million.

2295. In development costs? Is that all?

(Mr Lamont) I see a former Financial Secretary has different standards from mine!

2296. Not at all, I am used to being horrified, that is all.

(Mr Lamont) It seems to me a lot for 50 helicopters.

2297. I seem to remember we were looking a programme cost in 1978 prices for the Sea King replacement of £1½ billion.

(Mr Lamont) Yes. That 650 million does not include production.

2298. I understand that but when you are doing that sort of run the production costs would not actually be all that much higher than the development costs.

(Mr Lamont) I think they will be well over 1 billion.

2299. Indeed, then the total programme cost at current prices is not all that much higher than what we were looking for at 1978 prices. I am pleasantly surprised. I see the Air Marshal is indicating he is.

5
(Mr Lamont) He may have different standards from me too.

2300. Any Treasury Minister would be very happy to procure something in 1986 at a price he was offered in 1978.

(Mr Lamont) It depends if it was good value in the first place.

2301. Indeed. The question is to what extent are you buying a Woolworth's job rather than a Rolls Royce one, but we will come back to that. Have you actually got a formal new Air Staff target to replace the 404?

(Mr Lamont) No, because that was placed in abeyance in early 1985, and that is how it remains until these studies are complete.

2302. There is, is there not, the Air Staff Target 418?

(Mr Lamont) I am told that is what is called an early draft Staff Target.

2303. Can you tell us what it relates to?

(Air Marshal Sir Donald Hall) It relates to a future medium support helicopter and it was triggered by the initial Army conclusion based on the results of the air mobility exercise in Lionheart. At the moment that too is in abeyance because the judgment from the Defence Staff was that it was far better to take this very wide look at all helicopter applications before we started pursuing individual tracks.

So the initial thinking only has been done and it is just a very early first draft of a possible target. It may well be the first draft of an eventual target, but frankly it is not worth pursuing that detailed work further at this point until we have the whole concept agreed and understood.

2304. That is very helpful. Could you tell us then how many air staff targets are currently in existence with respect to helicopters?

(Air Marshal Sir Donald Hall) Currently in existence and running there will be the two for EH 101 and for the light attack helicopter which is 3971. It is the light attack helicopter, the anti-armour helicopter and, of course, there is the EH 101. They are extant targets on which we are working, on which we are conducting development in the case of the 101 and very soon, we hope, feasibility in the case of the 129.

2305. How many other staff targets have you now got at whatever stage it might be?

(Air Marshal Sir Donald Hall) There are no staff targets.

2306. Well, how many have you got of drafts of staff targets or whatever the language is?

(Air Marshal Sir Donald Hall) There remains the 404 in abeyance and there is the very early draft of the 418 for support helicopters.

2307. That is the totality of it?

(Air Marshal Sir Donald Hall) That is the totality.

Chairman

2308. Could you tell the Committee please what are the reasons for proceeding with the NH90 when current United Kingdom military thinking seems to require a larger helicopter?

(Mr Lamont) I am not sure that one could anticipate that one will necessarily go for the larger helicopter exclusively. It may be - and this, I imagine, is what is behind the thinking of the draft staff target - that we will still go for a mix between the medium support helicopter and the large support helicopter and that again will come out of the study this autumn. But there can be no presumption that we would go exclusively for a large support helicopter.

2309. It is quite possible that you will go for a mix, is it?

(Mr Lamont) Yes.

Mr Douglas

2310. I wonder if I could clear my own mind. If it is proposed to order the EH101, is there room in budgetary terms - you may not want to answer in public - for a follow-on for the NH90 or will that be squeezed out?

(Mr Lamont) The EH101 is firmly in the programme in its naval role, as I think Mr Heseltine pointed out when he came to the Committee. There was in last year's LTC no provision for support helicopters. Whether there would be provision for support helicopters into future ones is yet something to be decided, but obviously at some stage, in order to meet the support helicopter requirement, however it is supplied - whether with the EH101 or a mixture of that and a smaller one - provision at some stage will have to begin to appear.

Chairman

2311. Can you tell us your current plans in the battlefield helicopter class?

(Mr Lamont) Yes. At the moment we have a draft of

a MOU on the Al29. There is going to be a submission put to Ministers after it has gone through the Equipment Policy Committee within the next few weeks and then I think we will have to consider whether to take this project forward into a feasibility project definition stage that might last a couple of years. That is precisely where we are at the moment. As you know, the Al29 is a helicopter which the Italians have already produced and have already sold, both to their own army and to the Dutch. But we are at the stage where the Spanish and Dutch Governments are interested in coming into this project. So we having made the assessment and having a staff target that the Al29 would best meet our requirements, there is the possibility - I would put it stronger than that, a good possibility, perhaps a probability - of the collaboration being enlarged from the purely Anglo-Italian to a four-nation collaboration.

2312. I think I have seen a report somewhere that the Federal Republic of Germany is considering participating in this programme. Can you say anything about that?

(Mr Lamont) As I am sure you recall, Germany is looking with France at something called the PAH2 and in Mr Heseltine's - I call it Mr Heseltine's, the NADS, the National Armament Directors' - rationalisation of European helicopters the intention was to merge the PAH2 programme and the Al29 programme. That obviously is more difficult to achieve - I am not saying it is impossible. I have outlined how we intend to go ahead with the Al29 programme; that would still be eventually merged with the PAH2 although we do have an agreed joint staff target with the Italians and at the moment the thinkign of the German Armed Forces and the German Government is rather different form our own which is for a lighter

more mobile helicopter. So there are differences between the two. What the intentions of the German Government now are on the PAH2 I cannot of course say. I cannot speak for them. I know there have been some problems with that programme.

2313. What is the Ministry's view of the American LHX?

(Mr Lamont) Well, our intention is to develop the Al29, assuming that all goes well. The LHX I know relatively little about. I think they are intending to produce some 700 of them. Our requirement would obviously be a very small proportion of that. As I understand it from Mr Paul's evidence to you, which I studied, they are hopeful of pursuing and intending to pursue the Al29. I ought to make it clear that, of course, the Government do attach importance to European collaboration.

2314. You do not really see any role for the LHX with our forces?

(Mr Lamont) I think it is slightly unlikely.

2315. Two or three other matters have come up to which I would like your answers if you would be kind enough. Can you tell us when you expect to order the two further batches of Sea Kings for the Royal Navy?

(Mr Lamont) Are you referring to the 15? I am not sure which you mean by the two batches. Perhaps I could just outline what the position is. The current orders include 15 Sea Kings, one of which has been delivered; the rest will be delivered between 1986 and 1987. There is also the question of the additional Sea Kings which were dependent upon a rationalisation of a European basis of the battlefield helicopters. If the Al29 and PAH2 had been merged, savings from the development costs would have been available and then an option would have been there to place an order for additional Sea Kings.

There is the question of a possible further order of Sea Kings, which is built into our long-term programme as a possibility, because of course one of the problems which the company faces now is that there could be a gap between February 1988 and 1992, when we expect the first EH101 to be delivered. There is a possibility which we are looking at, and I cannot put it any higher than that, for 14 Sea Kings.

2316. I think that is what I was getting at. There are 15 on order and I have heard it said there is a possibility of five Commandos plus nine anti-submarine, and that is what we are speaking of now?

(Mr Lamont) Yes.

2317. The state of that is just a gleam in somebody's eye at the moment, is it?

(Mr Lamont) It is being considered. It is a gleam which is being examined.

2318. Can you give us any clue as to when you might come to a decision on that? I am not asking you what the decision will be but when you will come to one?

(Mr Lamont) I would have thought within the next couple of months.

2319. Can you tell us what progress is being made on the Lynx modification programme?

(Air Marshal Sir Donald Hall) I do not think I can answer in detail on this. You are talking of the Lynx Mark VII I think, or are you talking of modifications to in-service aircraft? Are you talking of modifications to in-service aircraft?

2320. I am. Is there not a programme?

(Air Marshal Sir Donald Hall) There is indeed. I regret I am not briefed to answer this question but it has not emerged as a particularly sore thumb, certainly to my knowledge, in Whitehall. If you would like an answer outside the meeting, we could provide it.

2321. If you could refresh your memory when you get back to the Ministry and if there is anything more to say on that point, perhaps you could let us know?

(Air Marshal Sir Donald Hall) Certainly.

2322. What about the sonics on the Naval Lynxes? There is work being done on that, is there not?

(Air Marshal Sir Donald Hall) I could give you an answer on those two points.

2323. I would be grateful. Can you tell us at what sort of level you expect spares and repair work for Westland to continue?

(Mr Lamont) Yes. The current spending on in-service support is over 60 million and I think in the next three or four years we expect a modest decline, a small decline, but it is not far short of that 60 million figure.

2324. What is the view taken now, today, by the Ministry of Defence of the success of the Sikorsky-Fiat rescue operation and the failure of the European consortium to be involved with Westland?

(Mr Lamont) I read Mr Paul's evidence to you with very considerable interest and of course it is our earnest hope that what he said will turn out to be a reality, and that the American company which seems to be intent upon playing perhaps a bigger role than you would expect a 30 per cent shareholder normally to do, in both marketing and production methods, will be able to help the company very considerably. The company has, and one has to say it, had some considerable difficulties, both in the civil market with the W30 and indeed with exports of its military collaborative helicopters, which it developed in collaboration with the French. I think it is disappointing that we exported so few compared to the French. I hope there is going to be some strengthening of the company as a result of the Sikorsky shareholding.

3

It is very much the Government's hope also that the company, which is still a company in Europe - a European helicopter company - will continue with the collaborative ventures. Mr Paul indicated on the EH101 and A129 that they intended that that collaboration should continue. I think the conflict arises, if conflict there is, in the case of the smaller support helicopter, the NH90 versus the Black Hawk. We can go into that separately, if you like, but I make the point we hope that the company, still being in Europe, will pursue the collaborative ventures which we regard as being extremely important. We do want to see, and it still remains Government's policy to give every encouragement to, European collaboration.

Mr Douglas

2325. Do I take it from your remarks, Minister, that despite the thrust from your Ministry behind the alternative proposals, that your Ministry is now either accommodated or reconciled to the success of the Sikorsky-Fiat bid?

(Mr Lamont) We live with the world as it is, yes.

2326. How do you see that? You gave some replies to the effect of this success, if I can put it that way, on European defence co-operation in terms of projects. Would you like to expand on that answer? Do you think it will impede European defence co-operation or will it be in any way facilitated?

(Mr Lamont) I will answer as best I can. It is a European helicopter manufacturer, the Government will give it every assistance with collaborative projects and we attach, as the White Paper last year made clear, not just for helicopters but for defence equipment generally, importance to European collaboration. Therefore, we will want to encourage the company to pursue that. As I indicated, there is this immediate possible conflict where the NH90 obviously

LX

is a product that, if it comes into existence, will compete with the Black Hawk. That does not mean, of course, if eventually the Black Hawk were purchased by the Ministry of Defence - and I realise that is a big assumption and there is a lot of argument about that - that the NH90 will collapse. I want to make that clear. European collaboration can exist and does not always need to be across all the countries of Europe. What I very much hope, and what the Government very much hope, is that notwithstanding the 30 per cent shareholding, we will be able to marry that with quite a lot of collaborative ventures.

Mr Douglas

2327. I cannot point to the evidence just now of Sir John Cuckney, and I am speaking from memory, but one of the aspects which disturbed me in relation to the discussions of the National Armaments Directors and the proposals which emanated from that, was that there seemed to be little liaison between Westland, as it then was, and the Ministry in relation to these discussions.

Do you see a forming of relations between the MOD and Westland now so that the discussions in European terms that the Ministry might want to undertake about NATO helicopters are harmonised with the views of this important company?

(Mr Lamont) I think it has got to be proceeded with on that basis - the emphasis that has been given to collaboration (I know people always subscribe to collaboration) in the last few years and, for example, the re-activation of the IEPG, the International Equipment Policy Group, the European partners within NATO; that Mr Heseltine gave to this is something that happened in the recent past and it is becoming a reality now. If it is going to happen, there has obviously to be the closest possible relationship between the Ministry of Defence and the manufacturers. It is no use Mr Gulvin just being out in Madrid talking to other people from other European ministries of defence; we cannot just construct these things on pieces of paper.

2328. So there will be some thrust behind an endeavour in terms of the United Kingdom Government to harmonise NATO requirements for helicopters?

(Mr Lamont) There is a NATO policy obviously of harmonising requirements. What I am talking about is European collaboration within NATO.

Dr Gilbert

2329. Mr Lamont, you will, of course, be aware of the fairly vigorous testimony the last Secretary of State for Defence gave this Committee while he was still Secretary of State for Defence with respect to the desirability of the United Kingdom procuring Black Hawk, I take it?

(Mr Lamont) Of course.

2330. Are the views that were then expressed by Mr Heseltine shared by his successor as Secretary of state?

(Mr Lamont) What he said was that there was no requirement for the Black Hawk and that there was no money in the MOD programme for the Black Hawk. Of course, that is absolutely correct, that remains the position.

2331. It remains the position?

(Mr Lamont) Yes. If I could just elaborate, the position of the Black Hawk is no different from that of any other candidate for the role of support helicopter because, as I explained to the Committee earlier, there was in last year's LTC no provision for support helicopters and the staff target was in abeyance. As I have been trying to explain today, those matters we believe and hope are about to be resolved and, of course, at some point in the longterm programmes of the Ministry of Defence we will have to make provision for support helicopters.

2332. It is not just a question of the support helicopter. It is the size of the support helicopter the controversy revolves around, is it not?

(Mr Lamont) That is one of the areas, yes.

2333. Do you now envisage the possibility - I put it no more strongly than that - that the current Secretary of State for Defence will take a different view from that held by his predecessor with respect to the desirability of procuring Black Hawk?

(Mr Lamont) I think a lot will depend on two things. One is the study that we have been talking so much about, the Defence Staff study of the support helicopters. But there is also the outcome of the feasibility study of the NH90 which we

are due to get this autumn. Now, whether the Black Hawk will be a candidate for that role will depend upon precisely what the requirement comes out as, but also very much - this is the point Mr Paul himself was making, I think - the date at which that requirement has to come into effect. As I read Mr Paul's evidence to you, he was actually saying that, if the requirement for a support helicopter was in the early 1990s, Westland would be offering Black Hawk; if the NH90 was going to be later and if the requirement was later and it was a helicopter of a very different type of technology in advance of the Black Hawk, then perhaps the company would not offer the Black Hawk. So I do not mean to reply from the point of view of Westland but I think the outcome of the NH90 study as well as the more conceptual study we are doing will be what will influence our decision.

2334. I am sure that is perfectly accurate as far as it goes, but would you, or would you not, accept with the change in shareholdings in Westland, the fact Sikorsky-Fiat now have this very considerable stake, not quite 30 per cent, will play a role in ministerial considerations in these matters?

(Mr Lamont) We have been involved in this feasibility study on the NH90 and we will want to see what that produces and whether the NH90 potentially is a very much more advanced helicopter than anything which is on offer at the moment, including the Black Hawk. We will want also to take account of the date at which we need such a helicopter.

2335. Yes, indeed, and I am grateful to you for that answer but it was not actually answering my question. It was probably my fault for not putting the question clearly. What I asked was, whether or not ministerial views are likely to be affected by the change in the ownership of a substantial block of the equity of Westland?

(Mr Lamont) I was attempting to answer the question by indicating those two elements would be the main ones in our consideration.

2336. When you cited Mr Paul's evidence, you will have noted he said quite candidly to the Committee that he was not prepared to tolerate indefinitely the sorts of figures he saw coming out of Westland with respect to their overheads - he mentioned other things but particularly with respect to their overheads. Obviously we can all have fervent wishes that his efforts to improve the situation at Westlands - and identified management is one of the problems - will be successful. Does Her Majesty's Government have any contingent views in mind should Mr Paul come to the view which he admitted to in cross-examination might be an option open to me, the closing-down of the Westland operation?

(Mr Lamont) We have no contingency plans for that eventuality and I very much hope that it will not come to that, I must say. I

2
imagine we would have to go through all the sorts of studies we did last time during the latest crisis in Westland, but we have no contingency plans if you intend it to mean a rescue operation; we would have to consider the situation as it arose.

2337. Obviously we are talking hypotheses, one understands that, indeed the Ministry of Defence exists to protect us against hypothetical situations, otherwise there would not be a Ministry of Defence. If the situation did not improve ----

(Mr Lamont) The possibility of one of our suppliers getting into financial trouble exists over a very wide range. The threat we meet is bad enough without having to consider industrial problems of that scale as well.

2338. Surely we do have to consider industrial problems of that scale very much, and that is why we rescue people like Rolls Royce from time to time?

(Mr Lamont) The Ministry of Defence, as I am sure you recall, Dr Gilbert, does not have a series of contingency plans for each of its suppliers getting into trouble.

2339. That is not the thrust of my question. Is the preservation of helicopter manufacturing capability now considered to be such a vital interest to this country that it will be necessary for it to be sustained, if necessary in the public sector, if the private sector cannot sustain it?

(Mr Lamont) As I said earlier, we do regard the maintenance of an indigenous manufacturer as important and, as the Prime Minister herself stated in the House, it is an objective to sustain that if at all possible.

Mr Speed

2340. Mr Lamont, we have now had this change of shareholding to a major extent. We have had in recent weeks the question of procurement come to the fore vis-a-vis AORs and whether they should come from one shipyard or another. We also had last year coming before this Committee the question of the ordering of a frigate which certainly in normal MOD competitive terms should have come from one yard but for social and other reasons again went to another. Are you satisfied that now there has been all this drama and trauma with the Westland affair, following on Dr Gilbert's recent questions, with the views going on which are centrally directed, that the Services could not find themselves in a situation in the future whereby for political reasons they might be forced to have a helicopter they did not actually want for operational reasons?

(Mr Lamont) We have to take account of the industrial implications of our procurement decisions and I hope that we do that on a day to day basis and I hope that we take a view of the health of our suppliers and, where we can, make decisions that are helpful to them when difficulties arise. But at the end of the day, the purpose of procurement decisions is to give the Armed Forces the equipment that they want in order to meet the threat as they and we perceive it. That has to be the top priority.

2341. Well, yes.

(Mr Lamont) I hope, therefore, that what you are postulating would not arise. It is certainly not my intention that it should arise and I do not envisage it.

2342. The answer should be, no, they ought to get, within the normal constraints of resources, what they require. If I could perhaps explain it a stage further, there could be

situations where it might be that the Black Hawk helicopter - and I am now coming back again to Dr Gilbert's question as to Mr Paul's evidence - was the only way to keep Westland going under the present management and under the present shareholding structure of the time. That is a particular scenario that could be present, though that might not be what the Services required or indeed would need - this has again been floated before this Committee before now as the sort of situation that concerns some people. You do not yourself see that as a danger?

(Mr Lamont) Not really, and the purchases for support helicopters are likely to be some years off. If the company's difficulties are now, those are problems which they face today; the support helicopter is some way away yet.

2343. Do you accept that occasionally political imperatives override the normal rules of competitive tendering that Mr Levene has been working for in the last year or so?

(Mr Lamont) It has been known to happen.

Dr Gilbert

2344. At a certain stage in the matters surrounding this whole furore I believe you said that you had considered offering your resignation, which was a delightfully candid thing for any minister to say. May I congratulate you on surviving such thoughts? Can I ask you this: when did you first start considering tendering your resignation?

(Mr Lamont) I do not think I really need to go into that. I know the Committee is the determinant of what you want to go into, but I only made that answer because I was asked the direct question by Sir Robin Day, had I ever considered it?

2345. With respect to this?

(Mr Lamont) Yes, and I think it would be inconceivable

12.12
if, when the Secretary of State with whom I had been working closely and whom I very much admired resigned, I had not at least asked myself the question. But I dismissed it, having asked it.

2346. Could you tell us, if you want to tell us, when you started thinking about resigning? Can you tell us how long you thought of resigning?

(Mr Lamont) I am afraid my memory is not good enough.

2347. You are not the first ministerial witness we have had in front of us with respect to this who has been subject to faulty memory, but never mind. Can you tell us this: what led you to consider tendering your resignation?

(Mr Lamont) Well, all I have said and all I meant was that when Michael Heseltine resigned I simply considered my position. I worked for him, with him, and was identified perhaps with the policy he was pursuing; therefore it would have been amazing if I had not considered it, but it was not any lengthy agony, I can assure you.

2348. I am glad to hear that. Was your consideration of such a possibility related mainly to your sense of loyalty, which is perfectly understandable, to your Minister -----

(Mr Lamont) Yes.

2349. ----- or rather to questions of policy? We have just adduced questions of policy from what you just said.

(Mr Lamont) No, it was a question of loyalty and being associated with him.

2350. So you remove the reference to questions of policy? You said, because you were also closely associated with certain policies?

(Mr Lamont) I might be thought so, yes. I did not really think that it would have made much sense for me to have resigned.

2351. You have been - I will not say "uniquely placed" - very fortunate amongst ministers, having served in both the Department of Trade and Industry and the Ministry of Defence, and there have been a series of conflicts between the two Departments, not just with respect to Westland but with respect in the past to the purchase of frigates and, very recently if we are to believe what we read in the public press, with respect to the Swann Hunter and Harland and Woelf controversy, which is not yet settled. Can you help the Committee, because it has been stopping the process of decision-making with respect to defence and these are important elements in that? To what extent would you say these conflicts arise from genuine Departmental conflicts of interest or to what extent do they involve personality clashes, and no one can pretend the latter do not exist?

(Mr Lamont) They stem, if they exist, to a very considerable extent from different objectives. The Ministry of Defence, obviously, is extremely concerned to get value for money, the most output from its budget; the DTI is largely concerned with the wider

industrial implications. May I say that I, not just because I have been in the DTI but I would hope I would take this view anyway, do regard it as important that we should be aware of the industrial implications of the decisions that we are making, but I think the two administrative machines do have, perfectly naturally, different objectives. Not only are we in a position where I have come to the Ministry of Defence, having been in the DTI, but we also have the situation where the Minister of State for Information Technology at the DTI has come from the MOD. He and I are attempting to work closely together and to prevent some of the difficulties that have arisen again, and we have regular meetings and we try to anticipate some of these problems.

2352. Can you assure the Committee that the atmosphere between the two Departments is now improved, with the new Secretaries of State in position in the two Departments?

(Mr Lamont) I would say relationships were excellent.

Dr Gilbert: I am obliged.

Mr Douglas

2353. Just on the procurement roles: one of the problems, as I see it, is that the Ministry not only for helicopters but for other equipment, lays down and has laid down now fairly stringent procurement rules, and these are understood if not accepted by the defence equipment industry. One of the problems seems to be, and I do not want to press you on the AORs or take us outside the field, but it seems to me with the Department of Trade and Industry the rules seem to be bent or re-interpreted half way through the process. Do you have a view on that?

(Mr Lamont) I think it ought to be an objective of procurement policy, when you have competitive tendering, to make

absolutely sure that the rules are known to everybody in advance and are certain and unambiguous. I think that is an extremely important aspect of procurement.

Do you feel that this is being carried out right up to the present time, particularly with regard to the frigate and AOR orders?

(Mr Lamont) I think we are perhaps going wide of helicopters. Yes, I do.

Chairman

2354. Mr Lamont, I do not think I have any more questions to ask you in public, but I think we should go into private session in a moment because my recollection is that you said you might be able to give a little more information about the EH101 costs.

(Mr Lamont) I think I gave the only figure then. We can give more information, I am sure.

2355. I think there are a couple of questions Dr Gilbert would like to ask in private session. Before that, is there anything further you would like to say to the Committee in public?

(Mr Lamont) No, thank you.



PRIME MINISTER

As I mentioned to you this afternoon, Mr. Dalyell had the following Question down for the Attorney General for priority Written Answer today:

"Mr. Tam Dalyell (Linlithgow): To ask Mr. Attorney General, if the Director of Public Prosecutions has initiated an investigation with a view to prosecution under section 1(i) of the Honours (Prevention of Abuses) Act 1925 into allegations made by Mr. Alan Bristow in respect of the Westland shareholders' meetings."

The Attorney answered "Yes."

He felt that he had no alternative to this answer.

On the report by the Select Committee to the House on Mr. Bristow's refusal to disclose the names of the two Lords, the Speaker told the Chief Whip that it was absurd for the Select Committee to lay such a complaint before the House when Mr. Bristow had written to him as he had done. The Speaker is now trying to persuade Mr. Warren to withdraw the report, and apparently is procedurally possible.

I am seeing the Chief Whip first thing tomorrow and will report any further developments then.

Lillian

p.p. N. L. WICKS

8 April 1986

per on Westh
file

CHAPTER 72.

An Act for the prevention of abuses in connection with the Grant of Honours. [7th August 1925.]

BE it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

Punishment of abuses in connection with the grant of honours.

1.—(1) If any person accepts or obtains or agrees to accept or attempts to obtain from any person, for himself or for any other person, or for any purpose, any gift, money or valuable consideration as an inducement or reward for procuring or assisting or endeavouring to procure the grant of a dignity or title of honour to any person, or otherwise in connection with such a grant, he shall be guilty of a misdemeanour.

(2) If any person gives, or agrees or proposes to give, or offers to any person any gift, money or valuable consideration as an inducement or reward for procuring or assisting or endeavouring to procure the grant of a dignity or title of honour to any person, or otherwise in connection with such a grant, he shall be guilty of a misdemeanour.

(3) Any person guilty of a misdemeanour under this Act shall be liable on conviction on indictment to imprisonment for a term not exceeding two years or to a fine not exceeding five hundred pounds, or to both such imprisonment and such fine, or on summary conviction to imprisonment for a term not exceeding three months or to a fine not exceeding fifty pounds, or to both such imprisonment and such fine, and where the person convicted (whether on indictment or summarily) received any such gift, money, or consideration as aforesaid which is capable of forfeiture, he shall in addition to any other punishment be liable to forfeit the same to His Majesty.

(1) The Vexatious Indictments Act, 1859, as amended by any subsequent enactment, shall apply to offences under this Act as if they were included among the offences mentioned in section one of that Act. 22 & 23 Vict. c. 17.

2. This Act may be cited as the Honours (Prevention of Abuses) Act, 1925. Short title.

CHAPTER 73.

An Act to establish a National Library in Scotland on the foundation of the Library gifted for that purpose by the Faculty of Advocates, and for purposes connected therewith.

[7th August 1925.]

BE it enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1.—(1) There shall be established and founded in Scotland a library with the name of the National Library of Scotland (in this Act referred to as "the Library"), and for the purpose of managing the Library and for the other purposes of this Act there shall be constituted a Board of Trustees (in this Act referred to as "the Board"), which shall be a body corporate by the name of "The Trustees of the National Library of Scotland," with perpetual succession and a common seal, and power to sue and be sued, and to acquire and hold property for the purposes of the Library and of this Act. Service on the Board of all legal processes and notices shall be effected by service on their secretary.

Establishment of Library and constitution of Board of Trustees.

(2) The Board shall be constituted and their proceedings shall be determined in accordance with the provisions contained in the Schedule to this Act.

(3) Any document purporting to be sealed with the seal of the Board or to be signed in the name of the

PRIME MINISTER

F

MR. BRISTOW AND THE TWO LORDS

The Speaker has received Mr. Bristow's letter which names the two Lords. The Speaker will send the letter early tomorrow morning to Mr. Warren whose Committee will, hopefully, consider it later in the morning. Apparently, Mr. Warren's view is that it is no longer necessary for the Committee to report Mr. Bristow's refusal to tell the Committee of the two names (since he has now recanted), but he needs to persuade the other members of his Committee, especially Mr. Maxwell-Hyslop, to this view. If he does, there is a good chance that the Committee will decide not to make their report of Mr. Bristow's refusal to the House tomorrow. (It was due to be presented at 2.30 pm.)

N.L.W.

N.L. WICKS
7 April 1986

EL3BAM

Showed to P.N.
She agreed that
we should not act
to warn the 2 Lords
(unless by one).

MW

7.4

1
Pa
✓

PRIME MINISTER

BRISTOW

The Chief Whip has spoken further to the Clerks in the House. (One new fact emerged: the Select Committee have already agreed their report and instructed their Chairman to have it published. This reduces, it is argued, the freedom of manoeuvre since it makes it harder to reopen the findings of the report.) The Chief's tactic now is to have Cranley Onslow persuade Bristow to send the draft letter below to the Speaker. It would be left to the Speaker to decide whether to pass the letter to the Select Committee (though he almost certainly would). According to the Chief Whip, the Clerks would then advise the Speaker that a debate on any report from the Select Committee on Trade and Industry on this issue should not take precedence over the other business of the House. So in Parliamentary terms, the matter would disappear. The Chief Whip is to discuss all this with Cranley Onslow next Wednesday.

It seems to me that we have two objectives in all this:

1. To avoid publication of the two Lords names.

The Chief Whip is adamant that unless Bristow discloses the names to the Select Committee, he will be called before the Bar of the House to explain himself (when the Chief Whip thinks he will divulge the names anyway). The Chief Whip believes Mr. Maxwell-Hyslop will not let the matter rest until the names are made available to his Committee. The Chief Whip believes (and Murdo agrees) that there is "a very good chance" that the names would not become public even if told to the Speaker and the Select Committee. I am more doubtful.

2. To forestall an unseemly row in Parliament with Bristow being summoned to the Bar of the House and perhaps being despatched to Brixton Prison. The Chief Whip believes that his tactic described above would avoid that outcome.

So the Chief Whip's tactic stands a good chance of meeting the second objective, but it seems doubtful to me whether it will meet the first. It is a great pity indeed that the names of the two Lords have to be mentioned to the Select Committee. The Chief Whip is absolutely adamant that that is unavoidable.

If you want to object to the Chief Whip's approach (and given the constraints in which he seems to be working, there does not seem to be another) you may wish to Speak to him over the weekend before he discusses the issue with Cranley Onslow next Wednesday.

Good Friday

N.L.W.

(N. L. WICKS)
27 March 1986

DG2AYN

There is one important point that must be cleared up - whether the letter to the Speaker is covered by

Parliamentary Privileges. - Letters from

M.P.'s to Ministers are NOT. If

he is being advised to divulge names via

letter which renders him liable to action

on the part of the names, that is a factor

he should know and on which he should

take advice before embarking on this course of

action. I do not believe the 'in confidence' of

itself would protect him. I must say I have some of 'privilege' to advise people of a remedy not

CONFIDENTIAL

Dear Mr. Speaker,

I have heard that the Trade and Industry Select Committee are likely to make a report to you because I have so far not given the names of my two friends with whom I had certain conversations some time ago. I do not believe that revealing the names of my friends will in any way help the Committee's deliberations in view of the personal statement I made on 7 February, a copy of which I attach.

However the Gentlemen concerned are
and and if you think it correct
you have my agreement to pass this letter onto the Committee.

If I can be of any further assistance to the Committee, no doubt they will be in touch with me.

PRIME MINISTER

Words not here
The Clerks wanted the words "in confidence" in the second paragraph to be omitted on the grounds that Bristow could not bind the confidentiality of his letter on the Speaker. The Chief Whip argued that Bristow would not write without the protection that he believed those words would give him. They will probably be retained. But their effect is unclear. The Chief Whip is nevertheless still hopeful that the contents of the letter can be kept confidential. I wonder.

N.L.W.

(N. L. WICKS)

27 March 1986



10 DOWNING STREET

Press Notice

WESTLAND: A STATEMENT BY THE PRIME MINISTER

No authority to offer an honour to Mr Bristow has been sought or given.

No approach has been made to me that any such offer be considered. I should have dismissed any such approach out of hand as a total abuse of the honours system.

No member of the Government nor anyone acting on its behalf has made any offer of an honour to Mr Bristow or tried to bring pressure to bear on him in any way.

The only communications which I have had with Mr Bristow on the Westland matter arose from a telex which he sent on 16 December 1985 to seek a meeting with me. On 17 December, Mr Bristow was told that it would not be appropriate for a meeting to take place. On 23 December Mr Bristow indicated that he shared my view that it was the responsibility of the Westland Board and its shareholders to resolve the situation and that he had decided not to pursue the matter any further with the Government.

7 February 1986

STATEMENT BY ALAN BRISTOW, 7 FEBRUARY 1986

I wholeheartedly confirm the statement and sentiment expressed in the Prime Minister's press release issued this morning on the Westland affair where she says: "no authority to offer an honour to Mr. Bristow has been sought or given. No approach has been made to me that any such offer be considered. I should have dismissed any such approach out of hand as a total abuse of the honour system."

To the best of my knowledge, the inducements made to me, prior to the shareholders meeting in the Albert Hall on 17 January 1986, of public recognition of my services to the country in the form of a knighthood if I were to vote in favour of the Westland board resolutions 2 and 3 were not made with the authority of the Prime Minister or any member of the Government. Moreover, I would like to confirm that the Prime Minister's account of the communications between us is totally accurate.

However, the foregoing does not detract from the fact that, quite separately, I was offered inducements of a directorship on the board of Westland plc as well as the opportunity to sell all my shares in Westland at 135 pence per share on or after the 1st January 1987, if by that time I had not been offered an executive directorship in Westland plc.

I decided to disclose these events in response to questions put to me by the press on 5 February 1986 and in particular in response to the accusations made by Sir John Cuckney, Chairman of Westland plc, reported in the Birmingham Post on the same date, that I had acted in concert with the European consortium which is totally untrue.

Aerospace
Westlands

STATEMENT BY ALAN BRISTOW, 7 FEBRUARY 1986

... of the ...
... the ...
... the ...
... the ...
... the ...

... of the ...
... the ...
... the ...
... the ...
... the ...

... of the ...
... the ...
... the ...
... the ...
... the ...

... of the ...
... the ...
... the ...
... the ...
... the ...

PRIME MINISTER'S STATEMENT

STATEMENT

No authority to offer an honour to Mr. Bristow has either been ^{so far} given or contemplated.

To do so under the circumstances of the Westland matter would be a total abuse of the honours system.

Nor has any approach been made to me by third parties that any such offer be considered.

The only communication which I have had with Mr. Bristow ^{on the Westland matter} is a telex which he sent me on 16 December to seek a meeting. On 17 December, Mr. Bristow was told that it would not be appropriate for a meeting to take place. Mr. Bristow ^{withdrew} ~~subsequently wrote~~ on 23 December ~~to say~~ that he had decided not to pursue the matter further with the Government.

Mr. Bristow contacted Mr. Norman Tebbit (Chancellor of the Duchy of Lancaster) on the Westland matter while Mr. Tebbit was in hospital. He was told that

No member of the Government nor anyone acting on its behalf has made any offer of an honour to Mr. Bristow or tried to bring pressure to bear on him in any way.

Lord President's Speaking Note

On a Point of Order, Mr Speaker, I have been authorised by my Rt Hon Friend the Prime Minister to say that no authority to offer an honour to Mr Bristow has been sought or given.

No approach has been made to my Rt Hon Friend that any such offer be considered. She has asked me to say that she would have dismissed any such approach out of hand as a total abuse of the honours system.

No member of the Government nor anyone acting on its behalf has made any offer of an honour to Mr Bristow or tried to bring pressure to bear on him in any way.

[I understand that the only communication which my Rt Hon Friend has had with Mr Bristow on the Westland matter is a telex which he sent her on 16 December to seek a meeting with her. On 17 December, Mr Bristow was told that it would not be appropriate for a meeting to take place. On 23 December, Mr Bristow indicated that he shared my Rt Hon Friend's view that it was the responsibility of the Westland Board and its shareholders to resolve the situation and that he had decided not to pursue the matter any further with the Government.]

Speaking note for LFC

./...

7/2

T 55/86 - see below.

CONFIDENTIAL

24263 - 1

ZCZC
MILNAN 4263 OCMIAN 4263
CONFIDENTIAL
OO NEDEL
FM FCOLN TO NEDEL
201800Z MAR
GRS 220

CONFIDENTIAL
FM FCO
TO IMMEDIATE NEW DELHI
TELNO 349
OF 201800Z MARCH 86

WESTLANDS

1. PLEASE PASS FOLLOWING MESSAGE FROM THE PRIME MINISTER TO RAJIV GANDHI.

BEGINS

DEAR PRIME MINISTER,

I WAS DELIGHTED TO HEAR FROM OUR HIGH COMMISSIONER THAT YOUR GOVERNMENT HAD AGREED TO THE SIGNATURE OF THE WESTLANDS HELICOPTER CONTRACT. THIS IS WONDERFUL NEWS: AND I AM VERY GRATEFUL FOR THE ATTENTION THAT YOU PERSONALLY HAVE GIVEN TO THE OFTEN COMPLICATED AND DIFFICULT NEGOTIATIONS.

I AM ALSO PLEASED THAT WE SHALL NOW BE ABLE TO MAKE A USEFUL CONTRIBUTION TO INDIA'S DEVELOPMENT IN THE OFFSHORE OIL AND GAS INDUSTRY.

I WAS SORRY THAT I WAS UNABLE TO GO TO STOCKHOLM FOR THE FUNERAL OF OLOF PALME, AND THEREBY ALSO MISSED AN OPPORTUNITY TO HAVE A TALK WITH YOU. I UNDERSTAND, HOWEVER, THAT YOU HAVE KINDLY AGREED TO SEE SIR GEOFFREY HOWE WHEN HE VISITS NEW DELHI AT THE END OF THE MONTH. THERE IS A GREAT DEAL TO DISCUSS AND I LOOK FORWARD TO HEARING FROM HIM AN ACCOUNT OF YOUR TALKS.

WITH WARM REGARDS TO YOU AND YOUR FAMILY - AND RENEWED THANKS FOR THE PERSONAL INTEREST WHICH YOU HAVE TAKEN IN

1

CONFIDENTIAL

CONFIDENTIAL

24263 - 1

ACHIEVING THIS VERY HAPPY OUTCOME.

YOURS SINCERELY

MARGARET THATCHER

ENDS

2. ORIGINAL FOLLOWS BY BAG.

HOWE

OCMIAN 4263

LIMITED

SAD

ODA

MAED

TRED

NEWS DEPT

PS

PS/LADY YOUNG

PS/MR EGGAR

PS/PUS

SIR W HARDING

MR BRAITHWAITE

MR WILSON

COPIES TO:

PEP DTI VIC ST

SAD | ODA.

EL

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 55186



file

~~SECRET~~
SUBJECT
CCF-CO
CCS MASTER
OPS.

10 DOWNING STREET

THE PRIME MINISTER

20 March 1986

Dear Prime Minister,

I was delighted to hear from our High Commissioner that your Government had agreed to the signature of the Westlands helicopter contract. This is wonderful news: and I am very grateful for the attention that you personally have given to the often complicated and difficult negotiations.

I am also pleased that we shall now be able to make a useful contribution to India's development in the offshore oil and gas industry.

I was sorry that I was unable to go to Stockholm for the funeral of Olof Palme, and thereby also missed an opportunity to have a talk with you. I understand, however, that you have kindly agreed to see Sir Geoffrey Howe when he visits New Delhi at the end of the month. There is a great deal to discuss and I look forward to hearing from him an account of your talks.

With warm regards to you and your family - and renewed thanks for the personal interest which you have taken in achieving this very happy outcome.

Yours sincerely

Margaret Thatcher

Shri Rajiv Gandhi

SKW



Foreign and Commonwealth Office

London SW1A 2AH

19 March 1986

Dear Charles,

India: Westlands Contract

Your letter to Michael Gilbertson of ^{at Hay.} 14 March asked for a draft letter of thanks to Mr Gandhi following the conclusion of the Westlands contract. I enclose a draft, which has been agreed with the Department of Trade and Industry.

No further action is required on publicity, which was in fact discussed at the time with the Number 10 Press Office.

Yours ever,

R N Culshaw

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

AGROSPACE

Westland PTS



[Faint, illegible handwritten text]

[Faint, illegible handwritten text]

[Faint, illegible handwritten text]

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM: The Prime Minister

Reference

DEPARTMENT:

TEL. NO:

Please type for signature

SECURITY CLASSIFICATION

TO:

AZA

Your Reference

Top Secret

Secret

Confidential

Restricted

Unclassified

18/3

Shri Rajiv Gandhi
Prime Minister of the Republic of India

Copies to:

PRIVACY MARKING

SUBJECT:

over High Commission

.....In Confidence

I was delighted to hear from ~~Sir Robert Wade-Gery~~ *clearly clear the way* that your Government had given the go-ahead for the *agreed to be* signature of the Westlands helicopter contract. This is good news indeed; and I am particularly grateful for the ~~keen~~ *often complicated & difficult* interest that you have taken in the negotiations. ~~from the outset.~~ I have no doubt that the very close understanding established between us helped considerably to bring to a successful conclusion an often complicated and difficult negotiation. I am particularly ~~pleased~~ *pleased* that your ^{experts'} technical evaluation has established the suitability of the Westland W30 helicopter for your ^{offshore} oil and gas industry, and that, through our aid programme, we shall now be in a position to make a substantial *useful* contribution to India's development in this important sector.

CAVEAT.....

I was sorry but I was unable to go to Stockholm for the funeral of Olof Palme, a worthy who missed an opportunity to have a talk with you

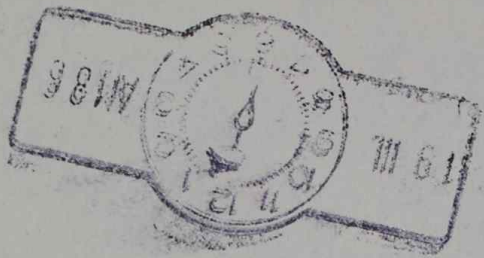
kindly agreed to see Sir Geoffrey Howe when he visits New Delhi at the end of this month. There is a great deal of to do and I look forward to hearing from you.

Enclosures—flag(s).....

for his visit to New Delhi at the end of this month, ^I shall much look forward to hearing from him ^{of} the further progress in strengthening Indo-British relations and ^{the} mutually beneficial collaboration between us which I am sure will ^{about the} results ^{of} his ^{discussions with you} visit.

and to which we both attach great importance. I have discussed the main issues with Geoffrey and

P10



him on account of your talks.

With warm regards to you & your family -
and renewed thanks for the personal interest which
you have taken in achieving a satisfactory
outcome over the helicopters.

RESTRICTED

RAMAFc (089)

file ec. ODA ✓
Press ✓



10 DOWNING STREET

From the Private Secretary

14 March 1986

WESTLANDS

I have seen a copy of New Delhi telegram MODEV 181 about the Indian decision to proceed with the Westlands contract. I understand that this is likely to be signed tomorrow, 15 March.

There are two points which require action:

- BF | (i) We should seek some publicity for the final and successful conclusion of this tortuous negotiation. You may like to discuss with the No. 10 Press Section on Monday how to achieve this.
- (ii) The Prime Minister will wish to send a message to Mr. Gandhi. It would be helpful to have a draft prepared in collaboration with the Foreign Office.

I am copying this letter to Robert Culshaw (Foreign and Commonwealth Office).

Charles Powell

Michael Gilbertson, Esq.,
Department of Trade and Industry.

RESTRICTED

ls

GRS 230

CONFIDENTIAL

Have file

CONFIDENTIAL
FM NEW DELHI
TO DESKBY 141100Z ODA
TELNO MODEV 181
OF 140940Z MARCH 86
INFO IMMEDIATE DESKBY 141100Z FCO, DTI

DISTRICT FILE COPY

DTI FOR PEP AND AIR DIVISION.

YOUR TELNO 186 : WESTLANDS

1. GRATEFUL FOR FURTHER FLEXIBILITY ON TIMING AUTHORISED IN TUR.
2. MINISTER WAS ASKED TO CALL AT SHORT NOTICE BY PRIME MINISTER'S PRIVATE SECRETARY. GHAREKHAN SAID THAT THE PRIME MINISTER HAD PERSONALLY INSTRUCTED HIM TO INFORM US THAT GOVERNMENT OF INDIA HAD THIS MORNING CLEARED THE WESTLANDS CONTRACT. MR GANDHI HAD ASKED THAT THIS INFORMATION SHOULD BE CONVEYED TO THE PRIME MINISTER, MRS THATCHER. HE WISHED HER TO KNOW THAT THIS HAD BEEN DONE 'FOR HER SAKE'. BROOMFIELD THANKED GHAREKHAN AND UNDERTOOK TO CONVEY THIS MESSAGE. THE NEWS WOULD BE VERY WELCOME. IN FURTHER CONVERSATION IT EMERGED THAT GHAREKHAN WAS UNWARE OF THE DETAILS OF THE CONTRACT OR THE TIMING OF ITS SIGNATURE.
3. BROOMFIELD SPOKE SUBSEQUENTLY TO SECRETARY CIVIL AVIATION WHO ALSO REFERRED TO CABINET CLEARANCE THIS MORNING AND SAID THAT HIS INTENTION WAS TO SIGN THE WESTLANDS CONTRACT ON 15 MARCH. THIS WOULD ENABLE THE INTERGOVERNMENTAL GRANT AGREEMENT TO BE SIGNED ON 17 MARCH. WE WILL BE CHECKING THESE TIMINGS WITH WESTLANDS, WHO ARE MEETING THE DEPARTMENT OF CIVIL AVIATION THIS AFTERNOON TO CLEAR UP THE LAST OUTSTANDING POINT ON THEIR CONTRACT. THE FINANCE MINISTRY HAVE JUST TOLD US THAT THEY WISH TO SIGN THE GRANT AGREEMENT ON 15 (NOT 17) MARCH.
4. PLEASE ADVANCE PS/NO 10, PS/S OF S, PS/MR RAISON AND VEREKER ODA.

WADE-GERY

WESTLANDS HELICOPTERS FOR INDIA
LIMITED

SAD
ODA
MAED
TRED
NEWS D
PS
PS/LADY YOUNG
PS/MR EGGAR
PS/PUS

SIR W HARDING
MR BRAITHWAITE
MR WILSON

COPIES TO :
PEP/DTI (1 VICTORIA ST)
SAD/ODA

PS/NO 10 DOWNING ST. (6)

CONFIDENTIAL

b10



MW Pymall EDP 11/3
NBPM
F NW

Ref. A086/790

MR WICKS

I gather that the shorthand writers at the House of Commons are suffering a backlog of transcripts to prepare, and it may be a few more days before that of Sir Robert Armstrong's appearance before the Defence Select Committee on 5 March reaches us.

2. In the meantime you may have heard a number of extracts on the radio news. A longer passage, including Dr Gilbert's attack on individual civil servants and Sir Robert's response, was covered in the weekly BBC radio programme "This Week in the Select Committees" last night. I have a recording, which is available to anyone interested.

3. As on the previous occasion, I have also prepared a brief --- record from my own notes at the time. This is attached.

4. I am sending copies of this minute to Ken Lussey (DTI) and Michael Saunders (Law Officers' Department).

MS

M C STARK

10 March 1986

Ref. A086/789

NOTE FOR RECORD

Sir Robert Armstrong gave oral evidence to the Defence Select Committee on Wednesday 5 March. The Chairman was Sir Humphrey Atkins; other MPs present were Mr Edward Leigh, Mr Michael Marshall, Dr John Gilbert, Mr Keith Speed, Mr Dick Douglas and Mr Bruce George.

2. The Chairman thanked Sir Robert for his memorandum of 4 March, and then, assisted by other MPs, went through the lists of questions submitted in advance by the Clerk of the Committee. The only new points to emerge were:

a. One official in 10 Downing Street had known that the Solicitor General was writing to Mr Heseltine, and that, although this official had made telephone calls to the DTI on the morning of 6 January, he had not mentioned this fact to the DTI nor to others at No 10. Sir Robert said that the reason for this was that he was waiting to see the letter and its contents.

b. Sir Robert could not positively confirm that the officials concerned had known about the special status about advice from Law Officers, but the point was recorded in official documents which were available in Departments.

c. No official concerned had consulted a staff association on the morning of 6 January.

d. The reason for the unattributable nature of the disclosure to the Press Association had been the wish of the DTI not to disclose directly a disagreement between two Government Departments.

e. Sir Robert had not known himself until he had conducted his inquiry the detail of the contacts between officials in No 10 and the DTI.

f. Mr Wicks would have learnt of those contacts at the meeting with the Prime Minister on 7 January. Other officials concerned had not felt that they needed to consult him earlier.

3. After completion of inquiries on the questions submitted in advance the Committee put further questions without notice:

a. Those to whom Sir Robert had subsequently spoken, other than those previously cited, on aspects of the affair were the Prime Minister, Mr Brittan and Sir John Cuckney. He had also learnt in general terms of the contacts between the officials of the Law Officers' Department and others concerned.

b. The preliminary inquiries which Sir Robert had made, prior to his formal interviews, had been in the DTI and No 10.

c. It was not unethical to have given Sir John Cuckney advance information, in confidence, before the disclosure to the Press Association.

d. Sir John Cuckney had found the information conveyed therein useful.

e. Sir Robert stood by his description of the actions of officials. In his view, the word "regret" was a strong one. Dr Gilbert's account of the affair was grossly unfair. He had not himself considered resigning. He had responsibility for the conduct of officials in his Department. He put it on record, in view of the attack

Dr Gilbert had made, that Ministerial authority for the fact and the form of the disclosure had been given.

f. As Sir Robert had noted in his earlier evidence, it was unfortunate that the particular sensitivity of advice from the Solicitor General had not been noted.

g. Contrary to Dr Gilbert's claim that officials had paid no penalty, they had paid a considerable penalty in terms of anxiety and public exposure, and the knowledge that this was with them.

MS

M C STARK

10 March 1986



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 CLIVE WHITMORE KCB CVO

PUS/L86/251

46/4

10 March 1986

Dear Robert,

Thank you for sending me a copy of your letter of 7 March to Brian Hayes about possible approaches to officials by authors of books about the Westland affair.

2. I agree with you that officials should turn down any requests for interviews and refuse to look at texts; and I am issuing instructions accordingly to those concerned in the Ministry of Defence.

3. I am sending copies of this letter to Brian Hayes and Nigel Wicks.

Yours now,

Sir Robert Armstrong GCB CVO
Cabinet Office
70 Whitehall
London SW1A 2AS

Armi.



AEROSPACE

Westlands PT3

11 ROLAND WAY
LONDON, SW7

10 March 1986

✓
(Personal)

Thank you for your letter of 28 February. It was kind of you to offer a chance to explain the Civil Service point of view. But the matter has been explained exhaustively in Parliament and in various public statements, all of them carefully checked, and I think it is better to leave matters there.

C D POWELL

Magnus Linklater, Esq.



COMMITTEE OFFICE
HOUSE OF COMMONS
LONDON SW1A 0AA
01-219 (Direct Line)
01-219 3000 (Switchboard)



DEFENCE COMMITTEE

7 March 1986

Dear Sir Brian,

Thank you for your letter of 6 March enclosing Memoranda arising out of your evidence on 30 January. They have been numbered W26 (discussions in summer 1985) and W27 (overseas helicopter companies) respectively, and have been made available to the Committee under the usual arrangements for classified papers.

Yours sincerely,

Robert Rogers
Clerk to the Committee

Sir Brian Hayes KCB
Permanent Secretary
Department of Trade & Industry
1 Victoria Street
SW1

FOR INFORMATION

Sir Robert Armstrong
Sir Antony Acland
Sir Clive Whitmore
Nigel Wicks
Murdo Maclean
David Morris
Mr Macdonald
Mr Mitchell
Mr Mogg
Mr O'Shea
Miss Rowe
Mr Russell FRM
Miss Cunnell FRM..



1. *✓* Powell
 2. *✓* Iyer
 3. *✓* A. Coe
 4. *✓* Whitmore
 to note.
 N.W.
 16.3

70 WHITEHALL, LONDON SW1A 2AS

01-233 8319

From the Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref. A086/768

7 March 1986

Dear Brian,

I understand that a number of books of "instant history" are being written about the Westland affair.

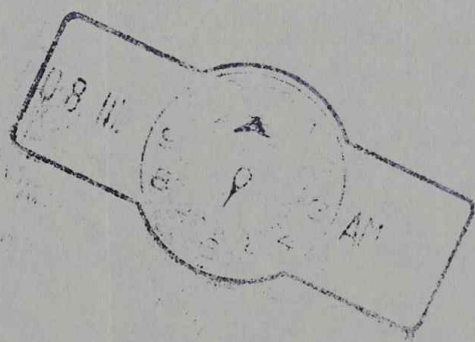
I suppose that it is possible that approaches may be made by the authors of these books to some of the officials involved, inviting them to submit to interview or even to see and comment on texts.

I hope that you will agree that, given the highly charged circumstances, it would be better that there should be no interviews given and no co-operation by way of seeing or commenting on texts.

I am sending copies of this letter to Clive Whitmore and Nigel Wicks.

Yours are
Robert Armstrong

Sir Brian Hayes KCB



COVERING CONFIDENTIAL & COMMERCIAL IN CONFIDENCE



Sir Brian Hayes KCB
Permanent Secretary

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215 4438
GTN 215
(Switchboard) 01-215 7877

6 March 1986

Robert Rogers Esq
Clerk to the Defence Committee
of the House of Commons
House of Commons
LONDON SW1A 0AA

cc For information

Sir Robert Armstrong
Sir Antony Adonis
Sir Cive Whitmore

→ Nigel Wicks
Muelo Maclean
David Morris
Mr Macdonald
Mr Mitchell
Mr Mogg
Mr O'Shea
Miss Rowe
Mr Russell FRM
Miss Curwell FRM

Handwritten notes:
No formal
LRS
F

Dear Mr. Rogers,

..... I am now enclosing two memoranda covering the points on which I promised the Committee further information when I gave evidence on 30 January. I confirm the request I made at the time that the memorandum dealing with overseas helicopter companies should be treated as confidential to the Committee.

Yours sincerely,
Brian Hayes

BRIAN HAYES

FOXAAT

1786
1986
BOARD OF TRADE
BICENTENARY



HOUSE OF COMMONS DEFENCE COMMITTEE
Memorandum by Sir Brian Hayes following evidence given on
30 January

Discussions between Department of Trade and Industry and
Ministry of Defence during summer of 1985 (Question 1006)

Sir John Cuckney became Chairman of Westland on 26 June, following the withdrawal of the bid by Bristow Rotorcraft and the resignation of Sir Basil Blackwell. Sir John made it clear that he wished to receive the report on the company's financial position that had been commissioned from Price Waterhouse, and to consider the options for Westland in the light of that report, before deciding what course to take.

It was against this background that Mr Pattie replied to the Adjournment Debate in the House of Commons on 8 July. During the summer the Department remained in close touch both with Westland and with the Ministry of Defence, but discussions were necessarily restricted until the outcome of the Chairman's review of the company's position was known. The future of AST 404 was not an immediate focus of discussions between the two Departments because the Ministry of Defence had announced that they were reviewing their requirements for support helicopters and it was known that no decisions were imminent. Nevertheless the Department continued to discuss with the Ministry of Defence the implications of a decision on AST 404 for Westland's future plans.

A new phase of more intensive discussions began in the second half of September when Westland informed the Department and the Ministry of Defence of their plans for a financial reconstruction and asked the Government to underwrite sales of W30-160 helicopters. This request was put formally to the two Departments by Sir John Cuckney at a meeting on 24 September.

CM12AAT

9919-80



Representations from US sources that there might be difficulties with Airbus from an American point of view in the event that the Sikorsky bid was frustrated (Question 1036).

I am not aware of any representations from US sources made to Ministers or officials suggesting a danger to Airbus sales in this event. On checking the record, I find that the conversation I recalled, in which concern was expressed about possible repercussions in the United States, related to another aspect of British Aerospace business in that market, unconnected with Airbus. A report in the Wall Street Journal on 6 January (copy attached) also suggested that the Westland affair had highlighted "a deep anti-Americanism among some European government officials and industry people". US diplomats were reported as being troubled by the situation, expressing concern that co-operation between Europe and the US might become more difficult.

The Department's view of the possibility that Westland might fall under foreign ownership (Question 1041).

The Department has taken no view on the question of foreign ownership of Westland in general. It has taken the view that any specific proposal for foreign ownership would have to be considered on its merits, taking account of the strategic implications, Westland's future prospects and the possible alternatives.

Number of Ministerial meetings with people outside the Department attended by Mr Mogg (Question 1088)

During the time Mr Brittan was in office Mr Mogg attended between 90 and 100 Ministerial meetings with people outside the Department.

CM2AAU

999-80

Takeover Battle for British Helicopter Firm Sets Off Flurry of Anti-American Rhetoric

By CRAIG FORMAN

Staff Reporter of THE WALL STREET JOURNAL

LONDON—The battle to take over a small British company has highlighted a deep—and, to some, disturbing—anti-Americanism among some European government officials and industry people.

United Technologies Corp. of the U.S. and Fiat S.p.A. of Italy are competing with a consortium of European companies to bail out Westland PLC, an ailing helicopter maker. While the size of the deal is small (either rescue would be valued at about \$100 million at current exchange rates), the issue has stirred a big political battle.

It appears that, despite talk of cooperation, many Europeans don't want U.S. companies in their home markets. The affair also has highlighted a streak of economic interventionism in the Thatcher government. Perhaps most important, it has shown that increased transatlantic defense cooperation is easier in theory than in practice.

British politicians, businessmen and commentators have lashed out against the United Technologies/Fiat plan for Westland. Some worry that the British helicopter maker will be just a "tin-basher" for the Americans. In Parliament, a member of the governing Conservative Party has urged the government not to lose "a vital company and its technology to the U.S."

Us vs. Them

The takeover battle is entering its decisive stage. It clearly has touched a raw nerve. "It's an 'us-against-them' situation at the moment; all of the European helicopter industry is fighting against the threat of American intervention," says Robert Golding, an aerospace analyst at London stockbrokers Quilter Goodison. Donald Kerr, an analyst at the London-based International Institute for Strategic Studies says the Westland situation has highlighted "a wide-ranging distrust (in Britain) of corporate decisions made from outside national frontiers."

Some here fear that United Technologies, through its Sikorsky helicopter unit, would let the British company's design expertise atrophy while gaining a larger stake in the European helicopter market. Both United Technologies and Westland's board deny this, saying Westland will continue to design and build its own craft. Indeed, they contend that the European plan, under which Westland may make parts for planned joint European projects, poses greater risks to Westland's independence.

More broadly, the Westland affair shows reservations about increasing U.S.-European cooperation in defense, and suspicion about American business interests.

"In the back of people's minds, there still is the thought of here we go handing over yet another bit of the family silver to the Americans," one U.K. executive says.

Moreover, Europeans are scrambling to collaborate in aerospace, computers and other technology fields. So resistance to collaborating with U.S. enterprises may grow.

"Cooperative ventures (in defense matters) are the flavor of the month in Europe in the 1980s," says Mr. Kerr of the I.I.S.S.

Westland makes many of Britain's military helicopters, as well as commercial helicopters. Westland's board supports the United Technologies/Fiat plan, which provides for a capital injection in return for a 29.9% stake. The board says the capital would allow Westland to overcome a temporary shortage of orders and restructure its finances.

The United Technologies/Fiat plan would give the U.S. firm an increased presence in the European helicopter market. The European plan, obviously, would keep United Technologies out. Five European companies—Aerospatiale S.A. of France, Agusta S.p.A. of Italy, Messerschmitt-Boelkow-Blohm G.m.b.H. of West Germany and British Aerospace PLC and British General Electric Co.—would offer

"IN the back of people's minds, there still is the thought of here we go handing over yet another bit of the family silver to the Americans," one U.K. executive says.

more money for the same stake United Technologies and Fiat are seeking, though the U.S. company and Fiat are expected this week to announce a sweetened bid matching the European offer. Both plans would mean considerable new work for Westland.

The Westland affair is focusing attention on the so-called special relationship between the U.S. and Britain. The two nations are partners in the North Atlantic Treaty Organization, while France—whose state-owned Aerospatiale could gain mightily by keeping the U.S. company out of the European helicopter market—withholds its military forces from NATO control.

New Rapport

Also, the sudden cooperation between U.K. and French defense interests in the European proposal follows a rocky period after a failed effort by Prime Minister Margaret Thatcher to win a multibillion-dollar U.S. military communications contract over French competition.

The Westland situation troubles some U.S. diplomats. "In the future, we're going to be working towards a closer integration between Europe and the U.S.," says one, who wonders if cooperation is going to become more difficult.

Some defenders of the European scheme say the primary motive is simply to extend European cooperation. But Sir John Cuckney, Westland's chairman, has another theory.

"There's been a major anti-American

motive in all of this to keep United Technologies out of the European market," he says. "But it isn't up to our company to do what is best for one industry or another."

A few months ago, Sir John says, "No one wanted to help us. Then we set up a deal with American and Italian participation and it scared the living daylights out of them."

Westland lost the equivalent of \$140 million for the fiscal year ended last Sept. 30. The company had thought it might have to cease operating.

"Three months ago no one wanted to speak with us," says Michael Baughan, an official of Lazard Brothers & Co., the merchant bank advising Westland. "Now we have two proposals to rescue the company."

Italy Means to Keep Ties With Libyans, Despite U.S. Pressure

By a WALL STREET JOURNAL Staff Reporter

ROME—Despite growing U.S. pressure, Italy means to maintain its privileged relations with Libya unless firm proof emerges that the government of Muammar Qadhafi is backing terrorist groups.

Diplomatic and other government sources said Italy's relations with its former colony had entered a difficult phase after the recent terrorist attack at Rome's airport. But they emphasized Italy's opposition to any military action against Libya, and argued that economic sanctions would serve no purpose.

"We have informed Washington that we firmly reject the idea of a military strike (against Libya)," one official said. "In the absence of solid proof of Libyan backing for terrorist attacks, we don't feel we're at the point where our relations with Tripoli must be reconsidered."

The U.S. has made clear it believes Libya has helped terrorist groups, including those responsible for the Dec. 27 attacks on the Rome and Vienna airports, and called upon its European allies to impose sanctions.

Because Italy has a special relationship with Libya, it is sensitive to U.S. calls to act against Tripoli. Italian sanctions could have a devastating effect on the Libyan economy. However, important Italian economic and political interests are also at stake.

Libya, an Italian colony between 1911 and 1943, takes 30% of its imports from Italy and is Rome's 10th largest trading partner.



CONFIDENTIAL
COMMERCIAL IN CONFIDENCE

HOUSE OF COMMONS DEFENCE COMMITTEE
Memorandum by Sir Brian Hayes following evidence given on
30 January

Overseas helicopter companies (Question 1062)

There are eight major helicopter manufacturers in the Western world: Bell, Boeing Vertol, Hughes/McDonnell Douglas and Sikorsky in the United States; Aerospatiale, Agusta, MBB and Westland in Europe. The following assessment is based on information available to the Air Division of the Department of Trade and Industry.

2 The four US companies are all part of larger corporations (respectively Textron, Boeing Aircraft, McDonnell Douglas and United Technologies). All can thus call on strong financial backing for the launch of new projects and for investment in new technology. They are also heavily supported by the Department of Defense with large production runs for military projects and investment in advanced technology projects, both research and demonstrator.

3 So far as the European companies are concerned, Aerospatiale's helicopter operation is only part of this state-owned company's wider aerospace interests. The French Government supports Aerospatiale directly through purchases of helicopters for the armed forces (which operate no US helicopters) through low interest loans and through generous export credit arrangements and indirectly by support of new projects.

4 Helicopters are also a relatively small part of MBB's aerospace interests. Though a public company MBB is supported by the Bavarian Government and is heavily dependent upon Government helicopter purchases for military and para-military use.

5 Whilst helicopters form the largest single part of Agusta's activities the group is also quite widely diversified, notably into smaller fixed wing aircraft (Siai Marchetti and Caproni). The group is owned and supported by the State holding company EFIM, with whose assistance substantial financial reconstruction was carried out in 1984. Agusta also receives direct government support through military and para-military helicopter purchases and through low interest loans to assist the launch of new commercial products.

CM2AAD



CONFIDENTIAL & COMMERCIAL IN CONFIDENCE

6 In terms of numbers of civil helicopters sold, Bell is by far the most successful, with Hughes/McDonnell Douglas in second place. But in both cases sales are concentrated heavily in the small helicopter end of the market. Aerospatiale ranks third, again with sales numbers concentrated on small aircraft but covering a wide range of sizes. The remaining companies rank as follows: Sikorsky, Agusta, MBB, Westland, Boeing Vertol.

7 So far as design and engineering capability is concerned, each of the US companies has produced a number of indigenous designed helicopters. Boeing Vertol has a long history of military helicopter design and is noted particularly for the tandem rotor Chinook. Boeing Vertol is currently developing the tilt rotor JVX in collaboration with Bell.

8 Bell has itself designed a variety of helicopter types, specialising in two bladed rotor planes. It developed the Huey series of military craft which led to the civil designs Bell 212, 412 and 214 ST. Its other current, wholly civil design aircraft is the Bell 222, while the XV15 was its prototype design tilt rotor which is providing the basis for the JVX with Boeing.

9 Hughes developed the 300 series of piston powered small helicopters, followed by the 500 series of turbo shaft powered machines, both sold into military and civil markets. More recently it has designed the Apache, military only, aircraft. The 500 series has been taken into McDonnell Douglas.

10 Sikorsky, the inventor of the helicopter in the early 1940s has a history since then of indigenous design, including the S series 51, 55, 56, 58, 61, 70 and 76. Westland has produced UK versions of four of these under licence: S 51, 55, 58 and 61, known in the UK as the Dragonfly, Whirlwind, Wessex and Sea King.

11 Aerospatiale has the greatest breadth of experience among the European companies in in-house design and development with the Alouette, Dauphin, Ecouirel and Frélon produced alone and the Puma and Gazelle in collaboration with Westland. (The Lynx, a Westland design, involved some Aerospatiale collaboration.) Aerospatiale is also successful at marketing its products, although this is often at the cost of highly competitive "loss leader" selling with the result that helicopter sales have probably contributed substantially to past losses for the company as

CM2AAD



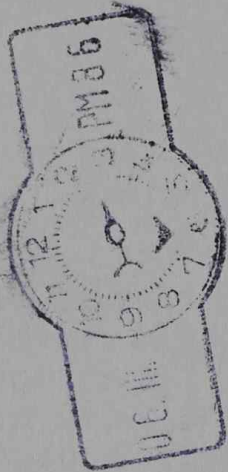
CONFIDENTIAL & COMMERCIAL IN CONFIDENCE

a whole.

12 MBB and Agusta have more limited experience of in-house design with MBB having designed only one helicopter, the BO105, alone, and one, the BK117, in collaboration with Kawasaki of Japan. Agusta has designed only the A109 (which led to the A129) alone. Agusta has, however a history of building under licence to U.S. companies (including the Sikorsky S 61).

CM2AAD

99-80

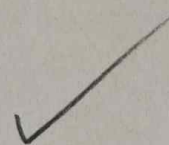


file

SLTP



10 DOWNING STREET



From the Principal Private Secretary

SIR ROBERT ARMSTRONG

DEFENCE SELECT COMMITTEE

I have shown the Prime Minister your minute of 3 March with which you enclosed a draft of a memorandum for submission to the Defence Select Committee in response to their recent questionnaire, and I suggested to her that the amendments set out below should be made. She agreed and I subsequently reported them to you at a short meeting this morning. You said that you would reflect upon them and circulate a revised draft later in the day.

For the record, I set out the amendments which I suggested to you:

Paragraph 6:

Amend the last sentence to read: "As far as I am aware, the only officials who knew on Sunday 5 January that the Solicitor General was being asked to consider Mr. Heseltine's letter were one official in the Prime Minister's office, one official in the Department of Trade and Industry and one official in the Law Officers' Department, through whom the request was conveyed." (The amendments from the original draft are underlined.)

You thought it more accurate to omit the reference to "one official in the Department of Trade and Industry" and to say instead "One official in the Department of Trade was aware that the possibility of asking the Solicitor General to write to Mr. Heseltine was under consideration". You would check this with the Department of Trade and Industry official concerned.

EC

Paragraph 9:

Omit "(but not all)" in the penultimate sentence since this gratuitous reference may well prompt questions "who".

Paragraph 11:

Our recollections are now inevitably somewhat uncertain about our discussions with the Prime Minister on 7 January and, as the Prime Minister has commented, we must not give an impression of specious accuracy.

With this in mind I suggest that the first sentence of this paragraph beginning "there is no evidence" should read, "In the course of discussions during business with her staff and colleagues on 7 January, the Prime Minister was told"

The sentence beginning "I do not know that" and ending "..... to be an inquiry." should be omitted. A note on our files indicates that I did have some discussion with the Prime Minister about an inquiry on 8 January.

Bernard Ingham's comments

Bernard Ingham has sent me this morning a note, which I left with you, with his comments on the draft memorandum.

Paragraph 8

He suggests that the second sentence of paragraph 8 of the memorandum is inaccurate and should be amended to read:

"There is no evidence of any discussion between the Prime Minister's Office and the Department of Trade and Industry on the morning of 6 January of the possibility of disclosing the existence of the Solicitor General's letter before that letter arrived."

I believe this an improvement. An added reason for Bernard's amendment is that Charles Powell recalls a conversation which he had with the Law Officers' Department on the morning of 6 January when he was told that the Solicitor General's letter was on its way. Charles does not recall whether he or the Law

Officers' Department initiated the call.

Paragraph 9:

Bernard suggests that the sentence "The evidence given to my inquiry" should be amended to read "The evidence given to my inquiry does not suggest that any other method of disclosure was seriously considered given the time constraint." (The additional passages are underlined).

I am sending a copy of this minute to Mr. Powell and Mr. Ingham.

N.L.W.

N. L. WICKS

4 March 1986



Prime Minister
This is the
version submitted.
N.L.W.
4.3

Ref. A086/723

MR WICKS

Defence Select Committee

I attach a revised draft of my memorandum to the Defence Select Committee, taking account of comments made from No 10 and from the Department of Trade and Industry.

2. I am sending copies of this minute and of the revised memorandum to the Private Secretaries to the Lord President, the Lord Privy Seal, the Secretary of State for Defence, the Secretary of State for Trade and Industry, the Attorney General and the Chief Whip.

I have dealt with Mr Britton by telephone re references to him.

ROBERT ARMSTRONG

4 March 1986

SELECT COMMITTEE ON DEFENCE

Memorandum by Sir Robert Armstrong

The Clerk to the Committee has sent me on 28 February a list of supplementary and additional questions which the Committee wish to put to me on 5 March 1986, arising out of the evidence I gave on 5 February 1986.

2. The Committee will be aware that the investigations which I made for the purposes of my inquiry were conducted in confidence, and that my report was submitted to the Prime Minister in confidence, and copied only to the Attorney General. The Committee will be further aware that I prefer not to name or identify individual officials on the public record, for reasons which I made clear to the Committee when I gave evidence on 5 February.

3. I should like to be as helpful as possible, subject to these considerations, in answering the questions in the list which the Clerk sent me on 28 February. As the Committee has asked for a good deal of detailed information, I think I can best respond by submitting this memorandum. In preparing the memorandum I have drawn not only on the findings of my inquiry and the evidence I received in the course of it but on other information and subsequent inquiries as necessary.

4. On the afternoon of 3 January 1986, a representative of Westland telephoned an official of the Department of Trade and Industry, to ask for the views of the Department on Mr Heseltine's letter of that day to Mr Horne; the company's representative said that Mr Heseltine's letter appeared to go further than the Prime Minister's letter of 1 January to Sir John Cuckney in describing the views of European Governments and companies, and that this placed them in some difficulty in

relation to the documents being prepared to go to shareholders on 6 January. The Department of Trade and Industry said that the Prime Minister's letter of 1 January to Sir John Cuckney had been carefully drafted on the basis of reports available to the Government about views of European Governments and companies, and that that Department knew of no new reports, though it was possible that the Ministry of Defence had received additional information or knew that such information was available.

5. Nothing was said during the course of those conversations about the need to have any correction to Mr Heseltine's letter in the public domain, but Sir John Cuckney told me subsequently, after I had completed my inquiry, that it had been useful to the board of Westland that the fact that it was thought that Mr Heseltine's letter of 3 January contained material inaccuracies became public knowledge before the company's press conference on 6 January.

6. The Solicitor General's preliminary and provisional view of Mr Heseltine's letter of 3 January was communicated to an official of the Prime Minister's office by an official of the Department of Trade and Industry during the evening of 4 January, probably about 7.00 pm. Sir John Cuckney was also informed in strict confidence that it seemed possible that Mr Heseltine's letter might contain material inaccuracies, but that the matter was still under consideration. Sir John Cuckney said that it was very important to Westland that the matter should be cleared up before the company's press conference the following afternoon. Neither officials in the Prime Minister's office nor officials in the Department of Trade and Industry were aware that the Solicitor General had discussed Mr Heseltine's letter of 3 January with Mr Heseltine on the night of 4 January. So far as I am aware, the only officials who knew on Sunday 5 January that the Solicitor General was being asked to consider writing to Mr Heseltine were one official in the Prime Minister's office and one official in the Law Officers' Department through whom the

request was conveyed. One official in the Department of Trade and Industry was aware that the possibility of asking the Solicitor General to write to Mr Heseltine was under consideration.

7. The Prime Minister told the House of Commons in her statement on 23 January (col 454) of the considerations which were in the minds of officials in her office when they saw the copy of the Solicitor General's letter on 6 January.

8. There was no evidence from my inquiry which suggested that Mr Brittan consulted the Prime Minister, or sought her authority, before giving authority, subject to the agreement of the Prime Minister's office, for the disclosure of the Solicitor General's letter, and on the basis of other information available to me as well as this I do not believe that he did. There is no evidence of any discussion between the Prime Minister's office and the Department of Trade and Industry on the morning of 6 January of the possibility of disclosing the existence of the Solicitor General's letter before the telephone conversations about which the Committee already knows.

9. All the Department of Trade and Industry officials concerned first saw the Solicitor General's letter in the Secretary of State's Private Office at about 1.00 pm or shortly after on 6 January. Before the Private Secretary at the Department of Trade and Industry spoke to his Secretary of State, he tried to speak to the Prime Minister's office, to find out whether they had seen their copy of the Solicitor General's letter and what their reaction was. As the extension was engaged, he spoke first to his Secretary of State. The Secretary of State made it clear that he was giving authority for the disclosure subject to the agreement of No 10; he has agreed that he did not use those words, although he used words to that effect. It is impossible to say exactly when that call took place: somewhere between 1.15 and 1.30 pm (there is no significance in the apparent discrepancy

between the Prime Minister's "about 1.30 pm" and my "quarter past one, twenty past one, something around that time"). The Prime Minister's office was consulted about the method of disclosure; they did not give instructions, but they agreed that the only practicable way of getting the fact that the Solicitor General had written and the gist of what he had said in his letter into the public domain within the time constraint of the 4.00 pm deadline was the method that was eventually adopted. The evidence given to my inquiry does not suggest that any other method of disclosure was seriously considered, given the time constraint. As I told the Committee, some of the officials concerned told me that they had had reservations about disclosing a letter from the Solicitor General, though the evidence to my inquiry does not suggest that anyone voiced these reservations at the time. The disclosure was made unattributably because it was thought preferable that it should not be attributed to the Department of Trade and Industry.

10. Given this, the DTI press statement issued on 6 January, which had been agreed between the DTI and the Prime Minister's office before the Solicitor General's letter was received in the DTI, would not have been, and was not considered as, a vehicle for getting into the public domain the fact that it was thought that there might be material inaccuracies in Mr Heseltine's letter of 3 January. No official above Grade 3 (Under Secretary) was involved in the discussions about the disclosure, either in the Prime Minister's office or in the Department of Trade and Industry, and no one elsewhere.

11. In the course of a discussion of business with members of her staff on 7 January, which was not recorded and at which a considerable number of other matters were discussed, the Prime Minister was told that there had been contacts between her office and the Department of Trade and Industry, but not in any detail. I became aware of the details of the contacts when I took evidence. The Prime Minister first became aware of the details

of those contacts when she read my report. So far as I am aware, the Solicitor General first became aware of the circumstances of the disclosure when he saw the Attorney General's copy of my report on 22 January.

12. The request to me to consider whether an inquiry should be instituted came from the Attorney General. The Solicitor General made no separate request. The authority which I sought was for an inquiry into the circumstances in which the Solicitor General's letter of 6 January came into the hands of the Press Association. When I had completed my inquiries of officials I was able to complete a clear account of these circumstances, and did not consider that I should learn any more of significance by interviewing officials from any other Department. As I have told the Committee, I was ready to interview Mr Brittan but I did not think it right to do so without the Prime Minister's agreement. In the event I was present when the Prime Minister discussed the findings of my report with Mr Brittan on 22 January. Nothing in that discussion caused me to change, or wish that I could have changed, my report.

13. As I have told the Committee, it is customary to seek the Prime Minister's agreement before Ministers are asked to give information to a leak inquiry. I could not say in what proportion of leak inquiries in the last ten years Ministers have been asked to give information, but it is a perfectly usual occurrence and there is no inhibition in seeking the Prime Minister's agreement when it is appropriate to ask Ministers to give information.

14. My provisional view is that there is nothing in these events which would lead me to amend my note of 25 February 1985 on the duties and responsibilities of civil servants in relation to Ministers, but I shall consider the matter afresh in the light of your Committee's report, and of the forthcoming report of the

Select Committee on the Treasury and the Civil Service on their inquiry into the duties and responsibilities of civil servants in relation to Ministers.

Cabinet Office

4 March 1986

PERSONAL & CONFIDENTIAL

MR WICKS

DEFENCE SELECT COMMITTEE

Reference Sir Robert Armstrong's letter to Sir Brian Hayes of March 3.

So far as the questions raised in Sir Robert's covering letter are concerned, I would make the following points:

- Q20 - I have no staff association or union to consult.
- Q23 - It would not normally be possible to reach me between 12.45 and 14.30pm on a Monday. But this was not a normal day. It was my first day back after Christmas leave, such as it was, and I stayed at my desk to clear paper.

I think I should make the following points in relation to other questions, viz:

- Q13 - I am bound to say that I was not aware that the Solicitor General's advice should not on any account be disclosed. Having said that, I am of course aware that classified documents should not be disclosed without authorisation and it goes without saying that at the very least there should be no disclosure of the advice of Law Officers which could affect the course of justice.
- Q24 - I was not present at any discussion of the disclosure with the Prime Minister before January 22.
- Q32 - I have not seen a copy of the inquiry report.

So far as Sir Robert Armstrong's memorandum is concerned, I have the following points:-

BI
says
at 4-30
to 5.00
NLW

Para 8 - In answer to questions, I told the press on the day of the disclosure that I understood that the Prime Minister was aware of the general thrust of the Solicitor General's letter before it went to Mr Heseltine. I, too, was aware of the broad thrust in advance of

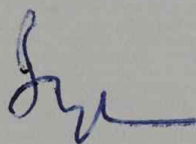
PERSONAL & CONFIDENTIAL

seeing the letter. This was because I had been informed about the likelihood of such a letter. As the Defence Committee's Question 7 correctly implies, I talked to DTI about the general situation surrounding Westland, and the need to get over the Government's neutral stance, but not about leaking the contents of the Solicitor General's letter.

Consequently Paragraph 8 of the memorandum is inaccurate. I suggest the following:

"There is no evidence of any discussion between the Prime Minister's Office and the Department of Trade and Industry on the morning of 6 January of the possibility of disclosing the existence of the Solicitor General's letter before that letter arrived."

On Paragraph 9, the sentence "the evidence given to ^{my} ~~any~~ inquiry does not suggest that any other method of disclosure was considered". In fact my own evidence implies that some consideration was given to this since I said that I was nervous about the journalist whom Miss Bowe proposed to use. Consequently, I think it would be more accurate for this particular sentence in Paragraph 9 to end "... method of disclosure was seriously considered given the time constraint".



BERNARD INGHAM
4 March 1986

PERSONAL AND CONFIDENTIAL

PRIME MINISTER

cc Mr Ingham
Mr Powell
Mr Flesher

DEFENCE SELECT COMMITTEE

I attach at Flag A a draft of the memorandum which Sir Robert Armstrong proposes to submit tomorrow evening to the Defence Select Committee in response to their questionnaire (at Flag B). The draft is now the subject of extensive clearance within Whitehall. At Flag C are further questions which the committee have submitted tonight.

Subject to the marginal comments on the draft (on which see more below), I think Robert's text is a useful way of handling the committee. It does, however, inevitably not deal with many of their questions. But it will be easier for him to fend them off if he has already submitted this piece of paper.

Could I particularly draw your attention to two points in paragraph 11 on page 7.

- (i) You will see there an alternative draft for the first two sentences concerning our discussion with you on 7 January, the day after the disclosure of the Solicitor General's letter. Our recollections are inevitably hazy, but we believe that the words suggested are an accurate description of what took place.
- (ii) The sentence in square brackets beginning "I do not know that" ought to be omitted. There is a note on the file which indicates that I had some discussion with you on 8 January about a leak inquiry. I had told you that during the day that Mr Brittan was not opposed to a leak inquiry; and I minuted you in the evening to say that:

"Later information is that Mr Brittan does not want a

PERSONAL AND CONFIDENTIAL

leak inquiry. Robert is thinking of a way through on the lines we discussed and will advise."

I should be glad to know whether you have any comments on the draft, and especially my manuscript changes. The draft is likely to be revised further tomorrow in the light of recipients' comments.

N.L.W

N.L. Wicks
3 March 1986

| Agree with manuscript changes - but have suggested one revision - see in the margin. Also I have suggested one minor point on p. 4. $\frac{7}{8}$



70 Whitehall, London SW1A 2AS Telephone 01-233 8319

Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref. A086/715

3 March 1986

Dear Brian

at trap PT4

Thank you for your letter of 25 February, enclosing a draft of a letter to the Clerk of the Defence Select Committee together with two memoranda.

I am content both with the letter and the memoranda.

I am sending copies of this letter to Antony Acland, Clive Whitmore, Nigel Wicks, Murdo MacLean and David Morris.

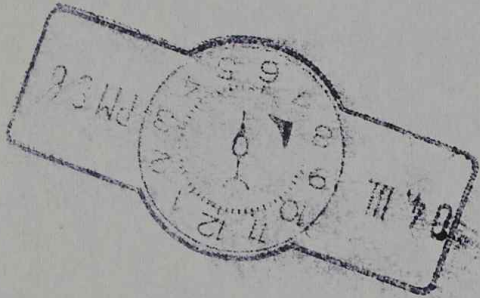
Yours ever

Robert

Sir Brian Hayes KCB

AGROSPACE

Westlands PTJ





COMMITTEE OFFICE
HOUSE OF COMMONS
LONDON SW1A 0AA
01-219 (Direct Line)
01-219 3000 (Switchboard)

CABINET OFFICE
A 2270
- 3 MAR 1986
FILING INSTRUCTIONS
FILE No.

DEFENCE COMMITTEE

ur

3 March 1986

Dear Sir Robert,

Further to my letter of 28 February, I am writing to give you notice of three additional questions (attached).

In amplification of the list I sent you on 28 February I should say of Question No 32 that the Committee have in mind your answer to Q1172; the question should therefore read "Has any of the five officials you interviewed seen a copy of your inquiry report since you submitted it to the Prime Minister?"

No significance attaches to the fact that Q24 is not in bold type.

The Committee now wish to begin taking evidence from you at 1055 on 5 March, not 1045 as I told you in my earlier letter.

Yours sincerely,

Robert Rogers

Robert Rogers
Clerk to the Committee

Sir Robert Armstrong GCB CVO
Secretary of the Cabinet and
Head of the Home Civil Service
70 Whitehall
London SW1A 2AS

1. What were the ranks of the Private Secretaries:

(a) in No 10?

(b) in the Secretary of State's Office in the Department of Trade and Industry?

Which official is the immediate superior of each Private Secretary; and who is the most senior official to which each Private Secretary is ultimately responsible? [Q 1178 refers.]

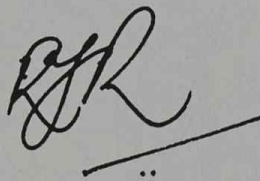
2. Was Mr Wicks consulted at the time of ~~or immediately following~~ ^{or immediately following} the disclosure of the Solicitor-General's letter?

Was Mr Wicks in No 10 at the time the telephone calls about disclosure took place?

When did Mr Wicks first learn of what had taken place?

Did he make any report on the circumstances?

3. What steps did Miss Bowe take to seek advice? [Qs 1324-1326 refer.]

A handwritten signature in black ink, appearing to be 'RJR', with a horizontal line underneath it.

3 March 1986

PERSONAL AND CONFIDENTIAL



CM.

70 WHITEHALL, LONDON SW1A 2AS

01-233 8319

From the Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref. A086/705

3 March 1986

Dear Brian,

As I think you know, I am to appear before the Defence Select Committee again on Wednesday 5 March at 10.45 am.

--- I attach copies of the Clerk's letter of summons, and of a
--- list of supplementary and additional questions of which I have
been given notice by the Clerk.

--- I propose to deal with these questions by means of a
--- memorandum of evidence, a draft of which I attach, on which I
would hope to be able to stand in dealing with the Committee's
oral questions.

I should be grateful if you would ask the three DTI officials concerned to go through the draft memorandum as soon as possible, and to suggest any comments, corrections or additions which they think appropriate.

I am sending copies of this letter and the attachments to those officials; to Charles Powell and Bernard Ingham, whose comments I should also welcome; and to Henry Steel in the Law Officers' Department.

The memorandum contains no answer to Q.20; I don't know what it means, but I should be grateful if those concerned could confirm my understanding that none of them sought the advice of his or her staff association or trade union.

It does not answer Q.21, to which I propose to say that one can hardly "consult" somebody after action has been taken, but that you were in due course informed of what had happened. It would be helpful if you could let me know when you were informed, though I would hope not to have to tell the Committee.

/It does not answer

Sir Brian Hayes KCB

PERSONAL AND CONFIDENTIAL

PERSONAL AND CONFIDENTIAL

It does not answer Q.23, to which I would say that officials in key positions are usually either available or accessible when required.

I should be grateful if Henry Steel could verify the answers to QQ.26, 27 and 36.

Yours ever
Robert

PERSONAL AND CONFIDENTIAL



COMMITTEE OFFICE
HOUSE OF COMMONS
LONDON SW1A 0AA
01-219 (Direct Line)
01-219 3000 (Switchboard)

ICE
A 2072 ..
26 FEB 1986
FILING INSTRUCTIONS
FILE No.

DEFENCE COMMITTEE

26 February 1986

Dear Sir Robert,

At their recent meetings the Defence Committee have been considering the evidence they have so far taken in their inquiry into the defence implications of the future of Westland plc. As you know, they have given attention to the way in which defence interests are taken into account in the process of Government decision-making, and to the way in which decisions were taken in relation to Westland.

The Committee were very grateful for the help you gave them when you gave evidence on 5 February. Following their recent deliberations, the Committee wish to put supplementary questions to you, together with some additional questions which have arisen.

It is possible that some of this information is in the possession of one or more of the officials whose attendance has been requested by the Committee. However, the Committee would like to proceed by first putting questions on these matters to you. They have therefore instructed me to ask you to give further oral evidence before them on Wednesday 5 March beginning at 1045.

The Committee have asked me to give you notice of the additional questions they have in mind, in case you need to seek further information in order to be able to reply. I will forward the text of these questions to you on Monday 3 March.

I would be grateful if you would let me know whether you would be able to give further oral evidence to the Committee, and whether Wednesday 5 March at 1045 will be possible for you.

Yours sincerely,
Robert Rogers
Robert Rogers
Clerk to the Committee

Sir Robert Armstrong GCB CVO
Secretary of the Cabinet and
Head of the Home Civil Service
70 Whitehall
London
SW1A 2AS

Notice of Questions for Wednesday 5 March

1. In answer to Q.920 Mr. Brittan said that he communicated the Solicitor-General's view of Mr. Heseltine's letter (after Mr. Brittan had consulted the Solicitor-General on 4 January but before the Solicitor-General wrote his letter of 6 January) "to my Department who communicated it to No.10". Who in the DTI communicated the Solicitor-General's view to which official in No.10 and when?

2. Did you inquire whether, when the Solicitor-General's preliminary view was known by this means, any consideration was given to informing Westland of the fact?

3. Were officials in the DTI or No.10 aware that the Solicitor-General had discussed Mr. Heseltine's letter of 3 January with Mr. Heseltine on the night of 4 January? Did you ask them this in the course of your inquiry? NO ✓

4. When and how did Mr. Ingham, Mr. Mogg and Miss Bowe first know - that the Solicitor-General was being asked to consider the letter of 3 January from the then Secretary of State for Defence?
- that the Solicitor-General's letter of 6 January was being written?

5. What action did Mr. Ingham believe the Prime Minister wanted after the receipt of the copy of the Solicitor-General's letter, and what formed this view? ✓

6. (a) In answer to Q.1342 you said "As to ... whether the Secretary of State had prior authority from the Prime Minister, I naturally addressed that matter in the inquiry and I find absolutely no evidence whatever that he did, and I do not believe that he did". How was it possible to form this clear view by speaking only to officials?

(b) On ^{the morning of} 6 January, did Mr. Brittan discuss with any official in the DTI either an expectation that the Solicitor-General would write or the possibility of disclosing his advice?

7. In answer to Q. 1218 you said that there were calls earlier in the morning of 6 January between No.10 and the DTI about the general situation but not about the Solicitor-General's letter. Can you be more precise about the subjects of these calls? How many took place? Which officials were involved? X

8. Was any of the officials involved aware, before the disclosure, of any view expressed by Westland plc about Mr. Heseltine's letter of 3 January or about the need to have any correction in the public domain by the time of the Press Conference on 6 January? Did you yourself ascertain the views of the company? ✓

9. How many copies of the Solicitor-General's letter were made at No.10 and at the DTI, and to whom were they distributed? 2

10. You told the Committee [Q.1216] that the Private Secretary at the DTI tried to speak to No.10 before speaking to Mr. Brittan but that the Private Secretary's line concerned was engaged. What was to have been the purpose of this call? ✓

11. The Prime Minister is reported [Official Report, 23 January 1986, col. 450] as saying that the Solicitor-General's letter was brought to the attention of the Secretary of State for Trade and Industry at about 1.30 p.m. on 6 January. You told the Committee that after the conversation between the DTI official and Mr. Brittan the time was "I do not know, quarter past one, twenty past one, something around about that time; it is impossible to say exact times but near enough" [Q.1190]. Did the Prime Minister rely on your report for the time of the call, or is there any error in the record? Was the time of the call included in your report? ✓

12. In answer to Q.1190 you said "... what was clear at the end of the conversations was that the Prime Minister's office and the people to whom the DTI spoke accepted that the DTI should make the disclosure and agreed that in the time available the only practicable way of getting the matter into the public domain within the time constraint (the 4 o'clock deadline) was the method that was eventually adopted". Did Mr. Ingham in fact give instructions or advice to anyone in DTI about the form or method of the disclosure of information? ✓

13. Was Mr. Ingham as the most senior information officer aware that the advice of Law Officers was in a special category? If so, did he warn anyone at any stage about the undesirability or the consequences of revealing Law Officers' advice? [You said in answer to Q.1227 that at the "specific point" when officials of the DTI consulted No.10 no caveat was entered by No.10 officials] ✓

14. Had Miss Bowe been involved with the preparation or approval of the DTI Press Statement (Ref.12) sent by special messenger to be distributed at the Westland Press Conference? [See Q.1254].

15. How was the collective view between No.10 and the DTI of the need to make the Solicitor-General's view public formed? ?

16. What consideration was given to any method of disclosure other than that adopted? [Q.1299 refers].

17. The Prime Minister told the House that Mr. Brittan "made it clear that, subject to the agreement of my office ..."
[Official Report, 23 January 1986, col. 450; and again at col. 655 of 27 January]. Mr. Brittan repeated this in the House [col. 671 of 27 January] and to the Committee [Q.933: "I would particularly stress, it all had to be subject to the agreement of No.10"].

In answer to Q.1196 you said that Mr. Brittan did not use the words "subject to the agreement of". Did you ask Mr. Mogg whether or not Mr. Brittan used these words? Would you have preferred to have been able to ask Mr. Brittan directly whether he used those words?

18. When did Miss Bowe first see a copy of the Solicitor-General's letter and by what means?

19. In answer to Q.1324 you said that Miss Bowe "shared her burden" with the other officials directly associated with the matter. Who were they? Was any of them senior to Miss Bowe? ✓

20. Did any of the officials concerned seek the advice of a professional association? X

21. Did Miss Bowe consult Sir Brian Hayes after the contents of the letter had been disclosed?

22. Why were extracts from the Solicitor-General's letter given to the Press Association unattributably? ✓

23. Would it have been normal for the five officials concerned to have been available over the whole of the period from 1200 to 1430? Sally ✓

24. Who was present when the Prime Minister discussed the matter of the disclosure with her office on 7 January? [See Official Report, 27 January 1986, col. 657, and Q.1342]. ✓

25. When did Mr. Ingham first give (a) to the Prime Minister and (b) to you details of the contacts between No.10 and the DTI and their outcome? Was there any further discussion on this matter before the Prime Minister authorised the institution of an inquiry? ✓

26. In the light of the Solicitor-General's letter of 7 January to Mr. Heseltine, when was the Solicitor-General told, and by whom, that disclosure had been authorised?

27. Why did you not frame clear terms of reference for your inquiry and agree them with the Attorney-General? You said in answer to Q.1267 that you were asked "to find out the circumstances of the disclosure". Was it in these precise terms that the Prime Minister instructed you?

When and where were your interviews conducted? [An answer on one point is given in Q.1273].

28. On what basis did you form the view that it was possible to elicit the facts without interviewing Ministers? [Q.1114 refers].

29. In what proportion of such inquiries in the last ten years have Ministers been interviewed or have otherwise given information to the official conducting the inquiry?
30. What do you understand by the Prime Minister's statement that she 'co-operated' with your inquiry [Official Report, 27 January 1986, col. 656]? What form did the co-operation take?
31. Did you at any time consider interviewing any official in the Law Officers' Department?
32. Has any of the five officials you interviewed seen a copy of your inquiry report? NO
33. Did Mr. Brittan receive a copy of your report before you discussed it with him and with the Prime Minister?
34. Did your discussion with the Prime Minister and the then Secretary of State for Trade and Industry cause you to change anything in your report? or would you have done so had your report not by then been submitted? [Q.1115 and Qs. 1166-1167 refer].
35. In the light of your inquiry on this occasion have you considered amending any advice given to civil servants on their relationships with Ministers?
36. Did the Solicitor General ask that an inquiry should be instituted?

Draft of 3 March 1986

SELECT COMMITTEE ON DEFENCE

Memorandum by Sir Robert Armstrong

The Clerk to the Committee has sent me on 28 February a list of supplementary and additional questions which the Committee wish to put to me on 5 March 1986, arising out of the evidence I gave on 5 February 1986.

2. The Committee will be aware that the investigations which I made for the purposes of my inquiry were conducted in confidence, and that my report was submitted to the Prime Minister in confidence, and copied only to the Attorney General. The Committee will be further aware that I prefer not to name or identify individual officials on the public record, for reasons which I made clear to the Committee when I gave evidence on 5 February.

3. I should like to be as helpful as possible, subject to these considerations, in answering the questions in the list which the Clerk sent me on 28 February. As the Committee has asked for a good deal of detailed information, I think I can best respond by submitting this memorandum. In preparing the memorandum I have drawn not only on the findings of my inquiry and the evidence I received in the course of it but on other information and subsequent inquiries as necessary.

4. On the afternoon of 3 January 1986, a representative of Westland telephoned an official of the Department of Trade and Industry, to ask for the views of the Department on Mr Heseltine's letter of that day to Mr Horne; the company's representative said that Mr Heseltine's letter appeared to go further than the Prime Minister's letter of 1 January to Sir John Cuckney in describing the views of European Governments and companies, and that this placed them in some difficulty in relation to the documents being prepared to go to shareholders on 6 January. The Department of Trade and Industry said that the Prime Minister's letter of 1 January to Sir John Cuckney had been carefully drafted on the basis of

reports available to the Government about views of European Governments and companies, and that that Department knew of no new reports, though it was possible that the Ministry of Defence had received additional information or knew that such information was available.

5. Nothing was said during the course of those conversations about the need to have any correction to Mr Heseltine's letter in the public domain, but Sir John Cuckney told me subsequently, after I had completed my inquiry, that it had been useful to the board of Westland that the fact that it was thought that Mr Heseltine's letter of 3 January contained material inaccuracies became public knowledge before the company's press conference on 6 January.

6. The Solicitor General's preliminary and provisional view of Mr Heseltine's letter of 3 January was communicated to an official of the Prime Minister's office by an official of the Department of Trade and Industry during the evening of 4 January, probably about 7.00 pm. At that stage there was no question of anything being said to Westland plc about the Solicitor General's

preliminary view or the possibility that he might write to Mr Heseltine. Neither officials in the Prime Minister's office nor officials in the Department of Trade and Industry were aware that the Solicitor General had discussed Mr Heseltine's letter of 3 January with Mr Heseltine on the night of 4 January. The only officials who knew that the Solicitor General was being asked to consider Mr Heseltine's letter were one official in the Prime Minister's office and one official in the Law Officers' Department through whom the request was conveyed.

7. The Prime Minister told the House of Commons in her statement on 23 January (col 454) of the considerations which were in the minds of officials in her office when they saw the copy of the Solicitor General's letter on 6 January.

8. There was no evidence from my inquiry which suggested that Mr Brittan consulted the Prime Minister, or sought her authority, before authorising the disclosure of the Solicitor General's letter, and on the basis of other information available to me as well as this I do not believe that he did. There is no evidence that

7
✓
either in the Prime Minister's office or in the Department of Trade and Industry or between the two there was on the morning of 6 January any discussion either of the possibility of the Solicitor General writing to Mr Heseltine or of what such a letter might say, before the copies of the Solicitor General's letter arrived.

9. All the Department of Trade and Industry officials concerned first saw the Solicitor General's letter in the Secretary of State's Private Office at about 1.00 pm or shortly after on 6 January. Before the Private Secretary at the Department of Trade and Industry spoke to his Secretary of State, he tried to speak to the Prime Minister's office, to find out whether they had seen their copy of the Solicitor General's letter and what their reaction was. As the line was engaged, he spoke first to his Secretary of State. The Secretary of State made it clear that he was giving authority for the disclosure subject to the agreement of No 10; he has agreed that he did not use those words. It is impossible to say exactly when that call took place: somewhere between 1.15 and 1.30 pm (there is no significance in the apparent discrepancy between the Prime Minister's

"about 1.30 pm" and my "quarter past one, twenty past one, something around that time"). The Prime Minister's office was consulted about the method of disclosure; they did not give instructions or advice, but they agreed that the only practicable way of getting the fact that the Solicitor General had written and the gist of what he had said in his letter into the public domain within the time constraint of the 4.00 pm deadline was the method that was eventually adopted. The evidence given to my inquiry does not suggest that any other method of disclosure was considered. As I told the Committee, some (but not all) of the officials concerned told me that they had had reservations about disclosing a letter from the Solicitor General, though the evidence to my inquiry does not suggest that anyone voiced these reservations at the time. The disclosure was made unattributably because it was thought preferable that it should not be attributed to the Department of Trade and Industry.

10. It did not occur to anyone involved in the preparation of the DTI press statement issued on 6 January that that statement might be used as a vehicle for getting into the public domain the fact

that it was thought that there might be material inaccuracies in Mr Heseltine's letter of 3 January. No official above Grade 3 (Under Secretary) was involved in the discussions about the disclosure, either in the Prime Minister's office or in the Department of Trade and Industry, and no one outside these two offices.

11. It is not possible to say exactly who was present when the Prime Minister discussed the matter of the disclosure with her officials on 7 January, as the discussion was not recorded. The discussion took place in the course of an informal gathering; this was one of a considerable number of matters discussed, and it was discussed fairly briefly. The Prime Minister was told that there had been contacts between her office and the Department of Trade and Industry, but not in any detail. I do not know that there was any further discussion on this matter with the Prime Minister before she authorised the institution of my inquiry: as I told the Committee, it was already clear that there was likely to be an inquiry. I became aware of the details of the contacts when I took evidence. The Prime Minister first became aware of the details of those contacts when she

read my report. So far as I am aware, the Solicitor General first became aware of the circumstances of the disclosure [when he heard the Prime Minister's statement of 23 January] [when he saw the Attorney General's copy of my report on 22 January].

12. The request to me to consider whether an inquiry should be instituted came from the Attorney General. The Solicitor General made no separate request. There was never any doubt in my mind, or in the minds of the Prime Minister or the Attorney General, that I was to inquire into the circumstances in which extracts from the Solicitor General's letter of 6 January to Mr Heseltine came into the public domain. When I had completed my inquiries of officials I was able to complete a clear account of these circumstances, and did not consider that I should learn any more of significance by interviewing officials from any other Department. As I have told the Committee, I was ready to interview Mr Brittan but I did not think it right to do so without the Prime Minister's agreement. In the event I was present when the Prime Minister discussed the findings of my

report with Mr Brittan on 22 January. Nothing in that discussion caused me to change, or wish that I could have changed, my report.

13. As I have told the Committee, it is customary to seek the Prime Minister's agreement before Ministers are asked to give information to a leak inquiry. I could not say in what proportion of leak inquiries in the last ten years Ministers have been asked to give information, but it is a perfectly usual occurrence and there is no inhibition in seeking the Prime Minister's agreement when it is appropriate to ask Ministers to give information.

14. My provisional view is that there is nothing in these events which would lead me to amend my note of 25 February 1985 on the duties and responsibilities of civil servants in relation to Ministers, though I wish that time and circumstance had allowed for the reference to the Permanent Secretary at the Department of Trade and Industry which some officials would have liked to be able to make, before action was taken. But I shall consider the matter afresh in the light of your

Committee's report, and of the forthcoming report of the Select Committee on the Treasury and the Civil Service on their inquiry into the duties and responsibilities of civil servants in relation to Ministers.

Draft of 3 March 1986

SELECT COMMITTEE ON DEFENCE

Memorandum by Sir Robert Armstrong

The Clerk to the Committee has sent me on 28 February a list of supplementary and additional questions which the Committee wish to put to me on 5 March 1986, arising out of the evidence I gave on 5 February 1986.

2. The Committee will be aware that the investigations which I made for the purposes of my inquiry were conducted in confidence, and that my report was submitted to the Prime Minister in confidence, and copied only to the Attorney General. The Committee will be further aware that I prefer not to name or identify individual officials on the public record, for reasons which I made clear to the Committee when I gave evidence on 5 February.

3. I should like to be as helpful as possible, subject to these considerations, in answering the questions in the list which the Clerk sent me on 28 February. As the Committee has asked for a good deal of detailed information, I think I can best respond by submitting this memorandum. In preparing the memorandum I have drawn not only on the findings of my inquiry and the evidence I received in the course of it but on other ✓ information and subsequent inquiries as necessary.

4. On the afternoon of 3 January 1986, a representative of Westland telephoned an official of the Department of Trade and Industry, to ask for the views of the Department on Mr Heseltine's letter of that day to Mr Horne; the company's representative said that Mr Heseltine's letter appeared to go further than the Prime Minister's letter of 1 January to Sir John Cuckney in describing the views of European Governments and companies, and that this placed them in some difficulty in relation to the documents being prepared to go to shareholders on 6 January. The Department of Trade and Industry said that the Prime Minister's letter of 1 January to Sir John Cuckney had been carefully drafted on the basis of

reports available to the Government about views of European Governments and companies, and that that Department knew of no new reports, though it was possible that the Ministry of Defence had received additional information or knew that such information was available.

5. Nothing was said during the course of those conversations about the need to have any correction to Mr Heseltine's letter in the public domain, but Sir John Cuckney told me subsequently, after I had completed my inquiry, that it had been useful to the board of Westland that the fact that it was thought that Mr Heseltine's letter of 3 January contained material inaccuracies became public knowledge before the company's press conference on 6 January.

CP
Is this right?

6. The Solicitor General's preliminary and provisional view of Mr Heseltine's letter of 3 January was communicated to an official of the Prime Minister's office by an official of the Department of Trade and Industry during the evening of 4 January, probably about 7.00 pm. At that stage there was no question of anything being said to Westland plc about the Solicitor General's

I think this
is right, >
Agree.

dead
Nichell
Does not go with
first sentence

preliminary view or the possibility that he might
write to Mr Heseltine. Neither officials in the
Prime Minister's office nor officials in the
Department of Trade and Industry were aware that
the Solicitor General had discussed Mr Heseltine's
letter of 3 January with Mr Heseltine on the night
of 4 January. The only officials who knew that the
Solicitor General was being asked to consider Mr
Heseltine's letter were one official in the Prime
Minister's office and one official in the Law
Officers' Department through whom the request was
conveyed.

7. The Prime Minister told the House of Commons
in her statement on 23 January (col 454) of the
considerations which were in the minds of officials
in her office when they saw the copy of the
Solicitor General's letter on 6 January.

8. There was no evidence from my inquiry which
suggested that Mr Brittan consulted the Prime
Minister, or sought her authority, before
authorising the disclosure of the Solicitor
General's letter, and on the basis of other
information available to me as well as this I do
not believe that he did. There is no evidence that

Not sure
this is my
deal with BT
that was his
deal with
Telephone call
say - it was
wrong →
wrong

either in the Prime Minister's office or in the Department of Trade and Industry or between the two there was on the morning of 6 January any discussion either of the possibility of the ^{desirability} of the Solicitor General writing to Mr Heseltine or of what such a letter might say, before the copies of the Solicitor General's letter arrived.

9. All the Department of Trade and Industry officials concerned first saw the Solicitor General's letter in the Secretary of State's Private Office at about 1.00 pm or shortly after on 6 January. Before the Private Secretary at the Department of Trade and Industry spoke to his Secretary of State, he tried to speak to the Prime Minister's office, to find out whether they had seen their copy of the Solicitor General's letter and what their reaction was. As the line was engaged, he spoke first to his Secretary of State. The Secretary of State made it clear that he was giving authority for the disclosure subject to the agreement of No 10; he has agreed that he did not use those words. It is impossible to say exactly when that call took place: somewhere between 1.15 and 1.30 pm (there is no significance in the apparent discrepancy between the Prime Minister's

"about 1.30 pm" and my "quarter past one, twenty past one, something around that time"). The Prime Minister's office was consulted about the method of disclosure; they did not give instructions or advice, but they agreed that the only practicable way of getting the fact that the Solicitor General had written and the gist of what he had said in his letter into the public domain within the time constraint of the 4.00 pm deadline was the method that was eventually adopted. The evidence given to my inquiry does not suggest that any other method of disclosure was considered. As I told the Committee, some (but ~~not all~~) of the officials concerned told me that they had had reservations about disclosing a letter from the Solicitor General, though the evidence to my inquiry does not suggest that anyone voiced these reservations at the time. The disclosure was made unattributably because it was thought preferable that it should not be attributed to the Department of Trade and Industry.

10. It did not occur to anyone involved in the preparation of the DTI press statement issued on 6 January that that statement might be used as a vehicle for getting into the public domain the fact

? B I

that it was thought that there might be material inaccuracies in Mr Heseltine's letter of 3 January. No official above Grade 3 (Under Secretary) was involved in the discussions about the disclosure, either in the Prime Minister's office or in the Department of Trade and Industry, and no one outside these two offices.

11. It is not possible to say exactly who was present when the Prime Minister discussed the matter of the disclosure with her officials on 7 January, as the discussion was not recorded. The discussion took place in the course of an informal gathering; this was one of a considerable number of matters discussed, and it was discussed fairly briefly. The Prime Minister was told that there had been contacts between her office and the Department of Trade and Industry, but not in any detail. [I do not know that there was any further discussion on this matter with the Prime Minister before she authorised the institution of my inquiry:] as I told the Committee, it was already clear that there was likely to be an inquiry. I became aware of the details of the contacts when I took evidence. The Prime Minister first became aware of the details ^(as opposed to the fact) of those contacts when she

Not true

read my report. So far as I am aware, the Solicitor General first became aware of the circumstances of the disclosure [when he heard the Prime Minister's statement of 23 January] [when he saw the Attorney General's copy of my report on 22 January].

12. The request to me to consider whether an inquiry should be instituted came from the Attorney General. The Solicitor General made no separate request. There was never any doubt in my mind, or in the minds of the Prime Minister or the Attorney General, that I was to inquire into the circumstances in which extracts from the Solicitor General's letter of 6 January to Mr Heseltine came into the public domain. When I had completed my inquiries of officials I was able to complete a clear account of these circumstances, and did not consider that I should learn any more of significance by interviewing officials from any other Department. As I have told the Committee, I was ready to interview Mr Brittan but I did not think it right to do so without the Prime Minister's agreement. In the event I was present when the Prime Minister discussed the findings of my

report with Mr Brittan on 22 January. Nothing in that discussion caused me to change, or wish that I could have changed, my report.

13. As I have told the Committee, it is customary to seek the Prime Minister's agreement before Ministers are asked to give information to a leak inquiry. I could not say in what proportion of leak inquiries in the last ten years Ministers have been asked to give information, but it is a perfectly usual occurrence and there is no inhibition in seeking the Prime Minister's agreement when it is appropriate to ask Ministers to give information.

14. My provisional view is that there is nothing in these events which would lead me to amend my note of 25 February 1985 on the duties and responsibilities of civil servants in relation to Ministers, though I wish that time and circumstance had allowed for the reference to the Permanent Secretary at the Department of Trade and Industry which some officials would have liked to be able to make, before action was taken. But I shall consider the matter afresh in the light of your

Committee's report, and of the forthcoming report of the Select Committee on the Treasury and the Civil Service on their inquiry into the duties and responsibilities of civil servants in relation to Ministers.



COMMITTEE OFFICE
HOUSE OF COMMONS
LONDON SW1A 0AA
01-219 (Direct Line)
01-219 3000 (Switchboard)

CABINET OFFICE
A 2270
- 3 MAR 1986
FILING INSTRUCTIONS
FILE No.

DEFENCE COMMITTEE

3 March 1986

Dear Sir Robert,

Further to my letter of 28 February, I am writing to give you notice of three additional questions (attached).

In amplification of the list I sent you on 28 February I should say of Question No 32 that the Committee have in mind your answer to Q1172; the question should therefore read "Has any of the five officials you interviewed seen a copy of your inquiry report since you submitted it to the Prime Minister?"

No significance attaches to the fact that Q24 is not in bold type.

The Committee now wish to begin taking evidence from you at 1055 on 5 March, not 1045 as I told you in my earlier letter.

Yours sincerely,

Robert Rogers
Clerk to the Committee

Sir Robert Armstrong GCB CVO
Secretary of the Cabinet and
Head of the Home Civil Service
70 Whitehall
London SW1A 2AS

1. What were the ranks of the Private Secretaries:

(a) in No 10?

(b) in the Secretary of State's Office in the Department of Trade and Industry?

Which official is the immediate superior of each Private Secretary; and who is the most senior official to which each Private Secretary is ultimately responsible? [Q 1178 refers.]

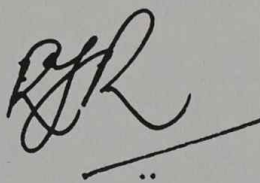
2. Was Mr Wicks consulted at the time of ~~or immediately following~~ ^{or immediately following} the disclosure of the Solicitor-General's letter?

Was Mr Wicks in No 10 at the time the telephone calls about disclosure took place?

When did Mr Wicks first learn of what had taken place?

Did he make any report on the circumstances?

3. What steps did Miss Bowe take to seek advice? [Qs 1324-1326 refer.]

A handwritten signature in dark ink, appearing to be 'RJR', with a horizontal line underneath it.

3 March 1986

Ref. A086/704

MR WICKS

Defence Select Committee

I promised to submit further advice on how I should respond to the Defence Committee's questionnaire.

2. It is tempting to suggest that we should stand on the Prime Minister's statements and on the evidence I gave on 5 February, and argue that most of these supplementary and additional questions have even less than their original questions to do with the "defence implications of the Westland affair" and "the way in which defence interests are taken into account in the process of Government decision-taking". But that would no doubt be to play into the hands of Dr Gilbert and his allies on the Committee, and would lead to a row which would revive political and media interest in the whole affair, with newly-voiced suspicions of a conspiracy and cover-up.

3. On the other hand I should like to stick to two points:

a. my inquiry was conducted in confidence, and the report was submitted in confidence, and I intend to preserve that confidence;

b. I do not wish to name or identify individual officials, particularly (but not only) those who gave evidence to my inquiry in confidence, and whom it would place in "double jeopardy" to re-examine or re-expose.

4. On balance therefore I am inclined to answer the Committee's questions by means of a memorandum, which will answer them so far as I can do within the two constraints

described in pargraph 3, and on which I can stand in dealing
--- with oral questions. I attach a draft of such a memorandum,
which I am clearing with all concerned.

5. I am sending copies of this minute and the draft memorandum to the Private Secretaries to the Lord President, the Lord Privy Seal, the Secretary of State for Defence, the Secretary of State for Trade and Industry, the Attorney General and the Chief Whip.

REA

ROBERT ARMSTRONG

3 March 1986

Draft of 3 March 1986

SELECT COMMITTEE ON DEFENCE

Memorandum by Sir Robert Armstrong

The Clerk to the Committee has sent me on 28 February a list of supplementary and additional questions which the Committee wish to put to me on 5 March 1986, arising out of the evidence I gave on 5 February 1986.

2. The Committee will be aware that the investigations which I made for the purposes of my inquiry were conducted in confidence, and that my report was submitted to the Prime Minister in confidence, and copied only to the Attorney General. The Committee will be further aware that I prefer not to name or identify individual officials on the public record, for reasons which I made clear to the Committee when I gave evidence on 5 February.

3. I should like to be as helpful as possible, subject to these considerations, in answering the questions in the list which the Clerk sent me on 28 February. As the Committee has asked for a good deal of detailed information, I think I can best respond by submitting this memorandum. In preparing the memorandum I have drawn not only on the findings of my inquiry and the evidence I received in the course of it but on other information and subsequent inquiries as necessary.

4. On the afternoon of 3 January 1986, a representative of Westland telephoned an official of the Department of Trade and Industry, to ask for the views of the Department on Mr Heseltine's letter of that day to Mr Horne; the company's representative said that Mr Heseltine's letter appeared to go further than the Prime Minister's letter of 1 January to Sir John Cuckney in describing the views of European Governments and companies, and that this placed them in some difficulty in relation to the documents being prepared to go to shareholders on 6 January. The Department of Trade and Industry said that the Prime Minister's letter of 1 January to Sir John Cuckney had been carefully drafted on the basis of

reports available to the Government about views of European Governments and companies, and that that Department knew of no new reports, though it was possible that the Ministry of Defence had received additional information or knew that such information was available.

5. Nothing was said during the course of those conversations about the need to have any correction to Mr Heseltine's letter in the public domain, but Sir John Cuckney told me subsequently, after I had completed my inquiry, that it had been useful to the board of Westland that the fact that it was thought that Mr Heseltine's letter of 3 January contained material inaccuracies became public knowledge before the company's press conference on 6 January.

6. The Solicitor General's preliminary and provisional view of Mr Heseltine's letter of 3 January was communicated to an official of the Prime Minister's office by an official of the Department of Trade and Industry during the evening of 4 January, probably about 7.00 pm. At that stage there was no question of anything being said to Westland plc about the Solicitor General's

preliminary view or the possibility that he might write to Mr Heseltine. Neither officials in the Prime Minister's office nor officials in the Department of Trade and Industry were aware that the Solicitor General had discussed Mr Heseltine's letter of 3 January with Mr Heseltine on the night of 4 January. [The only officials who knew that the Solicitor General was being asked to consider Mr Heseltine's letter were one official in the Prime Minister's office ^{one official in the DTI} and one official in the Law Officers' Department through whom the request was conveyed.

L As far as I am aware?

This needs insertion since a DTI official knew as is implied by the first sentence of the para.

✓ mb

7. The Prime Minister told the House of Commons in her statement on 23 January (col 454) of the considerations which were in the minds of officials in her office when they saw the copy of the Solicitor General's letter on 6 January.

8. There was no evidence from my inquiry which suggested that Mr Brittan consulted the Prime Minister, or sought her authority, before authorising the disclosure of the Solicitor General's letter, and on the basis of other information available to me as well as this I do not believe that he did. [There is no evidence that

either in the Prime Minister's office or in the Department of Trade and Industry or between the two there was on the morning of 6 January any discussion either of the possibility of the Solicitor General writing to Mr Heseltine or of what such a letter might say, before the copies of the Solicitor General's letter arrived.]

9. All the Department of Trade and Industry officials concerned first saw the Solicitor General's letter in the Secretary of State's Private Office at about 1.00 pm or shortly after on 6 January. Before the Private Secretary at the Department of Trade and Industry spoke to his Secretary of State, he tried to speak to the Prime Minister's office, to find out whether they had seen their copy of the Solicitor General's letter and what their reaction was. As the line was engaged, he spoke first to his Secretary of State. The Secretary of State made it clear that he was giving authority for the disclosure subject to the agreement of No 10; he has agreed that he did not use those words. It is impossible to say exactly when that call took place: somewhere between 1.15 and 1.30 pm (there is no significance in the apparent discrepancy between the Prime Minister's

This will need amendment to reflect that there was a telephone conversation between Charles and the Law Officers' Dept to tell Charles the letter was on its way. ✓
mf

"about 1.30 pm" and my "quarter past one, twenty past one, something around that time"). The Prime Minister's office was consulted about the method of disclosure; they did not give instructions or advice, but they agreed that the only practicable way of getting the fact that the Solicitor General had written and the gist of what he had said in his letter into the public domain within the time constraint of the 4.00 pm deadline was the method that was eventually adopted. The evidence given to my inquiry does not suggest that any other method of disclosure was considered. As I told the Committee, some ~~(but not all)~~ of the officials concerned told me that they had had reservations about disclosing a letter from the Solicitor General, though the evidence to my inquiry does not suggest that anyone voiced these reservations at the time. The disclosure was made unattributably because it was thought preferable that it should not be attributed to the Department of Trade and Industry.

of gratuitous and
will prompt
questions "Who?"
✓
ms

10. It did not occur to anyone involved in the preparation of the DTI press statement issued on 6 January that that statement might be used as a vehicle for getting into the public domain the fact

Nigel - I can't remember anything or found anything - please check with records.
 - informally - in memorandum - The words in that when they are nearly all "words" - really can't remember and we must not give a opinion in summary.

This is better?

During the course of a meeting between the Prime Minister and senior members of her staff on 7 January, at which a number of current items of business were discussed,

that it was thought that there might be material inaccuracies in Mr Heseltine's letter of 3 January. No official above Grade 3 (Under Secretary) was involved in the discussions about the disclosure, either in the Prime Minister's office or in the Department of Trade and Industry, and no one outside these two offices.

11. ~~It is not possible to say exactly who was present when the Prime Minister discussed the matter of the disclosure with her officials on 7 January, as the discussion was not recorded. The discussion took place in the course of an informal gathering; this was one of a considerable number of matters discussed, and it was discussed fairly briefly.~~ [The Prime Minister was told that there had been contacts between her office and the Department of Trade and Industry, but not in any detail. [I do not know that there was any further discussion on this matter with the Prime Minister before she authorised the institution of my inquiry: as I told the Committee, it was already clear that there was likely to be an inquiry.] I became aware of the details of the contacts when I took evidence. The Prime Minister first became aware of the details of those contacts when she

I did discuss it with you on 8 January - a note on our file refers - so omit this sentence.

omit
omit
omit

read my report. So far as I am aware, the Solicitor General first became aware of the circumstances of the disclosure [when he heard the Prime Minister's statement of 23 January] [when he saw the Attorney General's copy of my report on 22 January].

12. The request to me to consider whether an inquiry should be instituted came from the Attorney General. The Solicitor General made no separate request. There was never any doubt in my mind, or in the minds of the Prime Minister or the Attorney General, that I was to inquire into the circumstances in which extracts from the Solicitor General's letter of 6 January to Mr Heseltine came into the public domain. When I had completed my inquiries of officials I was able to complete a clear account of these circumstances, and did not consider that I should learn any more of significance by interviewing officials from any other Department. As I have told the Committee, I was ready to interview Mr Brittan but I did not think it right to do so without the Prime Minister's agreement. In the event I was present when the Prime Minister discussed the findings of my

report with Mr Brittan on 22 January. Nothing in that discussion caused me to change, or wish that I could have changed, my report.

13. As I have told the Committee, it is customary to seek the Prime Minister's agreement before Ministers are asked to give information to a leak inquiry. I could not say in what proportion of leak inquiries in the last ten years Ministers have been asked to give information, but it is a perfectly usual occurrence and there is no inhibition in seeking the Prime Minister's agreement when it is appropriate to ask Ministers to give information.

14. My provisional view is that there is nothing in these events which would lead me to amend my note of 25 February 1985 on the duties and responsibilities of civil servants in relation to Ministers, though I wish that time and circumstance had allowed for the reference to the Permanent Secretary at the Department of Trade and Industry which some officials would have liked to be able to make, before action was taken. But I shall consider the matter afresh in the light of your

Committee's report, and of the forthcoming report of the Select Committee on the Treasury and the Civil Service on their inquiry into the duties and responsibilities of civil servants in relation to Ministers.





10 DOWNING STREET

Nigel

message from RTA's office:

Defence Select Committee

Sir B. Hayes wrote to
RTA 25/2 with
draft letter to clerk
of committee & 2
memorandums.

RTA is content with
this.

Julie

3.3.86

file

PRIME MINISTER

cc Mr Ingham
Mr Powell
Mr Flesher

DEFENCE SELECT COMMITTEE

I attach at Flag A a draft of the memorandum which Sir Robert Armstrong proposes to submit tomorrow evening to the Defence Select Committee in response to their questionnaire (at Flag B). The draft is now the subject of extensive clearance within Whitehall. At Flag C are further questions which the committee have submitted tonight.

Subject to the marginal comments on the draft (on which see more below), I think Robert's text is a useful way of handling the committee. It does, however, inevitably not deal with many of their questions. But it will be easier for him to fend them off if he has already submitted this piece of paper.

Could I particularly draw your attention to two points in paragraph 11 on page 7.

- (i) You will see there an alternative draft for the first two sentences concerning our discussion with you on 7 January, the day after the disclosure of the Solicitor General's letter. Our recollections are inevitably hazy, but we believe that the words suggested are an accurate description of what took place.
- (ii) The sentence in square brackets beginning "I do not know that" ought to be omitted. There is a note on the file which indicates that I had some discussion with you on 8 January about a leak inquiry. I had told you that during the day that Mr Brittan was not opposed to a leak inquiry; and I minuted you in the evening to say that:

"Later information is that Mr Brittan does not want a

leak inquiry. Robert is thinking of a way through on the lines we discussed and will advise."

I should be glad to know whether you have any comments on the draft, and especially my manuscript changes. The draft is likely to be revised further tomorrow in the light of recipients' comments.

N.L. Wicks

3 March 1986

PART 4 ends:-

RTA to NLW(A086/700) 28-2-86

PART 5 begins:-

NLW to PM 3/3/86

