

# 10 DOWNING STREET

THIS FILE MUST NOT GO OUTSIDE 10 DOWNING ST

FILE TITLE: USE OF OFFICIAL CARS

SERIES

CARS

PART: 1

PART BEGINS:

May 1979

PART ENDS:

December 1994

CAB ONE:

PREM 19/4587

PART  
CLOSED

**PART**

**CLOSED**

## Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

Members of Parliament and Tax

Inland Revenue - Second Edition 1992

Signed

M. W. King

Date

9/7/18

**PREM Records Team**



10 DOWNING STREET

Alex.

I can't say for sure whether or not there will be a presentational problem. There probably won't. If there has to be something up on the No. 10 car (which I use to come in) and the cab which I (usually) take home, we will just have to live with it. I don't use cars usually at lunch.

2/10/71



10 DOWNING STREET

Christopher (5)

The crucial issue is  
your travel to and from  
work. The grossed up cost  
of that is considerable!  
Do you see any difficulties  
over us paying the tax  
on that?

Alex

23/12

And this is not an attempt  
to get you to come in by train!

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From : Alex Allan  
Date : 22 December 1994

SARAH HOGG  
CHRISTOPHER MEYER

TAX ON CARS

③ Christopher  
We are setting up systems for all staff at Number 10 who use taxis regularly for us to pay tax on their behalf. This should have been done years ago (it is done in the Treasury). The pertinent issue here is GCS cars.  
Alex

i I have sent you a copy of the Chancellor's minute to the Prime Minister. The definition the Treasury are working on covers permanent secretaries but not other staff (and I have discovered that Sarah is not technically a permanent secretary). What this means is that for both of you we would need to pay the grossed up cost of the tax on your car travel out of the Number 10 budget.

This is not a problem in financial terms: you will not be out of pocket and the Number 10 budget can find the money. How serious is the presentational problem? "Government pays Norman Blackwell's tax on perks" etc.

The Treasury cannot see any way round this: they do not believe Parliament would accept an open-ended scheme that enabled the Government to designate individuals who would be exempt from tax. And they cannot think of any definition that would bring you in without again extending the scheme far too wide to be acceptable or presentable.

Any views/comments?

Alex Allan. ②  
Is there a distinction here between no. 10 cars and taxis?

Alex

ALEX ALLAN

C. 22/12

Alex ④  
No further comment, since my use - and the Press office's - of BES cars is now tiny.  
C. 23/12

→ Alex

CONFIDENTIAL - MANAGEMENT

This seems unsatisfactory to me.  
Sarah

From : Alex Allan  
Date : 22 December 1994

note says "Perm Secs in charge of this departments" Does this exclude other perm secretaries?

SARAH HOGG  
CHRISTOPHER MEYER

TAX ON CARS

I have sent you a copy of the Chancellor's minute to the Prime Minister. The definition the Treasury are working on covers permanent secretaries but not other staff (and I have discovered that Sarah is not technically a permanent secretary). What this means is that for both of you we would need to pay the grossed up cost of the tax on your car travel out of the Number 10 budget.

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Why?  
PPS  
Staff  
Principal Private Sec & Sec  
Head of Policy Unit  
Should be

Any views/comments?  
Specialty

→ Alex

1) Is there any risk of retrospection?

2) Why cannot certain

No. 10 posts be designated (not individuals)?

3) Typical of the Treasury to arrive at definitions which include ~~these permanent secretaries~~ but exclude all the PM's staff. Sarah

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CERU



Treasury Chambers, Parliament Street, SW1P 3AG

John Warren Esq  
Private Secretary to the Minister of Trade  
Department of Trade and Industry  
Ashdown House  
123 Victoria Street  
LONDON SW1E 6RB

16 November 1994

Dear Mr Warren

**PUBLIC PROCUREMENT: BRITISH DIPLOMATIC VEHICLES**

The Minister of State has seen the Minister of Trade's letter to Mr Goodlad of 30 October. That letter seems to have crossed in the post with my Minister's reply to Mr Goodlad's letter.

In the penultimate paragraph of your Minister's letter he suggests that we should not press the Commission for rigorous scrutiny of practice elsewhere in the EU. As you will have seen in the Minister of State's letter he agrees that it would not be appropriate to do this. I am copying this letter to Simon Wood (PS/Miss Widdecombe), Greg Dorey (PS/Mr Goodlad), Peter Watkin (PS/Minister of State for Defence Procurement) and Mary Francis at No 10.

Yours sincerely  
Stephen MEEK

STEPHEN MEEK  
Private Secretary



The Rt. Hon. Richard Needham MP  
Minister for Trade

MF fuf  
fu

e-pu



**RESTRICTED - MANAGEMENT**

The Rt Hon Alastair Goodlad MP  
Minister for State  
Foreign and Commonwealth Office  
King Charles Street  
London  
SW1A 2AH

**Department of  
Trade and Industry**

Ashdown House  
123 Victoria Street  
London SW1E 6RB

Direct line  
071-215 4301

DTI Enquiries  
071-215 5000

071-215 4301  
AM12

*Ball* October 1994

*Alastair*

**PUBLIC PROCUREMENT: BRITISH DIPLOMATIC VEHICLES**

I am grateful to you for copying me your letter of 3 October to Jonathan Aitken about bringing the FCO's vehicle procurement policies into line with the EU Compliance Directive.

Your proposed approach appears to be a sensible way forward, provided that - as I understand to be the case - there is no intention to change the fundamental policy set out in your letter that Diplomatic Missions overseas use British vehicles wherever possible, particularly but not only in the case of flag cars. This is important from an export promotion viewpoint, particularly as in many markets Rover is our leading and most visible exporter.

British-based manufacturers who have raised diplomatic vehicle purchasing with us recognise the need for them to be fully competitive not only on price but also on value (reliability and back-up being particularly important in overseas and sometimes remote locations). At the same time, you are right to highlight the

**dti**

the department for Enterprise





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public and parliamentary sensitivity of diplomatic vehicle purchasing decisions and it is therefore essential that British manufacturers are given full and fair opportunities in any competitive tender.

*Quite X* | I understand that no external concern has been expressed about whether the existing procurement arrangements comply with the directive, and I do wonder whether other member states are being as scrupulous as ourselves in this particular area. But, provided that Jonathan Aitken is able to confirm - as you ask - that we do not need to draw unnecessary and potentially unwelcome attention to our own proposed approach, this is perhaps one case where we might exceptionally not wish to press for rigorous scrutiny of the practice of our EU partners!

I am copying this letter to recipients of yours.

**RICHARD NEEDHAM**



Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Alastair Goodlad MP  
Minister of State  
Foreign & Commonwealth Office  
Downing Street  
LONDON SW1A 2AL

October 1994

*Dear Alastair,*

Thank you for your letter of 3 October to Jonathan Aitken about the procurement of diplomatic vehicles. I do, of course, recognise the sensitivity which surrounds the choice of flag cars.

As your letter acknowledges, care must be taken to ensure compliance with the EC procurement rules. Competition will normally be needed in any case to meet our domestic policy aim of value for money.

There is very little prospect of securing a specific derogation for diplomatic flag cars. A buy-national policy would conflict with the procurement Directives. It would also breach the EEC Treaty.

As your letter acknowledges a number of procurement strategies are available within the procurement rules. Your department could make use of the framework arrangements which the Ministry of Defence has established for use by departments generally. If such framework arrangements have been treated as though they are contracts, and advertised and awarded under the EC rules, there will be no need to advertise when individual requirements arise. Alternatively, or in addition, your department could set up similar framework arrangements of its own. It could then make its choice from that which offered the best value for money.

In addition, it would be possible for your department to step outside any framework arrangements and hold a separate competition under the EC rules.

You will no doubt have considered whether the department's requirements are best met centrally or whether purchasing

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decisions should be devolved to the local level to take advantage of local circumstances. In the latter case, the requirement for flag cars at the local level might well fall below the threshold in the Directive. The EEC Treaty would of course still apply, but such requirements would not have to be advertised in the Official Journal under the procurement rules. In some circumstances, a combination of local decision making and access to a central framework arrangement might well offer best value for money.

I agree that it would be inappropriate to approach the Commission. In any event compliance with the EC procurement rules is a duty owed to suppliers, who may take proceedings in the High Court if the rules are breached.

Finally, I assume that your department is considering the alternatives to direct purchase. Under the private finance initiative departments are expected to look first to the private sector for procurement of goods and services including capital intensive ones. To provide value for money, the private sector contractor might for example supply not only the vehicles, but also associated services. These options need to be fully explored before a decision to purchase is made. The relevant EC procurement rules would of course apply.

My officials stand ready to advise yours on the application of the EC rules, if you think this would be helpful.

I am copying this letter to colleagues in the Department of Trade and Industry, MOD and the Department of Employment, and to No 10.

*Yours ever,*

*Anthony*

ANTHONY NELSON

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~~1. May~~  
2. File

Treasury Chambers, Parliament Street, London, SW1P 3AG

The Rt Hon Anthony Newton OBE MP  
Lord President of the Council and the  
Leader of the House of Commons  
House of Commons  
LONDON  
SW1A 0AA

C-100 Allen  
(Personal)

10 October 1994

14.12.94

*Dear Tony*

**OFFICIAL CARS**

I feel that I should warn you about an emerging problem concerning the tax liabilities of Ministers on the use of their cars. I apologise in advance for the length of this letter.

**Background**

The Inland Revenue tell me that the way in which Ministerial cars are being used runs the risk of not meeting the strict conditions for tax exemption. The Prime Minister has agreed that we must do something about this, and has asked that legislation be worked up, for inclusion in the Finance Bill, to ensure that there is no tax charge on the use of these cars. As this will be sensitive with some of our own Members, as well as with the Opposition and public, we need to plan carefully how best to present the change and to get any legislation through the House.

When the benefit of the car for employees of non-commercial concerns was first brought into tax in 1976, it was emphasised on both sides of the House that the same rules should and would apply to Ministers as to others. It was, however, the intention that Ministers should use cars in accordance with the provisions for pooled cars, which were also introduced in 1976.

Since 1976, Ministers have had "first-call cars" from the GCS pool; and the Inland Revenue so far have accepted that they were "pooled cars" for tax purposes; and consequently Ministers did not have to pay tax on them.

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However, in the course of a Treasury and Cabinet Office review of the guidance on travel by Ministers, the Inland Revenue became aware that the way cars were now used meant Ministers ran the risk of failing to meet the strict conditions of the legislation for pooled cars. For example, some cars may be used almost exclusively by one Minister, or for travel that is classified as "private" for tax purposes - say, from a London home to a department - and not just incidental to business journeys. The position is essentially the same for cars used by the Leader of the Opposition and by some Permanent Secretaries and other senior officials.

In addition, legislation in 1989, which gives tax relief for some expenditure on security, stated specifically that cars provided on the grounds of security were not exempt from tax as a benefit in kind. This means that Ministers who are required to use security cars for all travel by road are also, for tax purposes, getting a personal benefit.

The annual tax on the benefit of each of these cars (including fuel and a driver) could be as much as £4,000 to £5,000, depending on whether Ministers have a Rover 400 or 800. The cost is even greater for a security car.

Various ways of dealing with this have been considered.

*Doing nothing* would leave the Inland Revenue to assess colleagues for tax as and when they find official cars are being used in practice in ways which do not satisfy the rules in the legislation. Ministers and officials would have to meet the tax charges out of their salaries. This might be popular with the media, but would cause problems for a number of colleagues.

*Bringing cars back within the present exemption* would mean requiring colleagues to cut back on their use of cars. It would not be enough to "pool" our cars more effectively. The legislation also requires that any private use is merely incidental to journeys on official business. When the Revenue last had cause to look in detail at Government cars, their decision on this was borderline. They suspect that many cars would now fail to meet the statutory tests. Journeys between home and office usually count as private for tax purposes. Our Red Boxes do not make this travel count as official - just as working on the train does not allow others to get tax relief for their commuting costs.



Accepting the tax charge but leaving departments to pay the tax would be in line with what many employers do, where they want to protect employees from tax on benefits in kind. Departments would have to pay tax equal to the extra salary a colleague would need in order to be left after tax with enough to meet the bill on the car - typically £6,000 to £8,000. This way, the Exchequer gets the right tax in one sum rather than in two stages - PAYE on the salary and then a further payment for tax on the car. This would not need to be legislated, but I think that we would need to announce this policy to the House by way of a PQ; in addition, such provision would need to be shown on the face of departmental Estimates. Under this proposal, if colleagues and officials paid some tax themselves - eg £1,000 or £1,500 - departments would have to pay £1,667 or £2,500 less. Then Ministers would be on a similar tax footing to Members who pay tax on their Westminster to home travel, and no one could say Ministers were getting free private use. But either option is unattractive because there would be continuing fuss about departments paying Ministers' personal tax bills year after year.

So the Prime Minister has asked for legislation to remove any tax charge which might arise.

#### Legislation to exempt official cars from tax

One possibility would be to exempt all "security cars". But this would only help a handful of Ministers. If one wanted to include all Ministers, one would have to overcome the difficulty of opening up a loophole for all chauffeur-driven executives claiming tax relief for work on sensitive papers (including professional and business papers) in cars and trains.

This would point to legislation explicitly for official cars provided for Ministers and others in the public service, or who hold public office, and who are expected to work in their cars on "classified" papers (which we shall need to define widely enough to cover the Leader of the Opposition). This would be more open and straightforward and seems to me to offer some advantages in taking the legislation through the House. But we would have to explain why the Parliamentary Secretary for Agriculture reading up the adjournment debate on the sheep meat regime was reading more sensitive papers than a British Aerospace executive selling arms to Saudi Arabia. However it is presented, the legislation could well in practice be seen immediately by our own backbenchers, the Opposition and the public as designed for the exclusive benefit of Ministers. We shall then face the question of why Ministers should not be subject to the same tax regime as other people, and pay tax on their cars. Some MPs are taxed on their travel from their homes to their Westminster. Why not Ministers, who do not even have to drive themselves?!

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Our response goes as follows. Ministers and officials are allowed to use official cars only within (unpublished) propriety rules (C(PR)(91)2). These rules are designed to make efficient and cost-effective use of Ministers' time for official purposes. And they do not allow cars for private purposes generally, except where there is a very special threat to the security of the Minister. This is different from the generality of company cars which are used for private travel; but I suspect Robin Cook could do injury to this argument!

And there are many other people in the private sector who have restricted use of their cars, and will argue that they are also a special case.

We would also need to consider the position of those Members with company cars which, as you know, they also use for Parliamentary travel. Sir Terence Higgins and Michael Stern would like more than the transitional tax relief for their mileage allowances. They will be making, and I shall be considering, proposals for legislation.

I should welcome your views on the handling of this. If you felt it would be helpful, perhaps we could have a word, possibly with the Chief Whip. Whatever solution we adopt, it will be essential to solve this problem as completely, quickly, openly and equitably as possible.

I am copying this letter to Richard Ryder and Sir Robin Butler.

A handwritten signature in dark ink, appearing to be "G. Young".

SIR GEORGE YOUNG Bt MP





*CPV*

Foreign &  
Commonwealth  
Office

London SW1A 2AH

From The Minister of State

3 October 1994

The Rt Hon J Aitken MP  
Chief Secretary  
HM Treasury

*RTPC-J*  
*Shouldn't we*  
*be establishing*  
*how other*  
*countries are getting*  
*round this?*  
*px*

*Dear Aitken*

**EC DIRECTIVE ON PUBLIC PROCUREMENT: BRITISH DIPLOMATIC VEHICLES**

Wherever possible, the Foreign & Commonwealth Office uses British vehicles at Diplomatic Missions overseas, particularly for the "flag" cars used by Heads of Missions and visiting VIP's. In a few exceptional cases, local conditions and support facilities make it necessary to use vehicles manufactured elsewhere. There is a British representational angle as well as an export promotion aspect to this approach. The latter has been particularly valued by British motor manufacturers, enabling us to negotiate very advantageous terms. The companies, naturally enough, are reluctant for the commercial details to be made public. This is one reason why we were somewhat constrained in responding publicly to recent press criticism that four additional Rolls-Royces were being deployed overseas at an alleged cost of £120,000, when the true cost of hiring each vehicle is only a little over £3,000 p.a., as a result of our having negotiated favourable terms with Rolls Royce.

This latest arrangement with Rolls-Royce is below the threshold set by the EC Directive coordinating procedures for the award of Public Supply Contracts ("the EC Directive"). We exclude armoured cars on security grounds. Expenditure on the remaining flag and pool cars for our overseas posts amounts to an estimated £3 million p.a. Spending on this scale involves compliance with the EC Directive, which means in turn that we are obliged to go out to open competition for supply of vehicles. We would in any case expect to obtain better value for money through such a competition. The kind of framework agreement that should result would minimise the risk of vehicles manufactured in the UK being excluded, but there is, despite the competitiveness of British industry, a chance that ostensibly foreign vehicles will be successful.

The Government would undoubtedly face adverse public and parliamentary reaction if British exporters were to lose out as a result of the move. The fact that we already choose, for a variety of reasons, to use non-British vehicles as pool



cars in some places overseas would make it easier to handle the reaction if only pool cars were affected. On the other hand if Heads of Missions who are engaged in high profile representational duties were obliged, as a result of the competition, to fly the flag on vehicles from non-British sources we could expect a more negative reaction. There is, of course, a question mark over what constitutes a British car, but the perception is bound to be that a Rover is one and a Mercedes, for example, is not.

One way to avoid any difficulty would be to regard flag cars as a special case. Pool cars would be procured through open tender. We could then procure any flag cars that could not justifiably be exempt on national security grounds via the MOD. If the re-negotiated MOD call-off contract covers the same range of vehicles as the one currently in force it should meet most, if not quite all, our requirements. We understand that the MOD's contract will, in itself, comply with the EC Directive.

Up until last month, the FCO paid significantly less for each vehicle procured direct from Rover than it would have cost via MOD. For us to institute arrangements along the lines described above would not, therefore, previously have been justified in value for money terms. However, a recently notified price rise by Rover is expected to all but eliminate any discrepancy, strengthening the case for introducing competition and opening up the possibility of recourse to the MOD's contract, without significant financial penalty. If Rover competed successfully for the contract and offered suitable vehicles at prices below those quoted in the MOD Contract, there would, we hope, be no barrier under the EC Directive to prevent us taking the low cost option when it came to providing vehicles for use by Heads of Mission.

Given the recent publicity surrounding the Priority Suppliers Scheme I wanted to be sure, before proceeding with this arrangement, that it complies fully with the EC Directive; that there is no reason to clear this arrangement with the EC Commission and needlessly draw attention to it; and that colleagues in the Department of Trade & Industry, MOD and the Department of Employment, to whom I am sending copies of this letter, are content for the FCO to proceed in this way. A copy of this letter is also being sent to No.10 because of their past interest in the provision of flag cars overseas.

*AL*  
*Alastair Goodlad*

ALASTAIR GOODLAD



cc: ~~Mr R Lyne, Ps/No.10~~  
The Rt Hon Richard Needham MP, Minister of State for  
Trade, DTI  
The Rt Hon Roger Freeman MP, Minister of State for  
Defence Procurement, MOD  
Miss Anne Widdecombe MP, Minister of State for  
Department of Employment



FILE

pps/cars. kw

10 DOWNING STREET  
LONDON SW1A 2AA

From the Principal Private Secretary

**SUBJECT  
MASTER**

27 July 1994

Dear Nick

Filed on:

TRAVEL BY MINISTERS

The Prime Minister held a meeting this morning with the Chancellor of the Exchequer, Sir Robin Butler, Sir Terry Burns and Sir Tony Battishill to discuss the issues raised in the Chancellor's minute of 13 July.

Sir Tony Battishill explained that the present position, as set out in the Chancellor's minute, had arisen for a variety of reasons. For security cars, the 1989 tax changes had generally exempted security spending from a benefits in kind charge, but had specifically excluded cars; this meant that travel in security cars needed to meet the full criteria for pool cars before exemption could be claimed, and it seemed that the implications of this for Ministers' cars had been overlooked. Separately, the Inland Revenue had become concerned that many other GCS cars might no longer meet the requirements for being pool cars, for example because they were regularly used for driving between home and office or because they were in practice used exclusively by one person.

The Prime Minister thought there were four options for dealing with the present position:

- (i) Do nothing: this was not an option, given the Revenue's advice;
- (ii) accept a tax charge on Ministers and senior officials personally, and increase salaries to compensate; this was not a practicable proposition;
- (iii) legislate to restore what had previously been thought to be in the position in respect of some or all travel by Ministers and senior officials;
- (iv) accept a tax charge but leave it to departments to pay on behalf of their Ministers and officials.

AS

The Prime Minister did not feel that imposing a tax charge and getting departments to pay it was an attractive option. There would be a continuing fuss over departments paying Ministers' tax bills, and it would not be easy to explain why no tax had previously been charged.

In discussion, it was noted that it would be relatively easy to legislate to exempt Ministerial travel in security cars, essentially on the basis of the criteria used in the existing legislation. That would, however, only cover the position of a handful of Ministers who were subject to the highest threat assessments. But it should be possible to introduce a new exemption for cars used by those in the public service or holding public office where the occupant would normally or regularly be expected to need to study classified papers. It would be important to make sure that this exemption extended wide enough to cover the position of the Leader of the Opposition. And it might at the same time be sensible to consider other problem cases which had arisen, such as those involving Members of Parliament.

The Prime Minister asked the Chancellor to work up a proposal for legislation along these lines, for inclusion in the Finance Bill. It would be explained as restoring the position to what it had previously been assumed to be.

I am copying this letter to Sir Robin Butler, Sir Terry Burns and Sir Tony Battishill.

Yours  
Alex

ALEX ALLAN

Nick Macpherson Esq  
HM Treasury



Inland  
**Revenue**

CONFIDENTIAL - MANAGEMENT

Sir Anthony Battishill KCB  
Chairman

The Board Room  
Somerset House  
London  
WC2R 1LB

Tel. 071 438 7711

Alex Allan Esq  
Principal Private Secretary  
10 Downing Street  
LONDON SW1A 2AA

27 July 1994

**TRAVEL BY MINISTERS**

Thank you for sending me over a copy of your draft record of yesterday's meeting.

I have absolutely no comment on what is there. For completeness, you may care to add the following words after "office" at the end of the second paragraph:

" . . . or were, in practice, used exclusively by one person".

There are other reasons for our concern, but these were the two that I specifically mentioned.

I am copying this to Robin Butler and Terry Burns.

(A M W BATTISHILL)



*Pit*

10 DOWNING STREET  
LONDON SW1A 2AA

From the Principal Private Secretary

26 July 1994

TRAVEL BY MINISTERS

I attach a draft record of this morning's meeting. I should be grateful for any quick comments before I circulate it.

I am copying this letter to Sir Robin Butler and Sir Terry Burns.

ALEX ALLAN

Sir Anthony Battishill KCB

10 DOWNING STREET  
LONDON SW1A 2AA

From the Principal Private Secretary

26 July 1994

**DRAFT - NOT YET CIRCULATED**

TRAVEL BY MINISTERS

The Prime Minister held a meeting this morning with the Chancellor of the Exchequer, Sir Robin Butler, Sir Terry Burns and Sir Tony Battishill to discuss the issues raised in the Chancellor's minute of 13 July.

Sir Tony Battishill explained that the present position, as set out in the Chancellor's minute, had arisen for a variety of reasons. For security cars, the 1989 tax changes had generally exempted security spending from a benefits in kind charge, but had specifically excluded cars; this meant that travel in security cars needed to meet the full criteria for pool cars before exemption could be claimed, and it seemed that the implications of this for Ministers' cars had been overlooked. Separately, the Inland Revenue had become concerned that many other GCS cars might no longer meet the requirements for being pool cars, for example because they were regularly used for driving between home and office.

The Prime Minister thought there were four options for dealing with the present position:

- (i) Do nothing: this was not an option, given the Revenue's advice;
- (ii) accept a tax charge on Ministers and senior officials personally, and increase salaries to compensate; this was not a practicable proposition;
- (iii) legislate to restore what had previously been thought to be in the position in respect of some or all travel by Ministers and senior officials;



- (iv) accept a tax charge but leave it to departments to pay on behalf of their Ministers and officials.

The Prime Minister did not feel that imposing a tax charge and getting departments to pay it was an attractive option. There would be a continuing fuss over departments paying Ministers' tax bills, and it would not be easy to explain why no tax had previously been charged.

In discussion, it was noted that it would be relatively easy to legislate to exempt Ministerial travel in security cars, essentially on the basis of the criteria used in the existing legislation. That would, however, only cover the position of a handful of Ministers who were subject to the highest threat assessments. But it should be possible to introduce a new exemption for cars used by those in the public service or holding public office where the occupant would normally or regularly be expected to need to study classified papers. It would be important to make sure that this exemption extended wide enough to cover the position of the Leader of the Opposition. And it might at the same time be sensible to consider other problem cases which had arisen, such as those involving Members of Parliament.

The Prime Minister asked the Chancellor to work up a proposal for legislation along these lines, for inclusion in the Finance Bill. It would be explained as restoring the position to what it had previously been assumed to be.

I am copying this letter to Sir Robin Butler, Sir Terry Burns and Sir Tony Battishill.

ALEX ALLAN

Nick Macpherson Esq  
HM Treasury

From : Alex Allan  
Date : 25 July 1994

022

**PRIME MINISTER**

**TAX ON MINISTERS' CARS**

You have Terry Burns and Tony Battishill for the first part of the bilateral, so as to discuss tax on Ministers' (and mandarins') cars.

You can ask Tony Battishill to explain how we got into this mess, and what the logic in any of it is (not much, but it's the way the law is framed).

The options for dealing with the problem seem to be:

- i. tell the Revenue to ignore it: I don't see that as possible. As you will remember, when the Revenue decide something is taxable under the law, they pursue it, even if it is illogical and there's no net revenue at stake;
- ii. legislate to restore what people thought was the status quo for some or all cars; some of the sub-options are set out below;
- iii. proceed as the Chancellor favours, and get departments to pay tax on behalf of their Ministers and mandarins.

The problem with the Chancellor's option is how it is to be presented. How does he then propose to avoid Today and Mirror headlines "While he socks you for higher tax on your gas fire, Major's been avoiding tax on his chauffeur-driven car for years. And now he has the cheek to ask you to pay his tax for him".

The legislative options do not, of course, avoid that problem either - indeed it brings it to Parliament's attention. But you might be able to present the legislation as restoring the status quo, buttressed by a security justification.

The narrowest legislative option would be to exempt those assessed as at such high risk that they require special protection - in effect all those required to use armoured cars. This would need to be drawn so as to cover the (few) private individuals who might be under similar threat of terrorist attack, so that it was not exclusively directed at Ministers, but that would not be expensive.

This narrow option would leave most Ministers and mandarins facing a tax bill for their cars if they were used to drive them to or from the office. The departments would pay the tax on their behalf (or, in the case of some mandarins, they might decide not to use cars to and from home). So the presentational problems still remain, though they would not apply to you personally.

A wider legislative option would be to find some way of exempting all ministers' and mandarins' cars on the grounds that it is necessary for them to read classified papers on the way to and from the office - as indeed it is. The problem here would be whether you could justify special treatment for Ministers and mandarins compared to company directors who need to read highly market-sensitive documents in their cars: that would potentially be a big (and controversial) loophole.

One advantage of legislative options is that it throws the onus back on the Chancellor - whose attitude up till now has been that this is a problem for you to sort out.

Among detailed points it might be worth probing at the meeting are:

- i. what sort of announcement of any change is needed? Does Parliament have to be informed?
- ii. Who exactly will be affected other than Ministers and mandarins? We know the Leader of the Opposition is. Who else - judges? Local Authority members?



ALEX ALLAN



Treasury Chambers, Parliament Street, London, SW1P 3AG  
071-270 3000

25 July 1994

Dear Alex,

### TRAVEL BY MINISTERS

I attach some advice from the Inland Revenue in response to your letter of 22 July.

The Chancellor has not yet had a chance to read the submission. And, even if he had, a break-down in our computer system ~~has~~ would have prevented ~~any~~ him from writing!

Nevertheless, you may find it useful background.

I am copying this letter to Melanie Leach  
(Cabinet Office)

Yours

Nick

## CONFIDENTIAL - MANAGEMENT

FROM: ROBIN WILLIS  
 EXTN: 6417  
 FAX: 6230  
 DATE: 25 JULY 1994

1. **CHAIRMAN** Use am seeing the Prime Minister on this Friday  
 Subject to moment, and I thought you should  
 have an opportunity to send him a  
 further note on the four points in that. There's  
 little of 22.5 July. However, as time is not  
 so short, you may prefer to use that.  
 Willis's compensation report as a  
 brief for the discussion.
2. **CHANCELLOR**
- TRAVEL BY MINISTERS**

1. **Issue:** the Prime Minister wants to know why the tax <sup>Chy/25/7</sup>  
 treatment of security cars has changed; and how they  
 (and other cars used by Ministers) could be kept out  
 of tax
2. **Timing:** urgent - for meeting with Prime Minister tomorrow  
 (Tuesday) morning
3. **Recommendations:** (a) send answer to specific questions before meeting  
 (draft at Annex A); or  
 (b) speak to it at meeting - especially the political  
 (and presentational) pros and cons of legislation  
 versus accepting a tax charge.

**Background**

4. Your minute of 13 July to the Prime Minister set out proposals to treat  
 Ministers' cars as company cars for tax purposes; and for departments to pay  
 the tax on them.

cc	Chief Secretary	Mr McGivern	Chairman
	Financial Secretary	Mr Willis	Mr Matheson
	Paymaster General		Mr Butt
	Sir T Burns		Mr Allen
	Mr Culpin		Mr Golding
	Mr Culpin		PS/IR
	Mr CW Kelly		
	Mr Mountfield		
	Mrs Case		
	Mr Burr		
	Mr J Dixon		
	Mr Makhoulf		

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**Issues**

5. The Prime Minister (his private secretary's letter of 22 July):
  - a. sees **no logic in the tax on security cars** at what he believes will be a significant administrative cost
  - b. feels it would be **impossible to present the proposed change** in their treatment
  - c. asks for **options for keeping security cars and other Ministers' cars out of tax** - by legislation or otherwise.
6. (a) and (b) focus on the handful of security cars provided for the Prime Minister and others. Only (c) brings in the majority of cars provided for other Ministers.

**Options**

7. On **handling** you can either
  - a. leave all this for the meeting tomorrow or
  - b. answer at least some of the points in advance.
8. We recommend (b) as there are a lot of specific questions and legislative options.
9. On **substance** the main choice is between:
  - a. accepting the cars are taxable
  - b. legislation to exempt security cars
  - c. legislation to exempt all Ministers' cars

**Analysis**

10. On (a), **whether it is logical to tax Ministers on the use of security cars** is ultimately a matter of judgement. There are reasons for treating them differently from MPs' travel on Parliamentary and constituency business, and from ex-Ministers. We suggest you set them out for the Prime Minister (Annex A attached).

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11. But it comes down in the end to a simple question: should people pay tax on the availability of a car for their private use even where there is a special threat to their security? The answer in 1989 when legislation was introduced for some security services was that they should. In particular it was felt that it would be wrong to exempt on security grounds the benefit of a chauffeur driven expensive limousine used extensively for private purposes.

12. The proposed scheme for paying the tax would be cheap to administer. The tax due would be calculated centrally. Each department would make a single payment once a year.

13. On (b), **the presentation of the change** as a result of the "volume and pace of Ministerial business" was the proposed answer for *Ministers' cars generally*. The Prime Minister quite rightly comments that this will not run for *security cars*. The answer there (as Sir T Burns said in his note of 22 December) is that security cars have been taxable in law at least since 1989 when the Finance Act made it explicit that they were not exempt. The proposed answer to questions about this in the briefing we have prepared is that the Revenue previously advised Ministers there was no tax on cars used in accordance with the Cabinet Office guidance and does not go back on such advice. Details are in the draft minute attached.

14. As regards (c) - **the options for keeping security cars and other Ministers' cars out of tax** - we have set out in Annex A our analysis of the Prime Minister's specific questions. We have included the awkward interaction between any legislation for Ministers' cars and the legislation Sir Terence Higgins and Mr Stern sought at their meeting with the then Paymaster General on 12 July for backbenchers who use company cars for Parliamentary travel:

- a. what they want could reduce but not remove the tax on Ministers' cars;
- b. legislation for Ministers' cars would not help backbenchers but would provoke them to put down their own Clause; so
- c. you could end up with provisions in the next Bill which would
  - i. be seen as designed for Ministers and (overwhelmingly) Government backbenchers; and
  - ii. encourage a lot of other people to press their special cases for tax exemption or reduction.



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15. You will want to look at the analysis before sending the note to the Prime Minister. But you could send it while reserving your position on the overall conclusion for the meeting tomorrow.

**Conclusion**

16. Some change seems inevitable. Legislation is a possible alternative to paying tax on Ministers' cars - especially security cars - if you are prepared either to defend a relief targeted on Ministers and others with chauffeur-driven cars or to invite bids for relief from a lot of other people who need a company car to do their job.



ROBIN WILLIS

## CONFIDENTIAL - MANAGEMENT

DRAFT MINUTE FROM CHANCELLOR TO  
PRIME MINISTER

**TRAVEL BY MINISTERS**

1. You asked (your Private Secretary's letter of 22 July) for a note before our meeting tomorrow about the options for legislation to remove any tax charge on some or all Ministers' cars.

**Background**

2. In looking at legislation we need to consider:
- a. the minority of **Ministers with security cars**
  - b. **other Ministers** where there is no special threat to security
  - c. **former Ministers** with the use of a car
  - d. **Members** who get tax relief for travel on Parliamentary and Constituency business but not for other travel
  - e. **1.8 million company car drivers** who currently pay tax
  - f. **others who carry sensitive papers** (or tools and equipment) from home to work with no tax relief

**Should Ministers' cars be taxed?**

3. A tax charge on **security cars** felt wrong intuitively to me. But there are arguments the other way:
- a. a car and driver for all private travel **looks** like a valuable benefit
  - b. up to 1.8 million drivers of company cars could argue that if they pay tax on cars they have to use for their jobs so should we
  - c. some would say former Ministers should pay tax on their cars
  - d. Members do not get tax relief for travel between Westminster and other places - e.g. from the House to a home outside their constituency.

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4. **Other Ministers' cars** look even more like benefits in kind which:

- a. people do pay tax on - cars, vans, etc.
- b. employees and employers would like to be tax-free; but
- c. are commonly subject to arrangements with the Inland Revenue for the employer to pay all the individual tax liabilities.

5. There would be little administrative cost in such an arrangement for Ministers' cars. The Inland Revenue would agree the figures with the Treasury and each department would pay just one bill a year.

**Presentation**

6. I would welcome an opportunity to discuss tomorrow the presentation of whatever we do for the future.

7. But anything we do will leave questions about why Ministers have not paid tax in past years:

- a. on the **generality of cars** where the proposed line was the increased volume and pace of Ministerial business
- b. on **security cars** where I agree we cannot use the same line. The position there is that:
  - when the Inland Revenue last reviewed the guidance on travel by Ministers they left security cars untaxed by way of an unpublished extra-statutory concession
  - that concession has been overtaken by legislation in 1989 which explicitly provides that the benefit of a car is not exempt on grounds of security
  - the proposed answer is that
    - these cars were included in the Inland Revenue's advice (given well before the new legislation) that cars used in accordance with the guidelines would be pooled cars;
    - the Inland Revenue overlooked the need to go back to the guidance until quite recently; and

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- in accordance with its general practice where its advice was sought and all the facts about benefits in kind were disclosed, the Inland Revenue will seek tax only for future years.

**Options to keep cars out of tax**

8. I attach (Annex A) a note of the main options and their respective advantages and disadvantages. But in summary the answers to your questions are:

- i. in order to guarantee that all Ministers' cars were free from tax, we would need to introduce both special rules for sensitive papers and a new exemption for company cars where the private use (as redefined) is low. We could much more easily legislate for cars for those who face a special threat to their personal security. But an exemption confined to security cars would attract attention to those other cars and provide two opportunities for a fuss:
  - first when we announce whatever is to be done about the generality of cars; and
  - second when we legislate the exemption for security cars
- ii. we would in practice have to extend the changes to the private sector:
  - we could not draw any objective distinction on grounds of security between Ministers, business people, wealthy individuals (who may be subject to kidnapping as well as terrorist threats) and others
  - we would face the argument that loss of papers about a major export deal or proposed merger would do just as much harm to the interests of the nation as the loss of a lot of official papers; and there is then a whole separate argument about sensitive papers carried by doctors, lawyers etc.

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- the Opposition front bench pressed in 1989 for assurances that decisions on security exemptions would be taken by the Inland Revenue alone; and any decision by the Inland Revenue is of course subject to an appeal to independent Commissioners and the Courts
- the cost ranges from:
  - a few £100,000s if we act only on security cars and can maintain a tough test of what constitutes a special threat to personal security; to
  - £100 million or more if we exempt travel carrying sensitive papers and introduce a new *de minimis* rule for company cars

iii. primary legislation would be needed because

- the legislation introduced in 1989 says explicitly that a car cannot be exempt from tax on grounds of security; and
- the Courts have indicated very clearly over the years what is and is not private travel for tax purposes

iv. we should still need arrangements to meet some tax liabilities if we legislate only for security cars since some Ministers would be liable to tax (unless we impose much tighter controls over the way the cars are used - tighter than makes good sense if Ministers are to do their jobs efficiently).

Conclusion

9. Our choice is between:
- a. accepting a tax charge or
  - b. exposing all of this - including the past treatment of official cars - to detailed debate in the course of the next Finance Bill.

[K.C.]

25 July 1994

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## ANNEX A: LEGISLATIVE OPTIONS

There are many ways of tackling the tax treatment of Ministers' cars. But many provide only partial solutions. Three which deal with all the circumstances of security cars or of Ministers' cars generally are:

1. exempt cars as security assets/services
2. treat travel while working on sensitive papers as business travel *and* introduce a new exemption from tax for cars where private use is *de minimis*
3. introduce a new exemption from tax for cars where there is work-related private use

## OPTION 1. EXEMPT CARS AS SECURITY ASSETS/SERVICES

1. This would extend the existing legislation for security assets and services:
  - a. provided by employers (and by self-employed people for themselves)
  - b. where there is a special threat to personal security of individual arising from his work
  - c. the benefit is wholly or mainly an improvement in his personal security
2. We could focus narrowly on armoured cars with drivers.

advantages

- deals with security cars
- negligible Exchequer cost
- very small staff costs
- goes with grain of existing legislation

disadvantages

- would be seen as designed for Ministers
- does nothing for other Ministers
- may be difficult to argue that no other, personal benefit in use of a (sometimes *very* expensive) car *and driver* - especially if drivers are not trained as bodyguards

3. We could vary the conditions by accepting cars which are not armoured, or armoured cars without drivers, or both. But doing so would make it that much easier for others to come within the exemption. And (as the Opposition said in 1989) there would be a big tax incentive to exploit the relief.

**OPTION 2. TREAT TRAVEL WHILE WORKING ON SENSITIVE PAPERS AS BUSINESS TRAVEL AND INTRODUCE A NEW EXEMPTION FROM TAX FOR CARS WHERE PRIVATE USE IS *DE MINIMIS***

4. This complex option deals with the two separate problems:
- a. travel from home to work is private travel for tax purposes; and
  - b. use of a car by a Minister to the exclusion of others means it cannot be a pooled car.

**advantages**

- restores past position for home to office travel
- allows Ministers exclusive use of a car
- allows some private use when not working on papers (e.g. use by Minister's spouse)
- would be welcomed as simplification of tax rules on cars

**disadvantages**

- cars still taxable if there is private travel while not working on papers
- requires difficult definition of "sensitive papers": commercial? medical? legal proceedings? Many potential claims
- would lead to great pressure to relieve
  - cars taken home for security of the car
  - cars used to take home tools, samples, heavy papers
  - other home-work travel in special cases
- definition of *de minimis* arbitrary: less than 10%? less than 2,500 private miles?
- records needed for a *de minimis* test imply
  - extra costs for employers
  - leakage of tax and NICs
- Exchequer cost would be
  - a few £100,000s if confined to cars with drivers
  - £100 million or more if extended to other company cars

**OPTION 3: INTRODUCE A NEW EXEMPTION FROM TAX FOR CARS WHERE PRIVATE USE (AS DEFINED FOR TAX PURPOSES) IS WORK-RELATED**

5. This options would accept that for some people use of a car from home to work (and for other travel):
- a. does not meet the strict statutory test for tax purposes because it is not *necessary and in the performance of the duties*
  - b. does make sense in terms of doing the job efficiently

**advantages**

- removes all Ministers' cars from tax
- in line with guidance on travel by Ministers which emphasises cost-effectiveness
- not clearly designed for Ministers
- allows some private use when not working on papers
- would be welcomed as
  - simplification of tax rules on cars
  - sign that tax rules can and should recognise modern business practices

**disadvantages**

- impossible to define tightly what does and does not make sense in terms of doing the job efficiently
- cannot confine to cars with drivers so potential for claims for exemption from company car drivers who would say they need to travel from home to work
  - to keep car secure (e.g. employees in retail motor trade)
  - to work on papers
  - to have access to car for emergencies (e.g. district nurses, engineers)
- knock-on effects on treatment of travel to and from work by employees in own cars where essential for jobs (e.g. many local authority and health service workers who do not get "company cars" but do get cash allowances)
- Exchequer cost £100s of millions





10 DOWNING STREET  
LONDON SW1A 2AA

From the Principal Private Secretary

22 July 1994

Dear Nick,

### TRAVEL BY MINISTERS

The Prime Minister was grateful for the Chancellor's minute of 13 July. A meeting has been arranged to discuss this issue next week, with Sir Terry Burns and Sir Tony Battishill.

The Prime Minister continues to find it hard to see any logic at all behind a tax regime that produces the results proposed. Ministers who are required to travel at all times in armour-plated cars for reasons of security are to be required to pay tax for a benefit that is deemed to accrue to them, even for trips between their office and their constituency. Yet former ministers with the same security threat are not deemed to receive a benefit, whatever they use their cars for. And backbench MPs are not liable to a tax charge at all (eg on rail passes) because travel between their constituencies and the House of Commons is considered to be between their two places of business.

That may be the result of applying the rules in each individual case. But the Prime Minister still feels the outcome defies common sense. And the proposed solution is to impose a tax charge which is to be grossed up and paid for by the Government, with no doubt a significant administrative cost, to no net gain to the Exchequer.

The Prime Minister also feels that the change proposed by the Chancellor would be almost impossible to present. The reason to be given is that "the volume and pace of Ministerial business is steadily increasing their use of cars within the guidelines". But everyone knows that Lady Thatcher was required to travel everywhere in an armoured plated car for many years - as indeed were successive Northern Ireland ministers, Home Secretaries etc. What is it that has changed?

The Prime Minister therefore feels that it is also necessary to consider legislation to restore the position to what it was previously thought to be. He would be grateful for advice on how this might be done, and on what the advantages and disadvantages might be:

- i. should it be by exempting only those facing a specific level of threat, as judged by the appropriate authorities? Or should it extend wider, so as to cover all those who need to read or transport sensitive papers in their cars?
- ii. should it extend to the private sector? What would the cost be?
- iii. would it need to be done by primary legislation in the Finance Bill, or could it be done by extra-statutory concession?
- iv. would we then levy a tax charge (paid for by the department) on all those who did not fall within the exemption?

If it is possible, I should be grateful for a note on these points before next week's meeting. If not, please could the Chancellor be ready to answer these questions at the meeting. ||

*Yours*

*Alex*

ALEX ALLAN

Nick Macpherson, Esq.  
H.M. Treasury

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*Pl. write as per suggestion -*

*4.17.2*

From : Alex Allan

Date : 14 July 1994

PRIME MINISTER

*? Pay tax if father - shd, have been paying it  
? legit - remove as abnormality*

TAX ON MINISTERS' CARS

As I warned you, this has not gone away. We have a meeting fixed for the last week in July with the Chancellor, Terry Burns and Tony Battishill. And the Chancellor has sent you the attached minute.

This sets out only one option: for departments to pay tax on minister's behalf for all cars. If you look at the draft PQ answer (flag 'X'), you will see how difficult this will be to present. Why haven't ministers been paying tax up to now? Will back tax be paid? There is some comfort from the fact that the Leader of the Opposition is in the same position, though the change of Leader removes some of the bite from that.

I have been exploring with the Revenue whether there is any way we can argue under the existing laws that no tax liability arises. I have drawn a blank. It does not matter that you have no choice on security grounds but to use the car. It does not help that Huntingdon is your constituency as well as your home.

*Why?* 1) Ted Heath can be driven to and from Salisbury, London and Bexley without attracting any tax charge. But you can't.

So the choice is either for us to pay up as the Revenue propose, or to change the law. There are a couple of ways this might be done:

- i. legislate to exempt people classified by the Home Office Central Unit as under special threat (eg Level 2, requiring an armoured car). Or could this be done by a (published) extra-statutory concession?

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- ii. legislate to exempt a wider class of security cars. This would presumably have to cover private sector as well as ministerial (and mandarins') cars. What would the criterion be? How would this be administered? What would be the tax loss?

The first option would help you, the Home Secretary, Foreign Secretary, and Northern Ireland Secretary; everyone else would face a tax charge. When I discussed this with Terry, I observed him wriggling with some discomfort. The reason is clear. Terry himself (and most permanent secretaries) use a Government car and up till now have been covered by the 'security' exemption. Under the proposed new regime, Terry will himself will face a tax charge (or rather the Treasury will on his behalf). It is much better for him if the focus can be on ministers' cars - and specifically yours. [*do not show him this note: it would ruin my career!*]

The same is true, to a lesser extent, of the Chancellor. His attitude is that this is a problem for you to sort out. If you get yourself exempted, his tax position will be correspondingly higher profile and he may feel more eager to force the Revenue to find a way round it.

Shall I write back to the Treasury asking for a note on these options, for discussion at your meeting?



ALEX ALLAN

Yes

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Treasury Chambers, Parliament Street, London, SW1P 3AG  
071-270 5000

**PRIME MINISTER**

**TRAVEL BY MINISTERS**

As you know, I have been considering whether to bring in new tax arrangements for Ministers' cars.

**Background**

When the propriety guidelines for Ministerial travel (C(PR)(91)2) were being reviewed last year, the Revenue began to argue to me that Ministers risked failing to meet the very strict conditions of tax legislation for pool cars. They also pointed out that there was now clearly a tax charge where Ministers have security cars and use them generally for personal purposes. Legislation in 1989 gave employees exemption from tax on some security services but specifically excluded cars.

The propriety rules themselves are not at issue. But use under these (unpublished) rules are primarily concerned with value for money. They allow Ministers to do their jobs effectively and make best use of their time. We can defend them on that basis, just as businesses can justify their company cars and drivers on commercial criteria.

The tax law deals with a separate question. Whether or not a car makes good business sense is not an issue. Otherwise we would be



second-guessing business decisions (and would give up tax on hundreds of thousands of company cars). The key question for tax is whether or not a car is available for an employee's private use (which includes travel to and from work). If it is then there is a tax charge. The only exception is for a "pooled car". The definitions of pooled cars are extremely tightly drawn. The Inland Revenue say they suspect that many Government Car Service (GCS) cars may no longer meet the requirements: for example, because a car:

(i) appears to be being used exclusively by one person. (A "pooled" car must be ordinarily shared between the Minister and other users);

or (ii) is regularly being used for driving between home and office. (For no tax charge to arise, private use must be merely incidental to official use and the Courts have interpreted private use strictly).

The fact that a Minister may be reading classified papers while travelling in his or her car does not of itself turn a private journey into an official journey and prevent a tax charge arising on home to office travel.

### Proposal

I am being advised strongly that we should now take action to put the tax issue beyond doubt, and change from the (normally non-taxable) basis of pooled cars, to a (taxed) company car basis. The tax payments would be met out of departmental votes, since they arise from use of cars for official purposes. The annual cost is likely to amount to £6000 to £8000 per car, on average, although security cars will give rise to a higher charge.



It might avoid a tedious fuss if we went ahead with this by first informing our colleagues of the proposal, and then making a Parliamentary announcement a couple of days later. If you agree, a draft minute for you to send to colleagues, and one to the Leader of the Opposition, together with a Written Answer, are enclosed.

Timing

There is no tax requirement to make an announcement quickly: we can to some extent choose our moment, although we cannot delay a decision indefinitely. Members have asked about the tax treatment of Ministers' cars in the House in 1993 and again this year, and Alan Williams has asked the NAO to look into the GCS. The atmosphere of the popular press is slightly less hysterical and hostile to Ministers personally at the moment so that we might not face too much snide criticism if we do it in July.

I would welcome the opportunity to discuss this.

*L*

[K.C]

15 July 1994

## DRAFT MINUTE FROM PRIME MINISTER

## CAR TRAVEL BY MINISTERS

It has become clear over recent months that the way Ministerial cars from the Government Car Service pool are being used runs the risk of not meeting the strict conditions for tax exemption. This minute sets out the history of the arrangements for tax exemption, and the way I propose to deal with the issue. There is no suggestion that cars are being used improperly under the propriety guidelines (C(PR)(91)(2). Those guidelines will continue to apply. They are based on the need to make efficient and cost-effective use of Ministers' time and of official cars. They are of course distinct from the tax rules which are concerned with the separate question of whether there is a personal benefit and, in particular, whether the private use of the cars is more than merely incidental.

Background

2. When the benefit of a car made available to employees of non-commercial concerns was brought into tax in 1976, it was emphasised on both sides of the House that the same rules should and would apply to Ministers as to others. It was, however, the intention that Ministers should use cars in accordance with the provisions also introduced in 1976 for pooled cars. These exempt from tax the use of a car if:



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- it is available to, and used by, more than one employee and not ordinarily used by any one of them to the exclusion of the others;
  
- any private use of the car by any employee is merely incidental to its business use;
  
- the car is not normally kept overnight near the residence of any of the employees.

3. Since 1976 Ministers have had first-call cars from the Government Car Service pool; and the Inland Revenue have accepted that, provided the other conditions were met, Government Car Service cars would be pooled cars for tax purposes.

4. However in the course of a review in 1993 by the central departments of the propriety guidance (C(PR)(91)2) the Inland Revenue became aware that Ministers were making increasing use of Government Car Service cars. It drew to the attention of the Chancellor of the Exchequer the fact that the way cars are used (with increases in Ministerial business) meant they ran the risk of failing to meet the strict conditions of tax legislation: eg a car was possibly

- used almost exclusively by one Minister;
  
- used for what is private travel for tax purposes which adds up to more than what is merely incidental to business journeys.

Those of you with security cars have no choice about their use, within the propriety guidelines, and we need to be sure that any personal benefit as defined in law is properly taxed.

New arrangements

5. In order to avoid further uncertainty and to put the matter beyond doubt, I have approved arrangements which provide for tax to be paid on all our cars from April 1994. Since the tax charge arises from use of the cars for official purposes, it will be met from existing departmental votes.

6. Colleagues should keep in mind that Ministerial travel will attract public attention and questions about these arrangements are likely. We must make clear that the tax rules and the propriety rules have separate purposes. The propriety rules are designed to make efficient and cost-effective use of Ministers' time for official purposes. They reflect the realities of business for Ministers. The tax rules look at the use made of the cars, and treat home to office travel as private. That may lead to a tax charge in many circumstances where it still makes good business sense for employers to provide cars and for employees to use them.

7. I have approved a Written Answer (attached) to inform Parliament of this change on [ ] July. Press and other queries can be referred to my press office, or to the Chancellor's or the Revenue's press offices.

DRAFT QUESTION

To ask Mr Chancellor of the Exchequer if any special tax provisions apply to official cars provided by the Government Car Service.

DRAFT REPLY

There are no special tax provisions for official cars. Ministers and officials who use official cars are subject to the same tax legislation as employees generally.

Ministers may use cars only within guidelines designed to ensure their use is cost effective and that other forms of transport are used where appropriate. Official cars from the Government Car Service pool may not be used for personal purposes except where there is a saving of time for use on official business or for security reasons. These guidelines have applied for many years and are independent of the tax provisions.

However the volume and pace of Ministerial business is steadily increasing their use of cars within the guidelines. As a result of this increased business there is room for doubt whether all cars in the Government Car Service pool currently continue to meet the strict statutory conditions for exemption from tax as "pooled cars" which are set out in Chapter 13 of the Inland Revenue's Guide to Expenses Payments and Benefits. To put the matter beyond doubt, the Government is therefore making arrangements for tax to be paid in respect of the provision of the

cars, car fuel and drivers, from April 1994. Since the tax charge arises from use for official purposes, it will be met from existing departmental votes.

**DRAFT LETTER FROM THE PRIME MINISTER TO THE LEADER OF THE  
OPPOSITION**

**OFFICIAL CARS**

I am writing to let you know that the Government is proposing to change the tax basis of cars provided to Ministers by the Government Car Service (GCS). Briefly, we believe that there is a case for moving from the current car pool treatment to a company car basis. This will mean that the tax treatment of official cars will be put beyond doubt.

Since you make use of a GCS car, I am sure you will wish to be aware of our plans. I enclose a draft Parliamentary Question and Answer for your information.

As you will see, it is proposed that the tax payment will be made from existing departmental Votes, and in your case, this would be paid by the Office for Public Services and Science (OPSS).

If you are content, I propose to include your car in the proposed arrangements.

I am copying this letter to William Waldegrave, Kenneth Clarke and Sir Robin Butler.



Personal Tax Division

West Wing  
Somerset House  
Strand  
London  
WC2R 1LB

Telephone: 071 438 6417

GTN: 3541

Fax: 071 438 7424, 6230, and

6006  
xxx

Director  
E McGivern

Alex Allan Esq.  
Principal Private Secretary  
10 Downing Street  
LONDON  
SW1A 2AA

11 July 1994

*Dear Alex,*

#### **MINISTERIAL CARS**

Thank you for your letter of 23 June to Sir Terry Burns. He has agreed that I should reply direct.

You ask how the Prime Minister's use of his car falls to be treated under the law. This may depend on facts which we do not have. Examples are

- what (if any) private use is made of the car apart from travel between home and work, and
- what use is made of the car by people other than the Prime Minister.

Those are two of the areas we would need to explore in order to reach a view on whether any individual Minister's car came within the statutory exemption for "pooled cars".

I believe I can, however, answer your questions about the relevance or otherwise of the Prime Minister's use of an armoured car between Westminster and his constituency.

First, the fact that it is an armoured car is not relevant. There is legislation which provides that employees do not pay income tax on certain security assets. But it specifically excludes cars.

Second, you suggest that the Prime Minister has the use of his car as a result of the threat to his security rather than of the office he holds. That is a question of fact. However, it is a question of fact which Parliament decided it would be impracticable for the Inland Revenue to have to address in each and every case of a benefit or facility provided to an employee or office holder. The legislation on benefits in kind provides specifically that any provision made for an employee by his employer is deemed to be made by reason of his employment.

Third, you ask if the Prime Minister's use of his car between Westminster and his constituency is business travel. Our view, and that of our lawyers, is that we have to look separately at the two offices - i.e. Prime Minister and Member for Huntingdon. This means the Prime Minister's travel between Westminster and his constituency

- is business travel for him as a Member of Parliament but
- is not business travel for him as Prime Minister for the purposes of the tax legislation we have to look at when deciding whether or not there is more than incidental private use of the car.

I should add that if travel between Westminster and constituency were treated as business travel for tax purposes, by amending the legislation, an income tax charge might still arise if there was more than incidental other private use of the car.

May I just add that I should be happy to brief you orally if you have further questions about the income tax treatment of company cars.

I am copying this letter to Sir Terry Burns, Sir Anthony Battishill and Nick Macpherson

*Yours sincerely,*

*Robin Willis*

ROBIN WILLIS

File

10 DOWNING STREET  
LONDON SW1A 2AA

From the Principal Private Secretary

23 June 1994

Dear Terry

## MINISTERIAL CARS

d23.2.94

I have been thinking further about this. When we last discussed this, you arranged for the Revenue to send me the attached note about travel by MPs. This makes the point that, for MPs, travel between Westminster and Constituency is tax-free, since it is between the Member's two places of work. That does not apply - the Revenue say - to Ministers, whose cars are provided by reason of their office as Ministers and who for tax purposes perform their duties in Westminster, not in their constituency.

Is that, however, the right approach for Ministers such as the Prime Minister, who is required to have an armoured car by reason of the threat to his security, rather than directly as a result of the office he holds? Armoured cars are provided to some non-Ministers (in practice ex-Ministers) who are under a similar threat. The Prime Minister has to use his armoured car for both Ministerial and Parliamentary business. So trips between Westminster and his constituency are between his two places of work.

Could you get the Revenue to consider this point? I realise these circumstances do not apply to many ministers, but if something on these lines would work for the Prime Minister, it would be very relevant.

Yours  
Alex

ALEX ALLAN

Sir Terence Burns  
H.M. Treasury



PERSONAL TAX DIVISION  
ROOM S19 WEST WING, SOMERSET HOUSE

FROM: ROBIN WILLIS  
EXT: 6417  
FAX: 6230  
DATE: 23 FEBRUARY 1994

PS/Chairman  
Mr McGivern  
Mrs Ayling  
our ref. PT/B15/93

Mr Burr PS/Chancellor  
Mr Dixon

Ms JAMES

### TRAVEL BY MINISTERS

1. Your note of 22 February

#### Security assets

2. I attach:

**Annex A** the **legislation** which exempts certain security assets but specifically excludes cars; and

**Annex B** an extract from the **debates** on this legislation in which the Opposition commented on cars.

#### MPs' travel

3. You asked about MPs' train warrants. There are however other aspects of travel by MPs which might be relevant

- when explaining to MPs why departments were meeting the tax on Ministers' cars; and/or
- when explaining to others the tax treatment of MPs and Ministers

4. The tax rules are set out in detail in our booklet for MPs (copy enclosed - top only) but

**Annex C** sets out the key points on MPs'

- **train warrants**
- **motor mileage allowances**



ROBIN WILLIS

38

c. 26

Finance Act 1989

## PART II

TABLE B

Cars with an original market value up to £19,250 and not having a cylinder capacity

Original market value of car	Age of car at end of relevant year of assessment	
	Under 4 years	4 years or more
Less than £6,000	£1,400	£950
£6,000 or more but less than £8,500	£1,850	£1,250
£8,500 or more but not more than £19,250	£2,950	£1,950

TABLE C

Cars with an original market value of more than £19,250

Original market value of car	Age of car at end of relevant year of assessment	
	Under 4 years	4 years or more
More than £19,250 but not more than £29,500	£3,850	£2,600
More than £29,500	£6,150	£4,100

(2) This section shall have effect for the year 1989-90 and subsequent years of assessment.

## Security assets and services.

50.—(1) For the purposes of this section a security asset is an asset which improves personal security, and a security service is a service which improves personal security.

(2) In a case where—

- (a) a security asset or security service is provided for an employee by reason of his employment, or is used by an employee, and
- (b) the cost is wholly or partly borne by or on behalf of a person (the provider) other than the employee,

in charging tax under Schedule E on the emoluments from the employment a deduction shall be allowed of an amount equal to so much of the cost so borne as falls to be included in the emoluments of the employment.

(3) In a case where—

- (a) a security asset or security service is provided for or used by an employee,
- (b) expenses in connection with the provision or use are incurred out of the emoluments of the employment, and
- (c) the expenses are reimbursed by or on behalf of a person (the provider) other than the employee,

in charging tax under Schedule E on the emoluments from the employment a deduction shall be allowed of an amount equal to the amount of the expenses.

## PART II

(4) Subsection (2) or (3) above shall not apply unless the asset or service is provided for or used by the employee to meet a threat which—

- (a) is a special threat to his personal physical security, and
- (b) arises wholly or mainly by virtue of the particular employment concerned.

(5) Subsection (2) or (3) above shall not apply unless the provider has the meeting of that threat as his sole object in wholly or partly bearing the cost or reimbursing the expenses (as the case may be).

(6) Subsection (2) or (3) above shall not apply in the case of a service unless the benefit resulting to the employee consists wholly or mainly of an improvement of his personal physical security.

(7) Subsection (2) or (3) above shall not apply in the case of an asset unless the provider intends the asset to be used solely to improve personal physical security.

51.—(1) In a case where—

- (a) apart from section 50(7) above, section 50(2) above would apply in the case of an asset, and
- (b) the provider intends the asset to be used partly to improve personal physical security,

Assets used  
partly for  
security.

section 50(2) shall nevertheless apply, but only so as to allow a deduction of the appropriate proportion of the amount there mentioned.

(2) For the purposes of subsection (1) above the appropriate proportion of the amount mentioned in section 50(2) above is such proportion of that amount as is attributable to the provider's intention that the asset be used to improve personal physical security.

(3) In a case where—

- (a) apart from section 50(7) above, section 50(3) above would apply in the case of an asset, and
- (b) the provider intends the asset to be used partly to improve personal physical security,

section 50(3) shall nevertheless apply, but only so as to allow a deduction of the appropriate proportion of the amount there mentioned.

(4) For the purposes of subsection (3) above the appropriate proportion of the amount mentioned in section 50(3) above is such proportion of that amount as is attributable to the provider's intention that the asset be used to improve personal physical security.

52.—(1) If the provider intends the asset to be used solely to improve personal physical security, but there is another use for the asset which is incidental to improving personal physical security, that other use shall be ignored in construing section 50(7) above.

Security:  
supplementary.

(2) The fact that an asset or service improves the personal physical security of any member of the employee's family or household, as well as that of the employee, shall not prevent section 50(2) or (3) above from applying.

## PART II

(3) In sections 50 and 51 above and this section—

- (a) references to an asset do not include references to a car, a ship or an aircraft,
- (b) references to an asset or service do not include references to a dwelling, grounds appurtenant to a dwelling, or living accommodation,
- (c) references to an asset include references to equipment and a structure (such as a wall),
- (d) references to an employee are to a person who holds an employment, and
- (e) references to an employment include references to an office.

(4) For the purposes of sections 50 and 51 above and this section in their application to an asset, it is immaterial whether or not the asset becomes affixed to land (whether constituting a dwelling or otherwise).

(5) For the purposes of sections 50 and 51 above and this section in their application to an asset, it is immaterial whether or not the employee is or becomes entitled to the property in the asset or (in the case of a fixture) an estate or interest in the land concerned.

(6) Sections 50 and 51 above and this section apply where expenditure is incurred on or after 6th April 1989 in or towards bearing a cost or in reimbursing expenses (as the case may be).

Employees  
earning £8,500  
or more and  
directors.

53.—(1) For section 167 of the Taxes Act 1988 (which defines “director’s or higher-paid employment” for the purposes of Chapter II of Part V) there shall be substituted—

“Employment to which this Chapter applies.

167.—(1) This Chapter applies—

- (a) to employment as a director of a company (but subject to subsection (5) below), and
- (b) to employment with emoluments at the rate of £8,500 a year or more.

(2) For this purpose emoluments are to be calculated—

- (a) on the basis that they include all such amounts as come, or would but for section 157(3) come, into charge under this Chapter or section 141, 142, 143 or 145, and
- (b) without any deduction under section 196, 201 or 332(3).

(3) Where a person is employed in two or more employments by the same employer and either—

- (a) the total of the emoluments of those employments (applying this section) is at the rate of £8,500 a year or more, or
- (b) this Chapter applies (apart from this subsection) to one or more of those employments,

this Chapter shall apply to all the employments.

23 MAR 1989

[Mr. Norman Lamont] there is a "special threat" will be the geographical location of the business or employment, the nature of the underlying activities and where its customers are situated; and any particular, for example political, sensitivity which may attach to it. It is not difficult to envisage that there are those who work or have their businesses in Northern Ireland who are, as a result of their work activities, at special risk as potential terrorist targets.

It is recognised that security facilities can take many forms, and the provisions recognise that, but at the same time exclude extravagant claims. Relief will be available in respect of assets and services that improve personal security. They could include, for example, alarm systems, bullet-resistant windows in houses, floodlighting, bodyguards and similar facilities. As well as the initial cost of assets, running costs will also qualify. The relief will apply whether facilities are made available at the home of the taxpayer or elsewhere.

I am sure that the Committee will understand that this unusual provision has been introduced only after much consideration. It is narrowly defined and there are circumstances and cases that justify it. Where such protection has to be provided, whether in the public or private sector, it is extraordinary that there should be a benefit in kind charge. We regret that it is necessary to make the changes, but it is.

Mr. Macdonald: It would be helpful if the Financial Secretary said whether he envisaged an occasion when the relief might be applicable which does not involve a threat from a terrorist or politically extreme cause.

Mr. Lamont: The Committee will understand if I do not go into the details. We can imagine cases in Northern Ireland where it would be appropriate, but the measure does not apply specifically to Northern Ireland. I have described the types of security facilities that will be covered.

Dr. Lewis Moonie (Kirkcaldy): The Minister referred to companies or third parties taking precautions on behalf of employees. What happens when an individual has to make such provision for himself or herself?

Mr. Lamont: That is covered in later clauses. It also applies to the self-employed but is not covered in the first three clauses.

Mr. Nicholas Brown: It would be convenient if we discussed the principles behind the next seven clauses and then dealt with more specific matters. That would be satisfactory for the Opposition if other members of the Committee agreed.

I thank the Financial Secretary for his explanation of the thinking behind the clauses. The Committee shares the Government's view that something must be done to ensure that people who are in the terrible position of being threatened with violence because of the nature of their jobs can be adequately protected without being disadvantaged under the tax system.

We believe that there should be no difference in this respect between public service and private sector employment. I am probably one of the few Labour Members who still regrets that it is not possible to discuss security matters on the basis that we trust the Government's approach and accept that when the Government speak on security matters they speak for the whole country. In the wake of "Spycatcher", that just is not so. The Government speak for their own interest and not for any wider interest. It is perhaps just as well that we are discussing only the taxation arrangements that are involved in one aspect of these matters—the protection of potential victims in these seven clauses. It is important for the Committee to focus its attention on that point as we consider the proposals.

The Minister knows that I have two broad areas of concern, and he has gone some way to dealing with them in his introductory remarks. The first concerns entitlement. It would be wholly unacceptable to the Opposition if the clauses were intended to open up a new area of tax avoidance whereby potential taxpayers argued that they needed special arrangements for their security and were able to deduct those from their tax obligations. Something like 40 per cent. of directors are chauffeur-driven. How easy it would be to convert those chauffeurs into bodyguards for tax purposes and to deduct their cost from money that would otherwise be due to the Inland Revenue.

The Financial Secretary has made it clear that such scams will not be on. I welcome that assurance. We believe that the establishment of entitlement to claim should ultimately be a matter for the Revenue. The Revenue will obviously want to take specialist advice on that from the appropriate authorities—the security services, the police or others who might be involved. Ultimately there should be no argument about entitlement, but it must be a matter for the Revenue. If it is on any other basis it will clearly form a raft for tax evasion. Although the Minister has made it clear that the Government do not intend that to happen, I must press him to tell us how many persons the Government estimate are potential claimants and what he estimates the overall cost to the Revenue will be, not just on a start-up basis, because I can see that there might be some start-up costs as the provisions of the clause are bedded in, but on a continuing basis. Those figures should give us some idea of how the Government envisage the scope of the arrangements.

My second reservation concerns the changes that can be made under these clauses. I do not wish to discuss the specific arrangements that are made for security because that would be counterproductive. However, I seek an assurance that the limited number of people who will be able to claim such an entitlement will also be restricted in the scope of their claims. For example, it would be outrageous to be able to claim for the relandscaping of a country house—if one was the sort of person who had a country house—on the grounds that one was frightened that assassins might lurk in the bushes and wished to plant flower beds instead. That does not seem reasonable. However, I suppose that a case could be made for certain circumstances and

**TRAVEL BY MPs**

1. The tax treatment of travel by MPs
  - is complicated by the fact they carry out their duties in two places (Westminster & constituency)
  - depends on where they have their home
  - so travel to and from the House is sometimes taxable and sometimes not.

**Payments to MPs**

2. The **Fees Office** will generally pay for travel between
  - home & Westminster
  - Westminster & constituency
  - home & constituency

by

- providing a travel warrant
- reimbursing the fare
- paying mileage allowances for use of own car.

**Tax treatment**

3. **Travel between Westminster and constituency is tax-free.** It is between the Member's two places of work.

4. **Travel between**
  - **home and Westminster and**
  - **home and constituency**

(for a home outside Westminster and constituency) is generally **taxable**.

## Background

5. This is the barest summary of the rules which are set out in the IR's booklet for MPs.
6. There is also an important difference between:
  - travel by MPs who for tax purposes perform their duties in Westminster and their constituency; and
  - travel by Ministers who for tax purposes perform their duties in Westminster.
7. Ministers' cars are provided by reason of their offices as Ministers - not as MPs. That is why the same tax legislation leads to what at first sight may seem to be different results.
8. That said:
  - **if departments were to meet the tax liabilities on Ministers' cars then**
  - **the result in practice would be that both Ministers and MPs who live in their constituencies would travel from "home" to work tax-free (in that Ministers would not themselves suffer the tax).**

**CONFIDENTIAL - MANAGEMENT**

**From : Alex Allan  
Date : 23 June 1994**

**PRIME MINISTER**

**TAX ON MINISTERIAL CARS**

This vexed question is rearing it's head again. When it last came up, you commented:

"Most people will see this as ludicrous - and I agree with them. It is also unrepresentable without damage."

Nothing has changed, except that the Revenue are insisting that tax is due, and that a decision is needed now. I have put one argument to Terry why tax might not be due, but I am not hopeful of changing the Revenue's view.

I attach a draft submission from Terry to the Chancellor. I have arranged with him that he will not formally send this to the Chancellor, and the Chancellor will not minute you. But you will both have the same document. I have not included all the attachments (eg the Q&A briefing) but have them if you want.

One twist that emerged, after I enquired, is that the Leader of the Opposition is in the same position as Ministers.

Assuming we can't change the Revenue's view, the options seem to be:

- i. proceed as Terry recommends, with all the problems of "Ministers caught out avoiding tax" and "Ministers' tax paid for them".

**CONFIDENTIAL - MANAGEMENT**



- ii. legislate to change the law. It would be hard (impossible) to do this for Ministers only, so it would have to be done by widening the existing exemption for security spending so as to cover cars - ie costing real money. The Opposition would almost certainly object to that: when the security exemption was debated in Committee in 1989, Nick Brown said:

"Something like 40 per cent of directors are chauffeur driven. How easy it would be to convert those chauffeurs into bodyguards for tax purposes and to deduct their cost from money that would otherwise be due to the Inland Revenue. The Financial Secretary has made it clear that such scams will not be on."

- iii. agree (and publish) an extra-statutory concession. The presentation of that would be just as difficult - even assuming the Revenue would agree to proceed in that way.

None of these is at all palatable. The Chancellor is inclined to dump the problem on you. You need to discuss this with him, though I doubt throwing the ball back in his court would be much use: he will simply recommend the Revenue's preferred option. I suggest you discuss this with Robin first, then at a Chancellor bilateral. You may want to get Terry along to that as well.



ALEX ALLAN

CONFIDENTIAL - PERSONAL

From : Alex Allan  
Date : 23 June 1994

ROD LYNE

**POINTS FOR PRIME MINISTER TO RAISE WITH CHANCELLOR**

Reshuffle: number of Treasury Ministers

See my note below. *filed in Appointments Reshuffle July 94*

Tax on Ministerial cars

The Chancellor is about to get a note from Terry recommending that departments should pay tax on behalf of Ministers for their use of Government cars. This came up some months ago and the Prime Minister was most unkeen. I have now seen the detailed Treasury papers, and it looks to me almost impossible to present(\*). The Prime Minister should warn the Chancellor of this. It's the usual case of the Revenue being a real pain about a system that has operated without any question (or any individual financial gain) for ages. The Chancellor needs to look at this carefully and consider all the options, including the status quo, making Ministers pay tax, and legislating to exempt them.

*Alex*

ALEX ALLAN

(\*) for example, the written PQ announcing the change says "there is room for doubt whether all cars in the Government Car Service pool continue to meet the strict statutory conditions for exemption from tax". Great!

CONFIDENTIAL - PERSONAL

FROM: SIR T BURNS  
DATE: 13 JUNE 1994  
EXTN: 4360

CHANCELLOR

cc Chief Secretary  
Financial Secretary  
Paymaster General  
Mr Culpin  
Mr C W Kelly  
Mr Mountfield  
Mr Gray  
Mrs Case  
Mr Burr  
Mr J Dixon  
Mr Makhlouf

DRAFT

Mr Allan (No 10)  
I am proposing to send this  
to the CC this week. Any  
comments?

T.B.

19 June 94

PS/IR  
Mr McGivern IR  
Mr Willis IR

PS/C&E

**TRAVEL BY MINISTERS**

Issue: the tax treatment of Ministers' use of government cars.

Timing: routine.

Recommendation: that we seek to bring about a change to the tax arrangements for Government cars; that it should be announced with a written Answer in July.

Background

2. My minutes of 22 November and 15 February refer. In our earlier discussions, we considered whether

(i) the use of Government Car Service (GCS) cars by Ministers should be taxed, starting in 1994-95;

and (ii) tax payments should be made from the relevant departments' votes.

L Why not break up GCS + attach cars to Dept?

For IR?  
For IR?

You wanted to see what a draft announcement (Annex C, attached) and Q and A briefing (Annex E) would look like, and to discuss this issue with the Prime Minister.

Handling

3. Your clear view was that the proposed changes represent a change in policy and Parliament will therefore need to be informed. In addition you and the Prime Minister will want to inform colleagues a few days before any announcement, because

- their personal tax affairs are at issue
- departmental budgets will have to absorb the costs
- they will need a line to take with Members and the press.

4. I suggest you now minute the Prime Minister on the lines attached (Annex A), proposing that you discuss the issue and how an announcement might be made. For completeness, you might also attach a draft of the letter together with the draft PQ (Annex C) he might circulate to colleagues explaining the change, and a draft letter to the Leader of the Opposition, who uses a GCS car (Annex D).

Timing

5. The Revenue are not pressing for the decision to be announced, or the tax paid, urgently. There was therefore a good case for leaving an announcement until we had considered the detailed briefing and figures. However Members have raised queries about the tax treatment of Ministers' cars in the Finance Bill debates, with Questions and with the NAO. Tony Battishill says we cannot postpone action much longer, and I suggest we aim for an announcement in July.

Conclusion

6. If you are content, the next step is for you to minute the Prime Minister, suggesting that he sets out the proposed tax change for Ministerial colleagues, with a view to making an announcement.

**T BURNS**

ANNEX C

DRAFT QUESTION

To ask Mr Chancellor of the Exchequer if any special tax provisions apply to official cars provided by the Government Car Service.

DRAFT REPLY

There are no special tax provisions for official cars. Ministers and officials who use official cars are subject to the same tax legislation as employees generally.

Ministers may use cars only within guidelines designed to ensure their use is cost effective and that other forms of transport are used where appropriate. Official cars from the Government Car Service pool may not be used for personal purposes except where there is a saving of time for use on official business or for security reasons. These guidelines have applied for many years and are independent of the tax provisions.

However the volume and pace of Ministerial business is steadily increasing their use of cars within the guidelines. As a result of this increased business there is room for doubt whether all cars in the Government Car Service pool currently continue to meet the strict statutory conditions for exemption from tax as "pooled cars" which are set out in Chapter 13 of the Inland Revenue's Guide to Expenses Payments and Benefits. To put the matter beyond doubt, the Government is therefore making arrangements for tax to be paid in respect of the provision of the

pso.jro/Burns/4.25.5.94

**CONFIDENTIAL - MANAGEMENT**

cars, car fuel and drivers, from April 1994. Since the tax charge arises from use for official purposes, it will be met from existing departmental votes.

**CONFIDENTIAL - MANAGEMENT**



10 DOWNING STREET  
LONDON SW1A 2AA

From the Private Secretary

13 June 1994

*Jean D'Amico,*

**FLAG CARS**

Thank you for your letter of 1 June.

I see from the earlier correspondence that Rolls Royce have changed their policy. It seems fair enough for the FCO to accept their offer in countries where there is a market for the product, now that you can say (if challenged) that this will be at no extra cost - indeed at some saving - to the taxpayer.

The Prime Minister has seen your letter and is content.

*Yours ever,*

*Roderic*

**RODERIC LYNE**

C R V Stagg Esq.,  
Foreign and Commonwealth Office

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F/Cas. men  
no float  
copy

me





✓  
OK

10 DOWNING STREET

Prime Minister

In late 1991 Sir David  
Plastow lobbied you (through FERB)  
to be seen more often in a Rolls  
on overseas trips, and to give  
Rollers to more Ambassadors. RR  
were not prepared then to  
drop their prices, but seem to  
have had a change of heart.  
It seems fair enough for the  
FCO to accept their offer in  
countries where there is a  
substantial market for the  
Rolls, so long as they can  
say, if challenged, that this  
is at no extra cost to the  
taxpayer.

Rodman



Foreign &  
Commonwealth  
Office

1 June 1994

London SW1A 2AH

*Jean Roderic,*

Long Term Hire of Rolls Royce Flag Cars

Correspondence resting with Stephen Wall's letter of 21 January 1992 to Richard Gozney outlined the FCO's policy on the provision of official vehicles overseas. Whenever possible these are demonstrably British in order to support British exports.

A Rover Sterling is now the standard flag car for Ambassadors and other Heads of Mission (or, in 4-wheel drive posts, the Land Rover Discovery). In four posts we still use a Rolls Royce - Washington, Paris, Bonn and Tokyo.

Ever since the new policy on more limited use of Rolls Royces came into effect, we have been under sustained pressure from Rolls Royce to use their vehicles in a number of other posts in support of their marketing efforts. We have consistently explained that our policy is based on the need to reduce public spending and that the switch from Rolls Royces has already secured measurable savings.

The company has now responded with an offer which will allow us to hire an additional four vehicles for use in support of Rolls Royce's export promotions at a cost per vehicle of £10,000 over three years, which is less than the cost of a Rover Sterling. We propose to accept this offer. We expect to allocate three of the cars - at least initially - to Saudi Arabia, China and the UK Mission to the United Nations in New York. We are still discussing with Rolls Royce where the fourth car should be used.



The new arrangement with Rolls Royce is not caught by the EC Procurement Directive (armoured vehicles are anyway exempt on grounds of national security). The Buy British policy we pursue in respect of other flag cars used overseas could, however, be seen as contravening the EC Directive if it were challenged. We will be writing separately about this.

*Yours ever,  
G. C. V. Stagg*

(C R V Stagg)  
Private Secretary

Roderic Lyne Esq CMG  
10 Downing Street

MANAGEMENT IN CONFIDENCE

FROM: J DIXON (CSIR)  
DATE: 23 February 1994  
Ext: 4569  
Room 125/G

MS S JAMES

cc PS/Chancellor  
Mr Burr  
PS/IR  
Mr Willis IR

TRAVEL BY MINISTERS - LEADER OF THE OPPOSITION, AND THE SPEAKER

Sir T Burns asked about cars used by the Leader of the Opposition and the Speaker.

2. Both these cars are provided by the Government Car Service. The Leader of the Opposition has an allocated car, with a full-time chauffeur. The Speaker uses the pool service, ordering a car as necessary on an ad hoc basis.

3. The bill for Mr John Smith's car is paid by the Cabinet Office, on the OPSS Vote. We would propose to deal with the tax on his car in the same way as that for Ministers', on the basis that it is administratively easier than dealing with one particular car and driver. This would need to be agreed with Mr Smith. The tax charge for that car would fall on the OPSS Vote.

4. The Speaker's car bills are paid by the Fees Office, and this cost falls on the House of Commons administration Vote. The Treasury (ST3) controls this Vote. Since she uses a pool car, the tax charge, if any, will be picked up in the general tax arrangements for pool cars. The charge depends upon the Speaker's and other people's private use of the car. Bearing in mind that her house is in Parliament, no specific tax charge may arise. But if it did, it would be borne on the House of Commons administration Vote.

J.D.

J DIXON

MANAGEMENT IN CONFIDENCE

PERSONAL TAX DIVISION  
ROOM S19 WEST WING, SOMERSET HOUSE

FROM: ROBIN WILLIS  
EXT: 6417  
FAX: 6230  
DATE: 23 FEBRUARY 1994

PS/Chairman  
Mr McGivern  
Mrs Ayling  
our ref. PT/B15/93

Mr Burr PS/Chancellor  
Mr Dixon

Ms JAMES

**TRAVEL BY MINISTERS**

1. Your note of 22 February

**Security assets**

2. I attach:

**Annex A** the **legislation** which exempts certain security assets but specifically excludes cars; and

**Annex B** an extract from the **debates** on this legislation in which the Opposition commented on cars.

**MPs' travel**

3. You asked about MPs' train warrants. There are however other aspects of travel by MPs which might be relevant

— when explaining to MPs why departments were meeting the tax on Ministers' cars; and/or

— when explaining to others the tax treatment of MPs and Ministers

4. The tax rules are set out in detail in our booklet for MPs (copy enclosed - top only) but

**Annex C** sets out the key points on MPs'

— **train warrants**

— **motor mileage allowances**

  
ROBIN WILLIS

## PART II

TABLE B

*Cars with an original market value up to £19,250 and not having a cylinder capacity*

Original market value of car	Age of car at end of relevant year of assessment	
	Under 4 years	4 years or more
Less than £6,000	£1,400	£950
£6,000 or more but less than £8,500	£1,850	£1,250
£8,500 or more but not more than £19,250	£2,950	£1,950

TABLE C

*Cars with an original market value of more than £19,250*

Original market value of car	Age of car at end of relevant year of assessment	
	Under 4 years	4 years or more
More than £19,250 but not more than £29,000	£3,850	£2,600
More than £29,000	£6,100	£4,100

(2) This section shall have effect for the year 1989-90 and subsequent years of assessment.

Security assets and services.

50.—(1) For the purposes of this section a security asset is an asset which improves personal security, and a security service is a service which improves personal security.

(2) In a case where—

- (a) a security asset or security service is provided for an employee by reason of his employment, or is used by an employee, and
- (b) the cost is wholly or partly borne by or on behalf of a person (the provider) other than the employee,

in charging tax under Schedule E on the emoluments from the employment a deduction shall be allowed of an amount equal to so much of the cost so borne as falls to be included in the emoluments of the employment.

(3) In a case where—

- (a) a security asset or security service is provided for or used by an employee,
- (b) expenses in connection with the provision or use are incurred out of the emoluments of the employment, and
- (c) the expenses are reimbursed by or on behalf of a person (the provider) other than the employee,

in charging tax under Schedule E on the emoluments from the employment a deduction shall be allowed of an amount equal to the amount of the expenses.

## PART II

(4) Subsection (2) or (3) above shall not apply unless the asset or service is provided for or used by the employee to meet a threat which—

- (a) is a special threat to his personal physical security, and
- (b) arises wholly or mainly by virtue of the particular employment concerned.

(5) Subsection (2) or (3) above shall not apply unless the provider has the meeting of that threat as his sole object in wholly or partly bearing the cost or reimbursing the expenses (as the case may be).

(6) Subsection (2) or (3) above shall not apply in the case of a service unless the benefit resulting to the employee consists wholly or mainly of an improvement of his personal physical security.

(7) Subsection (2) or (3) above shall not apply in the case of an asset unless the provider intends the asset to be used solely to improve personal physical security.

51.—(1) In a case where—

- (a) apart from section 50(7) above, section 50(2) above would apply in the case of an asset, and
- (b) the provider intends the asset to be used partly to improve personal physical security,

Assets used partly for security.

section 50(2) shall nevertheless apply, but only so as to allow a deduction of the appropriate proportion of the amount there mentioned.

(2) For the purposes of subsection (1) above the appropriate proportion of the amount mentioned in section 50(2) above is such proportion of that amount as is attributable to the provider's intention that the asset be used to improve personal physical security.

(3) In a case where—

- (a) apart from section 50(7) above, section 50(3) above would apply in the case of an asset, and
- (b) the provider intends the asset to be used partly to improve personal physical security,

section 50(3) shall nevertheless apply, but only so as to allow a deduction of the appropriate proportion of the amount there mentioned.

(4) For the purposes of subsection (3) above the appropriate proportion of the amount mentioned in section 50(3) above is such proportion of that amount as is attributable to the provider's intention that the asset be used to improve personal physical security.

52.—(1) If the provider intends the asset to be used solely to improve personal physical security, but there is another use for the asset which is incidental to improving personal physical security, that other use shall be ignored in construing section 50(7) above.

Security: supplementary.

(2) The fact that an asset or service improves the personal physical security of any member of the employee's family or household, as well as that of the employee, shall not prevent section 50(2) or (3) above from applying.

## PART II

(3) In sections 50 and 51 above and this section—

- (a) references to an asset do not include references to a car, a ship or an aircraft,
- (b) references to an asset or service do not include references to a dwelling, grounds appurtenant to a dwelling, or living accommodation,
- (c) references to an asset include references to equipment and a structure (such as a wall),
- (d) references to an employee are to a person who holds an employment, and
- (e) references to an employment include references to an office.

(4) For the purposes of sections 50 and 51 above and this section in their application to an asset, it is immaterial whether or not the asset becomes affixed to land (whether constituting a dwelling or otherwise).

(5) For the purposes of sections 50 and 51 above and this section in their application to an asset, it is immaterial whether or not the employee is or becomes entitled to the property in the asset or (in the case of a fixture) an estate or interest in the land concerned.

(6) Sections 50 and 51 above and this section apply where expenditure is incurred on or after 6th April 1989 in or towards bearing a cost or in reimbursing expenses (as the case may be).

Employees earning £8,500 or more and directors.

53.—(1) For section 167 of the Taxes Act 1988 (which defines “director’s or higher-paid employment” for the purposes of Chapter II of Part V) there shall be substituted—

“Employment to which this Chapter applies.

167.—(1) This Chapter applies—

- (a) to employment as a director of a company (but subject to subsection (5) below) and
- (b) to employment with emoluments at the rate of £8,500 a year or more.

(2) For this purpose emoluments are to be calculated—

- (a) on the basis that they include all such amounts as come, or would but for section 157(3) come, into charge under this Chapter or section 141, 142, 143 or 145, and
- (b) without any deduction under section 198, 201 or 332(3).

(3) Where a person is employed in two or more employments by the same employer and either—

- (a) the total of the emoluments of those employments (applying this section) is at the rate of £8,500 a year or more, or
- (b) this Chapter applies (apart from this subsection) to one or more of those employments,

this Chapter shall apply to all the employments.



23 MAR 1989

[Mr. Norman Lamont]

there is a "special threat" will be the geographical location of the business or employment, the nature of the underlying activities and where its customers are situated; and any particular, for example political, sensitivity which may attach to it. It is not difficult to envisage that there are those who work or have their businesses in Northern Ireland who are, as a result of their work activities, at special risk as potential terrorist targets.

It is recognised that security facilities can take many forms, and the provisions recognise that, but at the same time exclude extravagant claims. Relief will be available in respect of assets and services that improve personal security. They could include, for example, alarm systems, bullet-resistant windows in houses, floodlighting, bodyguards and similar facilities. As well as the initial cost of assets, running costs will also qualify. The relief will apply whether facilities are made available at the home of the taxpayer or elsewhere.

I am sure that the Committee will understand that this unusual provision has been introduced only after much consideration. It is narrowly defined and there are circumstances and cases that justify it. Where such protection has to be provided, whether in the public or private sector, it is extraordinary that there should be a benefit in kind charge. We regret that it is necessary to make the changes, but it is.

Mr. Macdonald: It would be helpful if the Financial Secretary said whether he envisaged an occasion when the relief might be applicable which does not involve a threat from a terrorist or politically extreme cause.

Mr. Lamont: The Committee will understand if I do not go into the details. We can imagine cases in Northern Ireland where it would be appropriate, but the measure does not apply specifically to Northern Ireland. I have described the types of security facilities that will be covered.

Dr. Lewis Moonie (Kirkcaldy): The Minister referred to companies or third parties taking precautions on behalf of employees. What happens when an individual has to make such provision for himself or herself?

Mr. Lamont: That is covered in later clauses. It also applies to the self-employed but is not covered in the first three clauses.

Mr. Nicholas Brown: It would be convenient if we discussed the principles behind the next seven clauses and then dealt with more specific matters. That would be satisfactory for the Opposition if other members of the Committee agreed.

I thank the Financial Secretary for his explanation of the thinking behind the clauses. The Committee shares the Government's view that something must be done to ensure that people who are in the terrible position of being threatened with violence because of the nature of their jobs can be adequately protected without being disadvantaged under the tax system.

We believe that there should be no difference in this respect between public service and private sector employment. I am probably one of the few Labour Members who still regrets that it is not possible to discuss security matters on the basis that we trust the Government's approach and accept that when the Government speak on security matters they speak for the whole country. In the wake of "Spycatcher", that just is not so. The Government speak for their own interest and not for any wider interest. It is perhaps just as well that we are discussing only the taxation arrangements that are involved in one aspect of these matters—the protection of potential victims in these seven clauses. It is important for the Committee to focus its attention on that point as we consider the proposals.

The Minister knows that I have two broad areas of concern, and he has gone some way to dealing with them in his introductory remarks. The first concerns entitlement. It would be wholly unacceptable to the Opposition if the clauses were intended to open up a new area of tax avoidance whereby potential taxpayers argued that they needed special arrangements for their security and were able to deduct those from their tax obligations. Something like 40 per cent. of directors are chauffeur-driven. How easy it would be to convert those chauffeurs into bodyguards for tax purposes and to deduct their cost from money that would otherwise be due to the Inland Revenue.

The Financial Secretary has made it clear that such scams will not be on. I welcome that assurance. We believe that the establishment of entitlement to claim should ultimately be a matter for the Revenue. The Revenue will obviously want to take specialist advice on that from the appropriate authorities—the security services, the police or others who might be involved. Ultimately there should be no argument about entitlement, but it must be a matter for the Revenue. If it is on any other basis it will clearly form a raft for tax evasion. Although the Minister has made it clear that the Government do not intend that to happen, I must press him to tell us how many persons the Government estimate are potential claimants and what he estimates the overall cost to the Revenue will be, not just on a start-up basis, because I can see that there might be some start-up costs as the provisions of the clause are bedded in, but on a continuing basis. Those figures should give us some idea of how the Government envisage the scope of the arrangements.

My second reservation concerns the changes that can be made under these clauses. I do not wish to discuss the specific arrangements that are made for security because that would be counterproductive. However, I seek an assurance that the limited number of people who will be able to claim such an entitlement will also be restricted in the scope of their claims. For example, it would be outrageous to be able to claim for the relandscaping of a country house—if one was the sort of person who had a country house—on the grounds that one was frightened that assassins might lurk in the bushes and wished to plant flower beds instead. That does not seem reasonable. However, I suppose that a case could be made for certain circumstances and

**TRAVEL BY MPs**

1. The tax treatment of travel by MPs
  - is complicated by the fact they carry out their duties in two places (Westminster & constituency)
  - depends on where they have their home
  - so travel to and from the House is sometimes taxable and sometimes not.

**Payments to MPs**

2. The Fees Office will generally pay for travel between
  - home & Westminster
  - Westminster & constituency
  - home & constituencyby
  - providing a travel warrant
  - reimbursing the fare
  - paying mileage allowances for use of own car.

**Tax treatment**

3. **Travel between Westminster and constituency is tax-free.** It is between the Member's two places of work.
4. **Travel between**
  - home and Westminster and
  - home and constituency(for a home outside Westminster and constituency) is generally **taxable.**

## Background

5. This is the barest summary of the rules which are set out in the IR's booklet for MPs.
6. There is also an important difference between:
  - travel by MPs who for tax purposes perform their duties in Westminster and their constituency; and
  - travel by Ministers who for tax purposes perform their duties in Westminster.
7. Ministers' cars are provided by reason of their offices as Ministers - not as MPs. That is why the same tax legislation leads to what at first sight may seem to be different results.
8. That said:
  - **if departments were to meet the tax liabilities on Ministers' cars then**
  - **the result in practice would be that both Ministers and MPs who live in their constituencies would travel from "home" to work tax-free (in that Ministers would not themselves suffer the tax).**

From: ALEX ALLAN  
Date: 21 February 1994

PRIME MINISTER

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USE OF MINISTERIAL CARS

This is another issue you said you would discuss with the Chancellor: much more intractable than air miles.

The options seem to be:

- (i) do as suggested by Robin Butler and Terry Burns: all Ministers and senior officials to accept a tax liability, with the department paying;
- (ii) legislate in the Finance Bill to exempt security cars and hope that we can continue as now for other cars (ie. relying on grounds for exemption that the Inland Revenue think are increasingly hard to defend);

The problem with the second option is the increasing Parliamentary scrutiny of the existing rules.

There may, logically, be a third option, which is to legislate to exempt all ministerial (and official?) travel. Robin thought that would be very hard to justify.



21 February 1994

pps\use.slh

SLH



10 DOWNING STREET  
LONDON SW1A 2AA

SUBJECT  
MASTER

From the Principal Private Secretary

Filed on:

**SIR ROBIN BUTLER**

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**USE OF MINISTERIAL CARS**

Thank you for your minute of 18 February, which you discussed with the Prime Minister at your bilateral this morning.

The Prime Minister said he was most concerned about this proposal. As he understood it, it involved recycling money from one pocket to another, and he was not sure what the point was. There were several difficult questions that would inevitably be raised, and the presentation would be almost impossible. You commented that the status quo did not seem to be an option, and a general exclusion for ministerial or official travel seemed likely to be just as difficult to present.

The Prime Minister said he would discuss this further with the Chancellor at his bilateral on ~~Wednesday~~ *Tuesday*.

*Alex Allan*

**ALEX ALLAN**

21 February 1994

WW

MANAGEMENT IN CONFIDENCE

From : Alex Allan  
Date : 18 February 1994

PRIME MINISTER

USE OF MINISTERIAL CARS

*Most people will see this as  
ludicrous - + I agree with them.  
It is also un-persuasive without damage.*

This is very tricky. The proposal is that you and other Ministers should pay tax on the 'benefit' of the private use of your car - or rather that the Government should pay on your behalf. The sums involved will be large - running into tens of thousands of pounds in your case, depending on how much of the use is assessed as private (including travel to and from Huntingdon). 1/19.2

You will certainly need to talk this through with the Chancellor. But it does not appear that doing nothing is an option.

The presentation will be very awkward, but crucial. Alan Williams is already sniffing round the use of cars by ministers and officials. We need to try to present this positively, and not as something forced out of the Government. But there are difficult questions: why has tax not been paid up till now? Why is the Government meeting Ministers' tax bills (cf Lamont's legal fees)?

I am considering the implications for use of cars by Number 10 staff - where we also have Alan Williams asking questions - and will provide advice separately.

ALEX ALLAN

MANAGEMENT IN CONFIDENCE

cablop

Ref: A094/541

MR ALLAN  

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Use of Ministerial Cars

I understand that at his next bilateral the Chancellor of the Exchequer wishes to raise with the Prime Minister the issue of the tax treatment of Ministers' and officials' use of Government cars. The Chancellor is likely to seek the Prime Minister's agreement to the Treasury and the Inland Revenue drawing up a system for taxing the private use of Government cars by Ministers and officials, on an aggregated basis with the tax due being paid by departments. No charge would fall on individual Ministers.

Background

2. It has become clear that the Inland Revenue are finding it increasingly difficult to justify the absence of a tax charge on Ministerial and official use of Government cars. There is a very real possibility that information about the way cars are used will in any case lead the Board of Inland Revenue to decide that Ministers and senior officials are liable to pay tax. Moreover, interest in the media and Parliament in the cost to the taxpayer of Government cars and their tax treatment continues. The Comptroller and Auditor General has been asked by Alan Williams MP to look at the use of Government cars and, although he has agreed to hold his response while we review the tax question, he will need to reply shortly.

3. Under tax law a charge arises where an employer makes a car available for an employee's private use (including travel to and from work). The fact that a Minister may be reading official papers whilst travelling in the car does not of itself prevent

a tax charge arising on home to office travel. The only exception is for incidental private use of a "pooled car"; this definition is tightly drawn and it is possible that the Inland Revenue might take the view that many Government Car Service cars no longer meet the definition eg because the car appears to be being used exclusively by the Minister.

4. In addition, the Revenue are already clear that there is one category of Government cars on which a tax charge now arises in any case. The exemption from tax on the benefit of security assets and services provided by employers does not cover the security cars you and some of your Ministerial colleagues need to use. Indeed the relevant legislation specifically excludes cars. This is a new development since the last time the tax position was considered, and has made a tax charge under the current legislation inevitable.

#### Options

5. Two main options for dealing with the tax issue have been considered:

- i. putting it beyond doubt and accepting now that some use of cars under the existing propriety rules is "private" for tax purposes and that a tax charge arises accordingly; and accepting that a tax charge arises even more clearly on the private use of security cars; or
- ii. legislating to exempt security cars from tax and leaving the Inland Revenue to consider other cars on a case by case basis.



6. Of these, the Chancellor is likely to recommend the first to the Prime Minister. I have been consulted and concur with this judgement. To legislate to exempt security cars from tax would raise the profile of the more general tax issue unhelpfully and we could not expect to avoid the issue being aired publicly, particularly given the interest expressed by Alan Williams MP and others. There have so far been no representations to the Inland Revenue for changes in the law, but to legislate now would open the door to other special interest groups.

Indeed

7. Whatever the Prime Minister decides, we will need to consider carefully how the changes are to be presented. Sir Terry Burns' and my judgement is that it should be presented as a development of the existing position, reflecting the consequences of the increased volume and pace of Ministerial business. It is not a change in the rules for the use of cars or in the tax rules themselves.

8. I recommend that the Prime Minister agree the Chancellor's proposal to put the tax issue beyond doubt by accepting that a tax charge arises on the private use of official cars, and that he should ask the Treasury and the Inland Revenue to continue to work up the detail of a scheme to implement the tax charge. The average cost per car is likely to be around £6-8,000 p.a. although it will be much higher for security cars because of their special fittings etc. It is proper that this should be met by departments from public funds because the relevant use of the cars, although 'private' for tax purposes, is allowable under the propriety guidelines governing the use of official cars.

#### Use of cars

9. The removal of the tax problem will open the way to remove some artificial restrictions on the use of Ministerial and official cars which have only been necessary to try to keep them on the right side of the tax laws. There are some changes which

MANAGEMENT IN CONFIDENCE

would not flout propriety and would themselves be sensible. However, the Chancellor has reached the view that he would prefer not to associate a change in the rules too closely with a change in the tax treatment so he proposes that we should leave the rules in their current form for the time being and perhaps even until the next election, which will be a natural time to make any changes. I do not recommend however that the Prime Minister should press the Chancellor on this.

R.R.B.

ROBIN BUTLER

18 February 1994

MANAGEMENT IN CONFIDENCE



*Mr. Pickett*

*na*

**CABINET OFFICE**

70 Whitehall London SW1A 2AS

01-270 0101

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

Sir Robin Butler KCB CVO

Ref. A088/1013

23 March 1988

*Dear Mr Clarke,*

I understand that you recently raised with Murdo MacLean the possibility of Mr Kinnock being allocated a superior model of car from the Government Car Service; and I have seen copies of the exchange of correspondence between your office and the Superintendent of the Government Car Service last December.

Mr Kinnock's request has been considered by the Prime Minister. While noting that a number of Cabinet Ministers with the standard issue Rover 820 do a comparable mileage to Mr Kinnock, she has none the less agreed that Mr Kinnock should be issued with a Rover 827-i. Sir Robin Butler has asked the Government Car Service to arrange this, and I understand that the new Rover will be available in about 8 weeks' time.

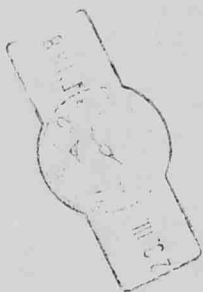
*Yours sincerely,*

*T A Woolley*

(T A Woolley)  
Private Secretary

Charles Clarke Esq  
Leader of the Opposition's Office  
House of Commons

CARS : GCS May 79





file MJ2 CD9

10 DOWNING STREET

LONDON SW1A 2AA

*From the Principal Private Secretary*

MR WOOLLEY

MR KINNOCK'S CAR

I have shown the Prime Minister your minute of 18 March on the request from Mr Kinnock for a Rover 825-i or 827-i rather than a Rover 820 SE which the Government Car Service is suggesting he should have.

The Prime Minister has noted that one reason for acceding to Mr Kinnock's request for a superior car is that the Secretary of State for Wales was allowed to use a Jaguar, in recognition of the high mileage as a criterion to be considered in determining the allocation of Government Car Service vehicles. But she recalls that the former Secretary of State for Wales, Mr Nicholas Edwards, who was the first Welsh Secretary to use a Jaguar, was not very fit and that was why he needed to be more comfortable for long journeys.

Nevertheless, she is ready, in the circumstances described in your minute, to accept Sir Robin Butler's advice that we should accede to Mr Kinnock's request for the superior model of car that he has asked for - i.e. Rover 825-i. But she hopes that in acceding to his request, we will point out that some Cabinet Ministers do similar mileage, yet have the lower performance motorcar.

I should be grateful if you could arrange for Mr Kinnock to be told about his car.

N. L. W.

N.L. Wicks

21 March 1988

OTS

Prime Minister

Nicholas Edwards  
was not very fit. That  
was why he had the  
more comfortable car  
for long journeys.

Ref. A088/944

MR WICKS

Agree Rt Kinnock  
should have the superior  
model car he has asked  
for - Rover 825-i ?

In connection to his request

I hope you will point out that  
Mr Kinnock's Car

Some Cabinet Ministers do similar mileage

N.C.U.

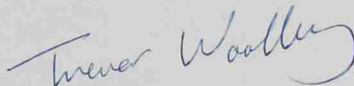
18-3

In your minute of 15 March, you asked for advice on the request from Mr Kinnock for a Rover 825-i or 827-i rather than the Rover 820 SE which the Government Car Service is suggesting he should have. The request is made on grounds of the high mileage Mr Kinnock does.

2. Most Cabinet Ministers (and currently Mr Kinnock) are allocated the Rover SD1, which is gradually being replaced by the Rover 820 SE. The exceptions are as follows:

- Those Ministers requiring special security arrangements (the Foreign and Commonwealth Secretary, the Home Secretary, the Secretary of State for Defence and the Secretary of State for Northern Ireland) are provided with Jaguars, which are more suitable for modification with physical protection measures.
- The Secretary of State for Wales also has a Jaguar, because he has frequently to travel by road between London and Cardiff.
- The Lord President of the Council has a Rover 825-i, because it has an adjustable rear seat which he finds necessary because of his injuries.
- The Lord Privy Seal has a Montego, although he is entitled to a Rover 820 SE.

3. Sir Robin Butler notes that the Prime Minister, in agreeing to the Secretary of State for Wales having a Jaguar, has recognised the principle that high mileage is a criterion to be considered in determining the allocation of Government Car Service vehicles. It is certainly the case that Mr Kinnock does a high mileage: I understand that since July 1987 his car has clocked up some 14,500 miles (although this is comparable to the mileage of some Cabinet Ministers who have Rovers). While, therefore, in other circumstances, Sir Robin Butler would have been inclined to the view that Mr Kinnock should receive the same model of Rover as that allocated to most Cabinet Ministers, in view of the precedent established in the case of the Secretary of State for Wales, Sir Robin recommends acceding to Mr Kinnock's request for the superior model he has asked for - ie the Rover 825-i.



T A WOOLLEY

18 March 1988

CARS: Use of Govt laws by Leaders of  
Affortaw May 79





10 DOWNING STREET

LONDON SW1A 2AA

*From the Principal Private Secretary*

MR. WOOLLEY

BF | I should be grateful for advice, for the Prime Minister, on the request from Mr. Kinnock, referred to in the correspondence below, for a Rover 825-i or 827-i rather than the Rover 820SE which the Government Car Service is suggesting that he should have.

Please could I have advice by 25 March.

NLW

15 March, 1988.

OTF



Government Chief Whip

12 Downing Street, London SW1A 2AA

15 March 1988

*From the Private Secretary*

*Dear Nigel,*

I enclose copies of an exchange of letters between Mr Kinnock's office and the Superintendent of the Government Car Service about the replacement of Mr Kinnock's GCS car.

The matter was raised with me by Charles Clarke who was proposing to seek from No.10 a copy of the "Guidance on the use and standard of official cars ... issued from the Prime Minister's Office..." which is referred to in Mr McCarthy's letter. In the light of this, I offered to look into the matter on Mr Clarke's behalf since I was not aware that such detailed guidance existed, but if it did, I doubted you would wish to share it with the Opposition.

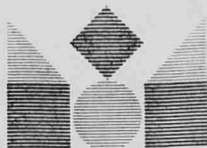
Mr Kinnock has represented that he has a very heavy mileage and that a Rover 825-i or 827-i would be much more suitable for his purposes than the proposed Rover 820SE.

May I leave it to you to consider the request? Naturally, if you wish me to obtain any further information about mileage etc, I shall be pleased to do so.

*Yours sincerely,*  
*Murdo*

(Murdo MacLean)

Nigel Wicks Esq CBE  
10 Downing Street  
London SW1



THE CROWN  
SUPPLIERS

Wellington House  
133 Waterloo Road  
London SE1 8UG  
Telex: 939021  
Telephone: 01-922

Ms S Nye  
The Office of the  
Leader of the Opposition  
House of Commons  
LONDON  
SW1A 0AA

Our Ref: EH 526/1

21 December 1987

Dear Ms Nye

REPLACEMENT GCS CAR: MR KINNOCK

I refer to your letter of 7 December, regarding the replacement of Mr Kinnock's GCS car which has been passed to me for reply.

The Rover SD1 series is no longer available and the choice for its replacement has been made following an evaluation of a technical committee of the forecast whole life operating and maintenance costs whilst ensuring that the vehicle will measure up in terms of required performance and interior appointment.

The Rover 820SE is being provided for Cabinet Ministers as their cars come up for replacement. Guidance on the use and standard of official cars is issued from the Prime Minister's office and in accordance with these instructions the Leader of the Opposition is provided with a vehicle equivalent in that given to a Cabinet Minister. The GCS is happy to provide the Leader of the Opposition with a vehicle of his choice, but if this is different from the standard then your office must first obtain approval from the Prime Minister's Office.

Yours sincerely

T McCARTHY  
Superintendent  
Government Car Service



HOUSE OF COMMONS  
LONDON SW1A 0AA

The Office of the Leader of  
the Opposition

7 December 1987

Dear Mr Carpenter

I understand that Mr Kinnock's car is shortly to be replaced with a Rover 820. This is, of course, very good news because we have been experiencing difficulties lately with the present car.

However, I understand that the new Rover is likely to be the 2 litre version. This does raise grave doubts as to whether this will be satisfactory. As you will be aware, Mr Kinnock travels a great deal on motorways where a more powerful engine is, of course, necessary. I would therefore be grateful if you could investigate the possibility of the new Rover 820 having a more powerful engine.

Yours sincerely

SUE NYE

Mr Carpenter  
Government Car Service  
Wellington House  
133 Waterloo Road  
SE1

pa

From LORD HOME OF THE HIRSEL K.T.



October 22nd.1987.

26 Laxford House, Cundy Street. Ebury St.  
SW1W 9JY.

)730.1443)

CABINET OFFICE	
<b>A</b>	<b>10550</b>
<b>26 OCT 1987</b>	
FILING INSTRUCTIONS	
FILE No.	.....

*Yours Robert  
Hirsel*

Thank you for your letter.

I shall be glad to be able to call on a car for London engagements, and short journeys outside.

Would you tell me whom I should contact in due course?

*Yours  
Alce*

Sir Robert Armstrong. GCB GCVO.  
Cabinet Office.  
70 Whitehall. SW1A 2AS.

cc - Mr. Wicks  
Mr. Stevens

CARS: Use of Cap by former PMS Main 79



pe

From The Rt. Hon. Lord Wilson of Rievaulx K.G. O.B.E. F.R.S.



CABINET OFFICE	
A	10420
21 OCT 1987	
FILING INSTRUCTIONS	
FILE No.	.....

21 October,

cc - Mr. Stevens  
Mr. Wicks

Dear Robert.

Thank you for your letter of the 8 October, about the Government Car Service and the new arrangements.

I am, of course, delighted to hear about them and to accept the offer made to me.

There is one query I have which is more in the way of a request. If it is at all possible I should like the driver to be one of the women drivers who have driven me in recent years, and who are so excellent.

Yours,  
Harold.

Sir Robert Armstrong, GCB CVO

Cars; use of Gov't cars  
by former PMS

5/79







F

**CABINET OFFICE**  
70 Whitehall London SW1A 2AS  
01-270 0101

cc - Mr Stevens  
Mr Wicks

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

Sir Robert Armstrong GCB CVO

Ref: A087/2856

8 October 1987

*Dear Alec,*

I am writing to tell you that the Prime Minister has approved an extension to the arrangements for use of the Government Car Service by former Prime Ministers. In future, a Government car and driver will be available to you for all journeys in London, and within a reasonable distance (say, 50 miles) from London, at Government expense. This will replace the present arrangement by which cars are provided on an ad hoc basis for official engagements, and for private purposes on repayment. Initially the Government Car Service will provide you with a Montego, but later in the year this will be replaced by a Rover 820E.

I should be grateful if you could let me know that you would like to have a Government car and driver available on this basis, and the arrangements can then be finalised. I should of course be happy to answer any questions about the new arrangements which you might want to ask.

*Yours as  
Robert*

The Rt Hon The Lord Home of the Hirsel KT  
26 Loxford House  
Cundy Street  
London  
SW1



F

CABINET OFFICE

70 Whitehall London SW1A 2AS

01-270 0101

cc - Mr. Stevens  
Mr. Wicks

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

Sir Robert Armstrong GCB CVO

Ref. A087/2857

8 October 1987

*Dear Harold,*

I am writing to tell you that the Prime Minister has approved an extension to the arrangements for use of the Government Car Service by former Prime Ministers. In future, a Government car and driver will be available to you for all journeys in London, and within a reasonable distance (say, 50 miles) from London, at Government expense. This will replace the present arrangement by which cars are provided on an ad hoc basis for official engagements, and for private purposes on repayment. Initially the Government Car Service will provide you with a Montego, but later in the year this will be replaced by a Rover 820E.

I should be grateful if you could let me know that you would like to have a Government car and driver available on this basis, and the arrangements can then be finalised. I should of course be happy to answer any questions about the new arrangements which you might want to ask.

*Yours ever  
Robert*

The Rt Hon The Lord Wilson of Rievaulx KG OBE  
5 Ashley Gardens  
London  
SW1

NOTE FOR THE RECORD

PROTECTION FOR FORMER PRIME MINISTERS

I asked Philip Mawer (Home Office) about the progress in withdrawing protection from Mr Heath and Sir James Callaghan.

Mr Mawer said that the Home Secretary had spoken to Mr Heath in July when he had refused to contemplate removal of protection. He argued that he was a public figure and therefore at risk. Other former Prime Ministers and Presidents, such as Giscard d'Estaing and Helmut Schmidt had continuing protection. The upshot of the conversation was that Mr Heath refused to accept Mr Hurd's decision and said that it was a matter for the Prime Minister herself.

Since then there have been the events in Wiltshire which have made the police consider further the case for continuing protection. There are unlikely to be further developments for some time. Meanwhile Mr Heath and Sir James Callaghan will continue to have protection.

I reported this to Trevor Woolley and asked him to ensure that letters had gone, as I had asked, to Lord Home and Lord Wilson informing them of the new arrangements for their use of GCS cars.

N.L.W.

N.L. Wicks

18 September 1987

# Security - Protection

CLASSIFIED BY: [illegible]

DATE OF DECLASSIFICATION: [illegible]

SECRET

CONFIDENTIAL

*File*  
J03 A 2 N



10 DOWNING STREET

LONDON SW1A 2AA

*From the Principal Private Secretary*

SIR ROBERT ARMSTRONG

USE OF OFFICIAL CARS BY FORMER PRIME MINISTERS

I have shown the Prime Minister your minute of 29 June about the use of official cars by former Prime Ministers.

The Prime Minister agrees with your proposal that official cars and drivers should be made available to former Prime Ministers on exactly the same basis as to serving Ministers. She would be grateful if you could make the necessary arrangements, and inform Lord Home and Lord Wilson. I assume that Mr. Heath and Sir James Callaghan will not be told until any decision is taken to withdraw their personal protection.

NLW

2 July, 1987.

CONFIDENTIAL

*[Handwritten mark]*

*Prime Ministers*

Ref. A087/1911

MR WICKS

*Yes no*

*Agree that former Prime Ministers should have the use of an official car in the same way as a serving*

Use of Official Cars by former Prime Ministers *Prime Ministers*

*N.L.W*

*30.6*

Official cars are made available to former Prime Ministers when they are considered to be at special risk from a security point of view. On these grounds, Mr Heath and Sir James Callaghan have hitherto been provided with allocated cars from the Government Car Service which are permanently at their disposal. Other former Prime Ministers (Lord Home of The Hirsell and Lord Wilson of Rievaulx) do not have allocated cars but may call upon the Government Car Service for official cars for official engagements, and may call upon them for private purposes on a repayment basis.

2. I believe that there is an argument, which many people would accept, for acknowledging the special position of former Prime Ministers by providing them with official cars and drivers on exactly the same basis as serving Ministers. They are people of very special standing in public life and unique service to the country. What I am suggesting would give additional practical recognition to that standing.

3. The Home Secretary is likely to be reviving shortly his proposal that personal protection should now be withdrawn from Mr Heath and Sir James Callaghan. That must be a matter for the security authorities to judge. But under present rules that would mean a decision to take away their official cars and drivers except for attendance at official functions. If my proposal were adopted, it would be possible to take the decisions about withdrawing protection on their merits, without the uneasy awareness that it would mean depriving them of their existing ability to make use of an official car and driver.

Neither of them will welcome the decision to withdraw protection; but I believe that both will accept it without too much resentment if they can have continued use of an official car and driver.

4. It would clearly be sensible, in the case of Mr Heath and Sir James Callaghan, to convey the decisions about withdrawing protection and continuing the use of an official car and driver simultaneously. Your letter of 9 April 1987 to the Home Secretary's Private Secretary indicated that the Prime Minister would be prepared to consider such a proposal sympathetically. But I hope that the Prime Minister will agree that we should then extend the use of an official car on the same basis as a serving Minister to Lord Home and Lord Wilson - if of course they want it.

RTA

ROBERT ARMSTRONG

29 June 1987



CARS - Use of Cars by ex-PMs. . .  
May 79

CONFIDENTIAL



ra.

Ref. A087/1443

MR WICKS

I happened to run into Sir James Callaghan at a social function the other day, and he raised the subject of his protection and his official car.

2. He said that the police had been to see him about his protection. He understood that, in the light of the threat assessment, the police would be likely to recommend that he did not need high level protection any more. While he would miss the assistance given to him by his protection officers, he understood the demands that it made upon manpower, and he would accept their withdrawal. But he did hope very much that he would be allowed to retain the use of an official car, on the present basis, and his driver, Mr Joe Hazard. Joe Hazard has now been driving him for 13 years. He had long experience of working with the police on protection matters, and Sir James Callaghan would feel more comfortable if he continued to be at the wheel.

3. Sir James Callaghan also said that he was suffering rather more from arthritis in the leg, and the use of an official car would help him to carry out the many public engagements and duties that he was asked, and wanted to be able, to do for as long as possible.

4. I said that all this was likely to be reviewed after the Election, when we should no doubt be in touch with him. He will have gathered that I was not unsympathetic to the proposition.

5. I am sending a copy of this minute to Philip Mawer.

RA

21 May 1987

ROBERT ARMSTRONG

CONFIDENTIAL

MS2CVW



10 DOWNING STREET

*From the Principal Private Secretary*

SIR ROBERT ARMSTRONG

The Prime Minister discussed with you today your minute of 8 December about the provision of an official car and driver for former Prime Ministers.

The Prime Minister did not believe that this was the right time to make a change in present arrangements. She will consider this further directly after the election in conjunction with decisions about the continuance of protection for Mr Heath and Mr Callaghan.

I should be grateful if you could arrange for advice to be put to the Prime Minister at an early stage after the election.

N.L. Wicks

23 January 1987

CONFIDENTIAL

Ref. A086/3387

MR WICKS

I have seen the recent exchange of minutes about Lord Home's use of an official car.

2. I am of course entirely content that attendance at the House of Lords should be brought within the ambit of official engagements for the purposes of the use of a Government car by former Prime Ministers. I think that the same dispensation should apply to attendance at the House of Commons by former Prime Ministers who are still members of that House. That is of course a logical extension of no present political significance, since both Mr Heath and Mr Callaghan still enjoy the use of an official car at all times for security reasons.

3. I have to say that I wonder whether we are not drawing out from precedent to precedent towards (if we have not already reached) the point where we should acknowledge the special position of former Prime Ministers by providing them with official cars and drivers at all times on exactly the same basis as serving Ministers. I believe that a great many people would think that this was appropriate to their very special standing in public life and the unique service which they have given as Prime Ministers. This would of course mean that it was possible to take decisions about the protection of former Prime Ministers without the uneasy awareness that a decision to withdraw protection means a decision to take away the official car and driver except for attendance at official functions.

4. While I was in Sydney I learnt that the former Premiers of New South Wales enjoy the use of an official car and driver for life (as well as in office). If it is acceptable in New South Wales, it might be thought reasonable here.

REA  
ROBERT ARMSTRONG

8 December 1986

6. CARS: Use of Case by ex PMS May 79 10



P-16

DCA

10 DOWNING STREET

LONDON SW1A 2AA

From the Principal Private Secretary

MR. WOOLLEY  
CABINET OFFICE

LORD HOME'S OFFICIAL CAR

I have shown the Prime Minister your minute of 26 November about Lord Home's official car. The Prime Minister was most grateful for the suggestions in the minute and would like the following action to be taken:

- (i) Attendance at the House of Lords should be brought within the ambit of "official engagements" for the purposes of the use of a Government car by former Prime Ministers.
- (ii) This dispensation should not be limited to the period of Lord Home's indisposition.
- (iii) The dispensation should be offered to Lords Stockton and Wilson.

BS91  
Your minute has prompted the further following thought from the Prime Minister. This is that if attendance at the House of Commons was regarded as official, Mr. Heath and Mr. Callaghan might be able to do without their detectives. She understands that at present this might be both possible and helpful. I should be grateful if you could consider how best to follow up this point of the Prime Minister.

N.L.W.

(N.L. WICKS)

1 December 1986

88

Ref. A086/3311

Pone Minute  
Please see my  
note at end.

MR WICKS

---

Thank you for your minute of 12 November in which you ask for guidance on the suggestion that Lord Home might be provided with an official car while he is suffering from a sprained knee. I have not, of course, had an opportunity to consult Sir Robert Armstrong about this, and he may wish to offer further advice on his return from Australia.

2. Official cars are made available to former Prime Ministers when they are considered to be at risk from a security point of view. On these grounds, Messrs Heath and Callaghan are provided with allocated cars from the Government Car Service which are permanently at their disposal. In addition, all former Prime Ministers have access to official cars for official engagements, and may use them for private purposes on a repayment basis.

3. It follows from the above that Lord Home does not qualify for an allocated official car on the basis of the existing policy. If the grounds for qualification were extended to permit Lord Home to have use of an official car while his knee heals on the same basis as Messrs Heath and Callaghan, it would be difficult similarly not to avail Lords Stockton and Wilson of the same facility for periods when their health did not permit them to use public transport. (I am not familiar with Lord Wilson's state of health, but in view of his great age, presumably Lord Stockton would be permanently eligible for a car on these grounds.) In the case of Lord Home, there would be the additional difficulty of providing an allocated car for him at his home in Scotland as well as in London.

4. One way in which the Prime Minister might wish to assist Lord Home, without allocating an official car to him on a full-time basis, would be to consider attendance at the House of Lords

The Chief Whip believes that this is what Lord Home wants. His wife does not like driving in heavy traffic, especially at night.

to fall within the ambit of "official engagements". Under such an arrangement, Lord Home would be permitted to call on the Government Car Service for journeys between his home and Westminster. If the Prime Minister were disposed to grant a dispensation along these lines, you may also wish to seek her direction as to whether it could logically be limited to the period of Lord Home's indisposition, and whether it ought also to be brought to the attention of Lords Stockton and Wilson.

35.

Tina Woolley

T A WOOLLEY

26 November 1986

Prime Minister

I suggest

- (1) You agree to bring attendance at the House of Lords within the ambit of "official engagements." Agreed no
- (2) You do not limit this dispensation to the period of Lord Home's indisposition. Agreed no
- (3) The dispensation should be offered to Lords Stockton and Wilson. Agreed no

Thank you very much.  
 This will be a good solution N.P. if we say H.P.C. needs a 3rd night. The. What? The. Callaghan could now do without their detentions. under 1000. Present this possible, and helpful N.P.

Agree? Yes m̄ N.C.W. 28.11

EX - PRIME MINISTER: use of official cars: June 1980



DCABNP  
file



10 DOWNING STREET

LONDON SW1A 2AA

*From the Principal Private Secretary*

**MR. WOOLLEY  
CABINET OFFICE**

It has recently been drawn to my attention that Lord Home of the Hirsel has sprained his knee and is therefore unable to use his usual public transport. His wife Elizabeth is, I understand, reluctant to drive him in the evenings since she feels that she is herself too frail to be safe on the roads when it is dark.

It has therefore been suggested to me that these circumstances would warrant the provision of an official car, on whatever basis might be judged appropriate, for Lord Home's use. I hasten to add that this suggestion does not come from Lord Home (or his wife) who are quite unaware that the matter is being ventilated. I realise of course too that an official car is available to Lord Home, and indeed all former Prime Ministers, for use at "official" engagements.

I shall need to put some advice to the Prime Minister on the possibility of providing Lord Home with an official car and I should be grateful if you could let me have some guidance on what might be said. I know that she would be sympathetic to the idea. I ought also to say that sometime ago Mr. Callaghan told me that he thought that there was a good case for providing Lord Wilson with an official car.

(N.L. WICKS)

12 November 1986

SS

Handed to me by Shana. Not  
aware whether PM regarded.

N.L.W.

12.11

PRIME MINISTER

You asked me to find out whether Alec Douglas-Home might benefit from the use of an official car. It so happens that I heard only this morning that Alec has sprained his knee, and is therefore unable to use his usual public transport. Meanwhile, Elizabeth is reluctant to drive him in the evenings, since she feels that she is herself too frail to be safe on the roads when it is dark. This might be the moment for you to put in hand the offer fo an official car on whatever basis you may judge to be appropriate. Shall I get the the Private Office to follow this up?

MICHAEL ALISON

22.10.86



DEPARTMENT OF THE ENVIRONMENT  
2 MARSHAM STREET LONDON SW1P 3EB  
01-212 3434

My ref:

Your ref:

13<sup>th</sup> November 1985

W  
nm.

Dear Tim

I am just writing to let you know that the Government Car Service, which is administered by the Crown Suppliers, will shortly be providing the Leader of the Opposition with a new official car.

The car is a red Rover 2600, which will be equipped with a radiophone.

Yours sincerely,

Neill Mitchell

NEILL MITCHELL  
Private Secretary to  
Sir George Young

Tim Flesher Esq  
Private Secretary  
Prime Minister's Office  
10 Downing Street  
LONDON SW1

ROBIN

*Ruse*      *P.A.*  
Thank  
P.C.B.

You spoke to John Williams in the Treasury on Friday (7 October) about whether anything need be said to Michael Foot about cars.

John confirms that there is nothing to be said to him either by No 10 or by the Treasury. He will lose his car.

*Angela*

10 October 1983



## 10 DOWNING STREET

THE PRIME MINISTER

6 September 1983

Dear Sir Harold,

Thank you for your recent further letter concerning the provision of official cars for former Prime Ministers.

The arrangements for former Prime Ministers to have the use of Government cars do not provide the service of an allocated car and arrangements should be made with the Government Car Service ad hoc for each journey. However, the Government Car Service will do their best to arrange a priority service for a former Prime Minister who is making regular use of the pool for Parliamentary purposes - for example, by arranging that so far as possible he always has the same driver. As you will continue to have extensive Parliamentary commitments, this priority service will be available to you, on the same basis as for Mr. Heath and Mr. Callaghan.

Yours sincerely  
Margaret Thatcher

The Right Honourable Sir Harold Wilson, KG, OBE, FRS, MP.

Ref. A083/2467

MR FLESHER

*pose type for  
pm*

---  
Thank you for your minute of 12 August concerning the letter from Sir Harold Wilson about his use of an official car. As Sir Harold Wilson intends to be an active member of the House of Lords and will continue to have extensive Parliamentary commitments, there is no reason why he should not have the same facilities as are being made available for Mr Heath and Mr Callaghan, and I have confirmed with the Department of the Environment that they will be happy to provide such facilities. As the letters to Mr Heath and Mr Callaghan point out, the service is not that of an allocated car although the Government Car Service will do their best to arrange a priority service including, so far as possible, arranging that he has the same driver. I attach a draft reply that the Prime Minister may care to send to Sir Harold Wilson which is based on the appropriate paragraph from the letters to Mr Heath and Mr Callaghan.

2. I am copying this minute to Sara Thomson in Sir George Moseley's office.



R P HATFIELD

31 August 1983

DRAFT LETTER FROM THE PRIME MINISTER TO

THE RT HON SIR HAROLD WILSON KG OBE FRS MP,  
House of Commons

Thank you for your recent further letter concerning the provision of official cars for former Prime Ministers.

The arrangements for former Prime Ministers to have the use of Government cars do not provide the service of an allocated car and arrangements should be made with the Government Car Service ad hoc for each journey. However, the Government Car Service will do their best to arrange a priority service for a former Prime Minister who is making regular use of the pool for Parliamentary purposes - for example, by arranging that so far as possible he always has the same driver. As you will continue to have extensive Parliamentary commitments this priority service will be available to you, on the same basis as for Mr Heath and Mr Callaghan.

CARS : Use of Govt Cars by  
Former PM's

May 79





BF FLRB o.r.

J

10 DOWNING STREET

*From the Private Secretary*

12 August 1983

In the Prime Minister's absence from the office, I am writing to thank you for your recent letter about your use of Government cars. I shall show this to Mrs. Thatcher as soon as she returns from her holiday and she will be replying in due course.

(TIMOTHY FLESHER)

The Rt. Hon. Sir Harold Wilson, KG, OBE, MP.



59

10 DOWNING STREET

*From the Private Secretary*

MR. HATFIELD

---

I attach a letter which the Prime Minister has received from Sir Harold Wilson, seeking, in addition to the facilities envisaged in the Prime Minister's letter to Lady Falkender of 15 July, the use of a regular car and driver.

GF || I should be grateful for your advice on a suitable reply to Sir Harold's request as soon as possible.

TIM FLESHER  
12 August 1983

SIR HAROLD WILSON

K<sub>12</sub>  
? cf

August, 1983

*My dear Prime Minister,*

Thank you for your letter of the  
15 July, about the question of the official car.  
I have also seen the letter which you sent to  
Lady Falkender on the same date.

I am most grateful to you for looking into  
this question and I have noted the new arrangements  
as set out in your letter.

In your letter to Lady Falkender you re-stated  
the position as I myself understand it. However, as  
you will appreciate, I am now a member of the House  
of Lords, and as such will wish to play an active part.  
I will, therefore, have the same Parliamentary commitments  
as I had up to the last Election. I do hope, therefore,  
that it will be possible to have the same facilities  
as Mr. Heath and Mr. Callaghan with a regular car and  
driver.

*Yours sincerely,  
Harold Wilson*

The Rt. Hon. Mrs. Margaret Thatcher, M.P.

CARS: Used Govt cars by  
James PMS 5/79 924

From the Rt. Hon. Harold Macmillan, O.M.

Telephone: 01 836-6633

4 Little Essex Street,  
London, WC2R 3LF

PS  
4th August 1983.  
js

Dear Private Secretary,

Mr. Harold Macmillan has asked me to write to acknowledge the Prime Minister's letter of the 15th July regarding the use of Government cars.

He would be grateful if you could extend his thanks to the Prime Minister.

Yours sincerely, .

*Rosemary Annetti*  
Personal Secretary

The Private Secretary  
to The Prime Minister



HOUSE OF COMMONS  
LONDON SW1A 0AA  
01- 219 4166

O.F.  
PP8

NBPM

FROM:

THE RT. HON. JAMES CALLAGHAN, M.P.

26 July 1983

R-27.

*Dear Margaret,*

Thank you for your letter of 15 July proposing two extensions to the existing arrangements for the use of official cars. I am sure that they will be helpful.

*Yours sincerely*

*Jim Callaghan*

The Rt Hon Margaret Thatcher MP

Cars 19  
May 79  
Use of Govt Cars  
by former PM's

From: The Rt. Hon. Edward Heath, M.B.E., M.P.

Security  
NBPM

GD  
PPS  
LCF



HOUSE OF COMMONS

21 July 1983

*John Rinehart*

Thank you for your letter of 15th  
July 1983.

It was good of you to let me know  
about the extensions to the arrangements  
for the use of official cars.

*[Signature]*  
*Ter Heeni*

The Rt Hon Margaret Thatcher MP  
The Prime Minister



Security : Ministerial  
Protection

Aug '79

90  
Secretary



MBPM

July 20th.1983.

Dear Sir,

Lord Home has asked me to send through you his grateful thanks to the Prime Minister for her letter about new arrangements for cars for former Prime Ministers,

Yrs sincerely

E. Green

Charles Leighton

The Principal Private Secretary.  
10 Downing Street.



CC HO  
DUE

R77

10 DOWNING STREET

From the Principal Private Secretary

15 July 1983

Dear Richard,

USE OF GOVERNMENT CARS BY FORMER PRIME MINISTERS

I attach copies of letters which the Prime Minister has sent to former Prime Ministers informing them of the two extensions to the rules governing use of cars by former Prime Ministers.

I am sending a copy of this letter and the enclosures to Tony Rawsthorne (Home Office) and Sir George Moseley (Department of the Environment).

Yours ever,

Robin Butler

R. Hatfield, Esq.,  
Cabinet Office

HU



CC HO  
DCE  
CO

R7

10 DOWNING STREET

THE PRIME MINISTER

15 July 1983

*My dear Sir Harold,*

As Robin Butler has explained to you, I am making two extensions to the arrangements which you introduced in 1975 for the use of official cars by former Prime Ministers. I am writing similar letters about these extensions to other former Prime Ministers.

The arrangements introduced in 1975 were that:

- (i) A former Prime Minister should be entitled to have access to the Government Car Service without charge for attendance at official engagements and official functions in and around London to which he is invited as a former Prime Minister and for Parliamentary business connected with his former business as a Prime Minister.
- (ii) A former Prime Minister should be entitled, if he so wishes, to have access to the Government Car Service on a repayment basis for other journeys in and around London.

The repayment is calculated on the basis of the mileage payment made to civil servants who use their own cars for journeys on official business: the current rate is 25.8p per mile. It is for the individual to exercise his judgement as to what constitutes official business in the sense defined above.

/The two

*ju*

The two respects in which I propose to extend these arrangements are, first, to make clear that the phrase "in and around London" includes journeys within a reasonable distance of London (say, 50 miles). The second extension is that, when a former Prime Minister is visiting a location outside London which is within reasonable proximity of a Government car pool (say 50 miles), he may call on the pool to provide transport for him on the same terms: this will enable him, for example, to have transport between a railway station or an airport and his engagement.

I hope that these extensions to the existing arrangements may be helpful to you on some occasions.

Yours sincerely

Margaret Thatcher

The Rt. Hon. Sir Harold Wilson, K.G., O.B.E., M.P.



CC HO  
DOE  
CO

en

10 DOWNING STREET

THE PRIME MINISTER

15 July 1983

Dear Mr. Macmillan.

You may recall that arrangements were introduced in 1975 for former Prime Ministers to continue to have the use of a Government car when they required it. I am now writing to you and other former Prime Ministers to tell you of two extensions which I have made to these arrangements in case you wish to avail yourself of them at any time.

The arrangements introduced in 1975 were that:

- (i) A former Prime Minister should be entitled to have access to the Government Car Service without charge for attendance at official engagements and official functions in and around London to which he is invited as a former Prime Minister and for Parliamentary business connected with his former business as a Prime Minister.
- (ii) A former Prime Minister should be entitled, if he so wishes, to have access to the Government Car Service on a repayment basis for other journeys in and around London.

The repayment is calculated on the basis of the mileage payment made to civil servants who use their own cars for journeys on official business: the current rate is 25.8p per mile. It is for the individual to exercise his judgement as to what constitutes official business in the sense defined above.

/The

HL

The two respects in which I propose to extend these arrangements are, first, to make clear that the phrase "in and around London" includes journeys within a reasonable distance of London (say, 50 miles). The second extension is that, when a former Prime Minister is visiting a location outside London which is within reasonable proximity of a Government car pool (say, 50 miles), he may call on the pool to provide transport for him on the same terms: this will enable him, for example, to have transport between a railway station or an airport and his engagement.

I hope that these extensions to the existing arrangements may be helpful to you on some occasions. *Every good wish*

*Yours sincerely*

*Margaret Thatcher*

The Rt. Hon. Harold Macmillan, O.M., F.R.S.



CC CO  
DOE  
HO

R7

10 DOWNING STREET

THE PRIME MINISTER

15 July 1983

Dear Alec,

You may recall that arrangements were introduced in 1975 for former Prime Ministers to continue to have the use of a Government car when they required it. I am now writing to you and to other former Prime Ministers to tell you of two extensions which I have made to these arrangements in case you wish to avail yourself of them at any time.

The arrangements introduced in 1975 were that:

- (i) A former Prime Minister should be entitled to have access to the Government Car Service without charge for attendance at official engagements and official functions in and around London to which he is invited as a former Prime Minister and for Parliamentary business connected with his former business as a Prime Minister.
  
- (ii) A former Prime Minister should be entitled, if he so wishes, to have access to the Government Car Service on a repayment basis for other journeys in and around London.

The repayment is calculated on the basis of the mileage payment made to civil servants who use their own cars for journeys on official business: the current rate is 25.8p per mile. It is for the individual to exercise his judgement as to what constitutes official business in the sense defined above.

/The

*hll*



The two respects in which I propose to extend these arrangements are, first, to make clear that the phrase "in and around London" includes journeys within a reasonable distance of London (say, 50 miles). The second extension is that, when a former Prime Minister is visiting a location outside London which is within reasonable proximity of a Government car pool (say, 50 miles), he may call on the pool to provide transport for him on the same terms: this will enable him, for example, to have transport between a railway station or an airport and his engagement.

I hope that these extensions to the existing arrangements may be helpful to you on some occasions.

*Yours ever*

*Harold*

---

The Rt. Hon. the Lord Home of the Hirsel, K.T., D.L.

The repayment is calculated on the basis of the mileage payment made to civil servants who use their own cars for journeys on official business: the current rate is 25.8p per mile. It is for the individual to exercise his judgement as to what constitutes official business in the sense defined above.

The two respects in which I propose to extend these arrangements are, first, to make clear that the phrase "in and around London", includes journeys within a reasonable distance of London (say, 50 miles). The second extension is that, when a former Prime Minister is visiting a location outside London which is within reasonable proximity of a Government car pool (say, 50 miles), he may call on the pool to provide transport for him on the same terms: this will enable him, for example, to have transport between a railway station or an airport and his engagement.

This does not provide the service of an allocated car: arrangements should be made with the Government Car Service ad hoc for each journey. But the Government Car Service will do their best to arrange a priority service for a former Prime Minister who is making regular use of the pool for Parliamentary purposes - for example, by arranging that so far as possible he always has the same driver.

I hope that these extensions to the existing arrangements may be helpful to you on some occasions.

Yours sincerely  
Margaret Thatcher

The Rt. Hon. James Callaghan, M.P.



cc HO  
DOE  
CO

R1

10 DOWNING STREET

THE PRIME MINISTER

15 July 1983

*Dear Jim,*

I am making two extensions to the arrangements, introduced in 1975, for the use of official cars by former Prime Ministers not receiving full-time protection. Since I am writing to other former Prime Ministers about these extensions, I am writing simultaneously to you although I know that you are currently discussing the arrangements for your protection with the Home Secretary.

The arrangements introduced in 1975 were that:

- (i) A former Prime Minister should be entitled to have access to the Government Car Service without charge for attendance at official engagements and official functions in and around London to which he is invited as a former Prime Minister and for Parliamentary business connected with his former business as a Prime Minister.
- (ii) A former Prime Minister should be entitled, if he so wishes, to have access to the Government Car Service on a repayment basis for other journeys in and around London.

/ The

*HL*



cc HO  
DOE  
CO

RN

10 DOWNING STREET

THE PRIME MINISTER

15 July 1983

Dear Ted.

I am making two extensions to the arrangements, introduced in 1975, for the use of official cars by former Prime Ministers not receiving full-time protection. Since I am writing to other former Prime Ministers about these extensions, I am writing simultaneously to you although I know that you are currently discussing the arrangements for your protection with the Home Secretary.

The arrangements introduced in 1975 were that:

- (i) A former Prime Minister should be entitled to have access to the Government Car Service without charge for attendance at official engagements and official functions in and around London to which he is invited as a former Prime Minister and for Parliamentary business connected with his former business as a Prime Minister.
- (ii) A former Prime Minister should be entitled, if he so wishes, to have access to the Government Car Service on a repayment basis for other journeys in and around London.

/ The

He

The repayment is calculated on the basis of the mileage payment made to civil servants who use their own cars for journeys on official business: the current rate is 25.8p per mile. It is for the individual to exercise his judgement as to what constitutes official business in the sense defined above.

The two respects in which I propose to extend these arrangements are, first, to make clear that the phrase "in and around London", includes journeys within a reasonable distance of London (say, 50 miles). The second extension is that, when a former Prime Minister is visiting a location outside London which is within reasonable proximity of a Government car pool (say, 50 miles), he may call on the pool to provide transport for him on the same terms: this will enable him, for example, to have transport between a railway station or an airport and his engagement.

This does not provide the service of an allocated car: arrangements should be made with the Government Car Service ad hoc for each journey. But the Government Car Service will do their best to arrange a priority service for a former Prime Minister who is making regular use of the pool for Parliamentary purposes - for example, by arranging that so far as possible he always has the same driver.

I hope that these extensions to the existing arrangements may be helpful to you on some occasions.

*Yours ever*  
*Margaret*

The Rt. Hon. Edward Heath, M.B.E., M.P.



## 10 DOWNING STREET

THE PRIME MINISTER

15 July 1983

Dear Lady Falkender,

Thank you for your letter of 16 June, and for your earlier personal and confidential letter of 7 June, about Sir Harold Wilson. In view of the urgency I asked Robin Butler to telephone you immediately on 7 June to assure you that Sir Harold Wilson would continue to receive protection for his election engagements. Since then I have looked further into the points raised in that letter and in your subsequent one.

As regards personal protection, I am glad to say that the Special Branch assessment is that there is no longer a threat to Sir Harold which requires, or justifies, protection. The Police have discussed the position with Sir Harold and believe that he is satisfied with it.

As regards the provision of a car, Sir Harold will of course continue to have the use of a Government car on the basis which he introduced for former Prime Ministers in 1975 and which I propose to extend in two respects, as described below.

Under the arrangement introduced in 1975, a car is provided without charge for official engagements in and around London which Sir Harold attends as a former Prime Minister. He is also entitled to have access to the Government Car Service for other journeys in and around London on repayment. The repayment is calculated on the basis of the mileage payment made to civil servants who use their own cars for journeys on official business

(currently

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(currently 25.8p per mile). It is for Sir Harold to exercise his judgement about which engagements are official in the sense defined above.

The two respects in which I propose to extend the 1975 arrangements are, first, to make clear that the phrase "in and around London" includes journeys within a reasonable distance of London (say, 50 miles): this will make it possible for Sir Harold to have the use of an official car for journeys between London and his home in Oxford. The second extension is that, when a former Prime Minister is visiting a location outside London which is within reasonable proximity (say, 50 miles) of a Government car pool, he may call on the pool to provide transport for him on the same terms: this will enable him, for example, to have transport between a railway station or an airport and his engagement.

You are right in saying that the arrangement introduced in 1975 was not conditional on a former Prime Minister remaining a member of the House of Commons. The significance of his membership of Parliament was that, if he were making regular use of the pool for Parliamentary purposes, the Government Car Service would try to arrange that he always had the same driver. Otherwise arrangements are made with the Car Service ad hoc for each journey.

I hope that these arrangements will achieve the purpose which Sir Harold intended for others when he introduced them, by enabling him to continue to carry out his engagements in comfort and dignity. I have asked the Government Car Service to do their utmost to operate them so as to help Sir Harold with the minimum of the fuss.

For obvious reasons the protection arrangements for Sir Harold should not become known, and so I have classified this letter "Confidential".

Yours sincerely  
Margaret Thatcher



CABINET OFFICE

With the compliments of  
The Private Secretary to the  
*Secretary of the Cabinet*

70 Whitehall, London SW1A 2AS  
Telephone 01-233 8319



CONFIDENTIAL

CONFIDENTIAL



Department of the Environment

2 Marsham Street London SW1P 3EB

01-212 8051

The Permanent Secretary  
Sir George Moseley KCB

c- Mr. Butler (No 10)

CABINET OFFICE	
A	5990
7 JUL 1983	
FILING INSTRUCTIONS	
FILE No.	

Sir Robert Armstrong GCB CVO  
Permanent Secretary  
Cabinet Office  
Whitehall  
LONDON  
SW1A 2AS

*a. Mr. Stevens*

*for advice only 6 July 1983*  
*pl. Do we bear the*  
*financial cost of the present*  
*arrangements? BMA Jim*

Dear Robert,

We are content with the changes set out in your letter of 4 July about the provision of GCS cars for former Prime Ministers.

I should make two points however.

No doubt the GCS will be told when the first-call car service is to be withdrawn from Sir Harold Wilson, Mr Heath and Mr Callaghan with, as I understand it, the simultaneous withdrawal of personal protection. Mr Heath was just about to get a new lower level of protection car; Mr Callaghan's car still has some life in it; and Sir Harold Wilson was recently given a new Ambassador. And we will look to your office to bear the cost of the new arrangements.

The GCS will be able to work within the more flexible definitions of area in which the service can be provided, and there will be no difficulty in providing ex Prime Ministers with the services of the Regional GCS. We will also do everything possible to provide the ex Prime Ministers with a regular driver from the GCS Pool but there will be exceptions to this. The existing drivers will expect to be re-allocated to first-call car users, and the costs of keeping drivers available for specific passengers cannot be recovered from the casual charges which are made for use of the GCS Pool. We would be reluctant to attempt any hybrid charging system which would involve looking to you for the costs of non-productive time of a driver who was not working for a first-call user.

A copy of this goes to Peter Middleton.

*Yours ever*  
*George*

George Moseley

DRAFT LETTER FROM THE PRIME MINISTER TO BARONESS FALKENDER, CBE.

Thank you for your letter of 16 June, and for your earlier personal and confidential letter of 7 June, about Sir Harold Wilson. In view of the urgency I asked Robin Butler to telephone you immediately on 7 June to assure you that Sir Harold Wilson would continue to receive protection for his election engagements. Since then I have looked further into the points raised in that letter and in your subsequent one.

As regards personal protection, ~~I am sure you will agree~~ that its provision in Sir Harold's and other cases must depend on the Special Branch's assessment of whether there is a threat which justifies protection. Since the Election, the Special Branch have undertaken a review of all protection arrangements, including those for other former Ministers mentioned in your letter. Naturally all will be treated on the same basis, in ~~relation to the assessment of the threat to them.~~ I am glad to say that the Special Branch assessment is that there is no longer a threat to Sir Harold which ~~justifies protection~~ <sup>requires protection</sup>. The police have discussed the arrangements with ~~him~~ <sup>Sir Harold and his wife</sup> and their impression is that he is satisfied with them.

As regards the provision of a car, Sir Harold will of course continue to have the use of a Government car on the basis which he introduced for former Prime Ministers in 1975 and which I propose to extend in two respects, as described below.

/ Under

Under the arrangement introduced in 1975, a car is provided without charge for official engagements in and around London which Sir Harold attends as a former Prime Minister. He is also entitled to have access to the Government Car Service for other journeys in and around London on repayment. The repayment is calculated on the basis of the mileage payment made to civil servants who use their own cars for journeys on official business, (currently <sup>25.8</sup>~~24.9~~ p. per mile). It is for Sir Harold to exercise his judgement about which engagements are official in the sense defined above.

The two respects in which I propose to extend the 1975 arrangements are, first, to make clear that the phrase "in and around London" includes journeys within a reasonable distance of London (say, 50 miles): this will make it possible for Sir Harold to have the use of an official car for journeys between London and his home in Oxford. The second extension is that, when a former Prime Minister is visiting a location outside London which is within reasonable proximity (say, 50 miles) of a Government car pool, he may call on the pool to provide transport for him on the same terms: this will enable him, for example, to have transport between a railway station or an airport and his engagement.

You are right in saying that the arrangement introduced in 1975 was not conditional on a former Prime Minister remaining a member of the House of Commons. The significance of his membership of Parliament was that, if he were making regular

/use

use of the pool for Parliamentary purposes, the Government Car Service would try to arrange that he always had the same driver. Otherwise arrangements are made with the Car Service ad hoc for each journey.

For obvious reasons the protection arrangements for Sir Harold should not become known, and so I have classified this letter "Confidential".

I hope that these arrangements will <sup>achieve</sup> ~~meet~~ the purpose which Sir Harold intended for others when he introduced them, by enabling him to continue to ~~of~~ <sup>carry</sup> out his engagements in comfort and dignity. I have asked the Government Car Service to do their utmost to operate them so as to help Sir Harold with the minimum of the fuss

30 June 1983

DRAFT LETTERS FROM THE PRIME MINISTER TO:

THE RT. HON. EDWARD HEATH, M.B.E., M.P.  
THE RT. HON. JAMES CALLAGHAN, M.P.

(SLIGHTLY AMENDED LETTERS TO:

THE RT. HON. HAROLD MACMILLAN, O.M., F.R.S.  
THE RT. HON. THE LORD HOME OF THE HIRSEL, K.T., D.L. )

\* \* \* \* \*

You may like to be reminded that the withdrawal of full time protection by the Special Branch does not remove your access to the Government Car Service. Arrangements for former Prime Ministers to have the use of Government cars were introduced in 1975. You may find it convenient to be reminded of those arrangements, which I am extending in two respects.

The arrangements introduced in 1975 were that:

- (i) A former Prime Minister should be entitled to have access to the Government Car Service without charge for attendance at official engagements and official functions in and around London to which he is invited as a former Prime Minister and for Parliamentary business connected with his former business as a Prime Minister.
- (ii) A former Prime Minister should be entitled, if he so wishes, to have access to the Government Car Service on a repayment basis for other journeys in and around London.

The repayment is calculated on the basis of the mileage payment made to civil servants who use their own cars for journeys on official business: the current rate is 24.9 p. per mile. It is for the individual to exercise his judgement as to what constitutes official business in the sense defined above.

The two respects in which I propose to extend these arrangements are, first, to make clear that the phrase "in and around London" includes journeys within a reasonable distance of London (say, 50 miles). The second extension is that, when a former Prime Minister is visiting a location outside London which is within reasonable proximity of a Government car pool (say, 50 miles), he may call on the pool to provide transport for him on the same terms: this will enable him, for example, to have transport between a railway station or an airport and his engagement.

This does not provide the service of an allocated car: arrangements should be made with the Government Car Service ad hoc for each journey. But the Government Car Service will do their best to arrange a priority service for a former Prime Minister who is making regular use of the pool for Parliamentary purposes - for example, by arranging that so far as possible he always has the same driver.

*only for Mr. Heath, Mr. Callaghan & Sir H. Wilton*

I hope that these extensions to the existing arrangements may ~~on occasions~~ be helpful to you on some occasions.

30 June 1983

c- Mr. Butler (No. 10)

70 WHITEHALL, LONDON SW1A 2AS

01-233 8319

From the Secretary of the Cabinet and Permanent Secretary to the Management and Personnel Office

CABINET OFFICE

Sir Robert Armstrong GCB CVO

A Ref: A08374432

4 July 1983

FILING INSTRUCTIONS

FILE No. \_\_\_\_\_

*Dear George,*

Recent events have revived the question of the provision of a car from the Government Car Service for former Prime Ministers.

As you may know, the arrangements introduced in 1975 were that

- (i) A former Prime Minister should be entitled to have access to the Government Car Service without charge for attendance at official engagements and official functions in and around London to which he is invited as a former Prime Minister and for Parliamentary business connected with his former business as a Prime Minister.
- (ii) A former Prime Minister should be entitled, if he so wishes, to have access to the Government Car Service on a repayment basis for other journeys in and around London.

The repayment is calculated on the basis of the mileage payment made to civil servants who use their own cars for journeys on official business which is at present 25.8p per mile. It is for the individual to exercise his judgement as to what constitutes official business in the sense of the above.

Those are the arrangements which apply to Prime Ministers who do not enjoy personal protection. This will now include Sir Harold Wilson, Mr Heath and Mr Callaghan, who have hitherto enjoyed such protection.

The Prime Minister would like to extend the arrangements in two ways. First, she would like to make it clear that the phrase "in and around London" includes journeys within a reasonable distance of London (say, 50 miles). That would enable both Sir Harold Wilson

/and Mr Callaghan

Sir George Moseley, KCB

CONFIDENTIAL

and Mr Callaghan to call on the Government Car Service for journeys between their homes in Oxford and Ringmer respectively and London. The second extension which the Prime Minister would like to make is that, when a former Prime Minister is visiting a location outside London which is within reasonable proximity of a Government car pool (say, 50 miles), he may call on the pool to provide transport for him on the same terms: this will enable him, for example, to have transport between a railway station or an airport and his engagement.

It would be made clear to those concerned that these arrangements do not provide the service of an allocated car: arrangements should be made with the Government Car Service ad hoc for each journey. But the Government Car Service will do their best to arrange a priority service for a former Prime Minister who is making regular use of the pool for Parliamentary purposes - for example, by arranging that so far as possible he always has the same driver.

I am sending a copy of this letter to Peter Middleton, and I should be glad to know whether you and he would be content that the arrangements should be extended as proposed for former Prime Ministers.

*Yours ever*

*Robert Armstrong*

CONFIDENTIAL



BF/4/7/83

Mark, I have asked  
Lindsay SLE with  
let us know on Monday  
Petis 17

Duty Clerk

HM TREASURY  
OFFICE NOTICE

Could you please check  
with Sir R. Arushiang's office whether  
this new rate replaces the 24.9p.  
rate applicable to repayment by <sup>former</sup> Prime Ministers  
when they use their official cars for personal journeys.

ON (GENERAL) (83) 68

1 July 1983

REB

## MOTOR MILEAGE ALLOWANCES

### STANDARD RATE

1. The standard rate of motor mileage allowance payable to officers using their private motor vehicles on official business has been increased to 25.8p with effect from 1 April 1983.

### PUBLIC TRANSPORT RATE

2. The public transport rate of motor mileage allowance payable to officers using their private motor vehicles on official business where the standard rate is inapplicable will be increased to 13.2p with effect from 1 June 1983.

3. Claims submitted at the old rates, which are still being processed in EOG5, will be amended. Where such claims have already been paid officers should provide details, in writing, to Mrs A da Gamma, Finance Division (EOG5), Basingstoke, or to Miss H Barker, Finance Section, Norwich as appropriate. Any arrears due will normally be paid with next claim.

JACK NEEDLE

Robin,

Thank you. Pl. put with  
papers about use of car  
by former Prime Minister  
FRB

Sir Robert Armstrong's  
office tells me that  
25.8p does replace the  
24.9p you mentioned  
in your note below.

Susan

4.7.83,



10 DOWNING STREET

*From the Principal Private Secretary*

SIR ROBERT ARMSTRONG

USE OF GOVERNMENT CARS BY FORMER PRIME MINISTERS

I mentioned to you that I had a conversation with Sir Harold Wilson on Tuesday evening about his requirement for a Government car. I think that he would be well satisfied if he could have access to a car on the basis introduced in 1975, but with two extensions which already apply to Ministers - namely, use of a car within a reasonable distance of London (so that he could use it for journeys between London and his home in Oxford) and use of a car from a regional pool to collect him from stations or airports and take him to engagements if the pool was reasonably near.

Similar extensions would no doubt be helpful to Mr. Callaghan and Mr. Heath and, in the case of Mr. Callaghan, would similarly cover journeys between London and Ringmer, if he wanted a Government car for that purpose.

You were kindly going to confirm that there was no objection to these two extensions, and let me know whether, if Sir Harold Wilson were to use a Government car to take him to or from Oxford, other than for an official engagement, he would have to pay for the car in two directions or just in one.

I attach a revised draft of the Prime Minister's reply to Lady Falkender, and draft letters for her to send to other former Prime Ministers reminding them of the 1975 arrangements and informing them of the two small extensions. Could you please let me know whether you are content with these.

E. E. R. BUTLER

30 June 1983

C O N F I D E N T I A L

PRIME MINISTER

PROVISION OF A CAR AND SECURITY TO SIR HAROLD WILSON

I have been in touch with the Home Office and Sir Robert Armstrong about Lady Falkender's letters to you.

On protection, we understand that Sir Harold Wilson is content that personal protection should be withdrawn, and Lady Falkender does not appear to be pressing this point.

The withdrawal of protection does not mean that Sir Harold Wilson is deprived of the use of a Government car. Under arrangements which Sir Harold himself introduced in 1975, former Prime Ministers can call on a Government car for journeys in and around London. This facility is provided without charge for official engagements and on repayment at a rate of 24.9 p. per mile (less than half the cost of a taxi) for personal engagements. *A copy of the letter describing the 1975 arrangements is at flag A.*

The difference which the withdrawal of protection makes is that a Government car is not permanently allocated. It would, of course, be possible to extend the arrangements introduced by Sir Harold Wilson in 1975 and give former Prime Ministers first call on a Government car on the same basis as for Ministers and the Leader of the Opposition, whether or not security considerations require it. The question is whether you feel that you could defend such an extension.

The question is worth considering now because the Home Office tell me that, following a general revision of protection arrangements since the Election, protection is also being withdrawn from Mr. Heath and Mr. Callaghan (and Mr. Atkins). So they too will revert to the arrangement agreed in 1975 instead of having a car permanently allocated to them on security grounds.

The attached letter to Lady Falkender is based on the premise that you do not want to extend the 1975 arrangements. But I have drafted it so as not to embarrass you if you were subsequently to receive representations from Mr. Heath, Mr. Callaghan or Sir Harold Wilson himself which caused you to decide to extend the present arrangements.

/My advice is

C O N F I D E N T I A L

- 2 -

My advice is that you should now write to Lady Falkender in the attached terms and see in due course whether you get any representations from Mr. Heath, Mr. Callaghan or Sir Harold. But if you are inclined to extend the present arrangements now, without waiting for such representations, you may like to hold up the letter and discuss the question with Sir Robert Armstrong.

F.R.B.

24 June 1983



10 DOWNING STREET

THE PRIME MINISTER

Thank you for your letter of 16 June, and for your earlier personal and confidential letter of 7 June, about Sir Harold Wilson. In view of the urgency I asked Robin Butler to telephone you immediately on 7 June to assure you that Sir Harold Wilson would continue to receive protection for his election engagements. Since then I have looked further into the points raised in that letter and in your subsequent one.

As regards personal protection, I am sure you will agree that its provision in Sir Harold's and other cases must depend on the Special Branch's assessment of whether there is a threat which justifies protection. Since the Election, the Special Branch have undertaken a review of all protection arrangements, including those for other former Ministers mentioned in your letter. Naturally all will be treated on the same basis, in relation to the assessment of the threat to them. I am glad to say that the Special Branch assessment is that there is no longer a threat to Sir Harold which justifies protection. The police have discussed the arrangements with him and their impression is that he is satisfied with them.

/ As regards

The two respects in which I propose to extend the  
1985 arrangements <sup>are, first</sup> ~~is~~ to make clear that the phrase "in and  
around London" includes journeys within a reasonable  
distance of London (~~up to~~, say, 50 miles): this ~~will~~ <sup>will</sup> make  
it possible for Sir Harold to have the use of an official  
car <sup>for journeys</sup> between London and his <sup>home</sup> ~~house~~ in Oxford. <sup>The second extension</sup> ~~Second,~~  
when <sup>a former Prime Minister</sup> ~~Sir Harold~~ is visiting a location outside London which is  
with reasonable proximity <sup>(say, 50 miles)</sup> of a Government car pool he may call on  
~~the~~ <sup>the</sup> pool to provide transport for him on the same terms: this will enable him, for example,  
~~to be collected from, or taken to~~ to have transport between a <sup>major</sup> ~~major~~ station or an airport and his destination.

10 DOWNING STREET



As regards the provision of a car, Sir Harold will of course continue to have the use of a Government car on the basis and which I propose to extend in two ~~ways~~ <sup>respects, as described</sup> which he introduced for former Prime Ministers in 1975. <sup>You</sup> <sup>below.</sup> ~~are right in saying that~~ The arrangement introduced in 1975 <sup>which, as you say</sup> ~~was~~

not conditional on a former Prime Minister's remaining a Member of the House of Commons. The significance of his Membership of Parliament was that, if he were making regular use of the pool for Parliamentary purposes, the Government Car Service would try to arrange that he always had the same driver. Otherwise arrangements are made with the Car Service ad hoc for each journey. <sup>Under the arrangement introduced by Sir Harold in 1975</sup> A car is provided without charge for official engagements in and around London which Sir Harold attends as a former Prime Minister. He is also entitled to have access to the Government Car Service for other journeys in and around London on repayment. The repayment is calculated on the basis of the mileage payment made to Civil Servants who use their own cars for journeys on official business (currently 24.9p per mile).

~~Sir Harold can call on this service in and around London to take him to, or collect him from, a station or airport. It is for Sir Harold to <sup>exercise</sup> his judgement about which ~~journeys~~ engagements are official in the sense defined above.~~

I hope that these arrangements will meet the purpose which I know that Sir Harold himself intended for others when he introduced them, that is to enable him to continue to carry out his engagements in comfort and dignity. I have asked the Government Car Service to do their utmost to operate them so as to help Sir Harold with the minimum of fuss.

/ For obvious



CONFIDENTIAL

-3-

For obvious reasons the protection arrangements for Sir Harold should not become known, and so I have classified this letter "CONFIDENTIAL".

Baroness Falkender, C.B.E.

CONFIDENTIAL



## 10 DOWNING STREET

*From the Principal Private Secretary*

18 February 1975

When I came to see you on 12 February, I mentioned to you that the Prime Minister had in mind the possibility of providing access to the Government Car Service for former Prime Ministers. It has long seemed to the Prime Minister that the extent to which former Prime Ministers are left to fend for themselves in these matters is not really consonant with the dignity of the office and the distinction which attaches to having held it. To that sort of consideration we have more recently had to add considerations of security. Against that, of course, it is important that any arrangements should be defensible in terms of use of public funds.

With these considerations in mind, the Prime Minister has decided to make the following proposals:-

1. A former Prime Minister should be entitled to have access to the Government Car Service without charge for attendance at official engagements and official functions in and around London for which he is invited as a former Prime Minister and for parliamentary business connected with his former business as a Prime Minister. It would be for the individual to exercise his judgment as to what parliamentary business qualified in this respect.
2. A former Prime Minister should be entitled, if he so wishes, to have access to the Government Car Service on a repayment basis for other journeys in and around London. The repayment would be calculated on the basis of the mileage payment made to Civil Servants who use their own cars for journeys on official business.

This arrangement would apply only for journeys in and around London; but it would enable a former Prime Minister coming up from the country for an official engagement to be met at the station or airport and conveyed to and from his engagement in reasonable comfort and with reasonable speed.

This would not provide the service of an allocated car: it would be necessary to make arrangements with the Car Service ad hoc for each journey. But I am sure that the Car Service would do its best to arrange a priority service for a former Prime Minister if he were making regular use of the pool for parliamentary purposes - for example, by arranging that so far as possible he always had the same driver.

A former Prime Minister would be expected not to exercise this entitlement if he was holding an outside appointment in which he enjoyed the use of a chauffeur-driven car.

The Prime Minister has written to Lord Avon, Mr. Macmillan, Lord Home and Mr. Heath, to invite them to say whether they would like to take advantage of these arrangements.

RTA

The Rt. Hon. Margaret Thatcher, M.P.

je VC



10 DOWNING STREET

From the Principal Private Secretary

20 June 1983

Dear Tony,

Personal Protection for Ministers and Former Ministers

The Prime Minister has seen the Home Secretary's minute of 17 June. She agrees, subject to the following points, with the proposals of the Police in the light of their latest assessment.

You should know that Lady Falkender has now written to the Prime Minister again about the protection of Sir Harold Wilson and about his use of a car. This letter, unlike the previous one, is not marked private and confidential, and I enclose a copy. The Prime Minister accepts that, in Sir Harold Wilson's case as in that of other former Ministers, the provision of protection must depend on the security assessment; but she would wish a car to be continued to be made available to Sir Harold Wilson on the lines agreed for former Prime Ministers in 1975.

I enclose a draft reply for the Prime Minister to send to Lady Falkender. I should be grateful to know if you and Sir Robert Armstrong, to whom I am copying this letter, are content with it.

In the case of Gerry Fitt, the Northern Ireland Office are aware of a possible announcement which would have implications for his protection: may I ask you to be in touch with Sir Philip Woodfield (whom I will be informing in due course about the date of the announcement).

I am copying this letter and the enclosures to David Beamish and Sir Robert Armstrong.

Yours ever,

Robin Butler

A.R. Rawsthorne, Esq.,  
Home Office.

VC

See Security,  
Aug 1979, -  
Ministerial  
Protection

B/R

DRAFT LETTER FROM THE PRIME MINISTER TO LADY FALKENDER

Thank you for your letter of 16 June, and for your earlier personal and confidential letter of 7 June, about Sir Harold Wilson. In view of the urgency I asked Robin Butler to telephone you immediately on 7 June to assure you that Sir Harold Wilson would continue to receive protection for his election engagements. Since then I have looked further into the points raised in that letter and in your subsequent one.

As regards personal protection, I am sure you will agree that its provision in Sir Harold's and other cases must depend on the Security Service assessment of whether there is a threat which justifies protection. I am glad to say that their assessment is that there is no longer such a threat to Sir Harold. The Police have discussed the arrangements with him and their impression is that he is satisfied with them.

As regards the provision of a car, you are right in saying that the arrangement introduced in 1975 was not conditional on a former Prime Minister's remaining a Member of the House of Commons. The only significance of his Membership of Parliament was that, if he were making regular use of the pool for Parliamentary purposes, the Government Car Service would try to arrange that he always had the same driver. Otherwise, arrangements are made with the Car Service ad hoc for each journey. A car is provided without charge for official engagements in and around London which Sir Harold attends as a former Prime Minister. He is also entitled to have access to the Government Car Service for other journeys in and around London on a repayment basis. The repayment is calculated on the basis of the mileage payment made to Civil Servants who use their own cars for journeys on official business. Sir Harold can call on this service in and around London to take him to, or collect him from, a station or an airport.

I hope that these arrangements will meet Sir Harold's requirements and help him to continue to carry out his engagements in comfort and dignity. I have asked the Government Car Service to do their utmost to operate them so as to help Sir Harold with the minimum of fuss.

For obvious reasons the protection arrangements for Sir Harold should not become known, and so I have classified this letter "CONFIDENTIAL".



Car.

10 DOWNING STREET

From the Principal Private Secretary

11 November 1980

Dear Mr Foot,

As you know, it is customary for the Leader of the Opposition to be provided with a first-call car by the Government Car Service. You will no doubt wish to know of the detailed arrangements for its use.

The car may be used for all journeys, including those of a private or Party nature. A charge will be made only when you consider that it is used for private or Party purposes and will be based on the Civil Service motor mileage allowance (at present 19.1p per mile).

Arrangements for payment should be made, please, with Miss Hinchcliffe of the Government Car Service (telephone 212-7524).

Yours sincerely,

Alvi Whitman.

The Right Honourable  
Michael Foot, MP.

CONFIDENTIAL

MR C A WHITMORE

CLIVE

Jeremy rang about this.

They are willing to write if

In May 1979 the Prime Minister approved you don't  
the arrangements for providing first-  
call service by the Government Car  
Service for former Prime Ministers,  
Ministers and to the Leader of the  
Opposition. It will be necessary to  
inform the new Leader of the Opposition  
of the new arrangements.

want to  
do so  
yourself -

but you

add some

other matters to

the letter?

I attach a draft letter.

MS

J. G. C.

J G COLMAN  
10 November 1980

CONFIDENTIAL



DRAFT

As you know, it is customary for the Leader of the Opposition to be provided with a first-call car by the Government Car Service. You will no doubt wish to know of the detailed arrangements for its use.

The car may be used for all journeys, including those of a private or Party nature. A charge will be made only when you consider that it is used for private or Party purposes and will be based on the Civil Service motor mileage allowance (at present 19.1p per mile).

Arrangements for repayment should be made, please, with Miss Hinchcliffe of the Government Car Service (telephone 212-7524).

Civil Service Department  
10 November 1980

From Lady Falkender



House of Lords

16th June 1980.

2, Ex C.M.  
Prime Minister.

HL

17th

ms

Dear Mr. Whitmore,

Sir Harold Wilson would very much appreciate it if you could convey to the Prime Minister his warm appreciation for the flowers which she sent to him after his operation. It was most kind of her.

May I also thank you for the telephone message to my home on the day of the operation, in connection with the car arrangements. They have been absolutely splendid and have made life so much easier for Lady Wilson and her family, at this very difficult time.

I am most grateful to you for your help on this.

Yours sincerely,

*Norie Falkender*

Mr. Clive Whitmore.

2.

PRIME MINISTER

I attach a letter from Lady Falkender saying that Sir Harold Wilson is going into hospital on Sunday for two or three weeks and is fussed because he apparently believes that he will not have the official car and driver which are allocated to him while he is out of action.

I had a word this afternoon with Mr. Heseltine's office to say I could not see why Sir Harold's car should be removed just because he was in hospital, and they have now confirmed that it is not their intention to take it away. They say that they will deal with any question of repayment - which Lady Falkender touches upon in her letter - as and when it arises.

Since Sir Harold is going into hospital on Sunday, I thought that you would want me to have a word with Lady Falkender straight-away and I have accordingly told her that Sir Harold's car and driver will continue to be available to him while he is in hospital. She was duly grateful.

I hope that you are content.

*Yes - thank you for adv. so promptly.  
And thank you for the car and driver. All is well.  
M.W.*

6 June 1980

*Checked with Lady Falkender but there were no hitches. All is well.  
M.W.  
H.V. 80.*



House of Lords

Respectful Confidence

As from  
3, Wyndham Mews  
Upper Montagu Street  
W1H 1RS

6.6.80

Dear Prime Minister,

Sir Harold is going into St. Mark's Hospital on Sunday for two, probably three weeks. As you will appreciate, this will cause considerable problems for him and these include the question of communication during that period with his family and office.

As you know, he has an official car and driver. I do,



House of Lords

realise the rules in relation to  
this allocation but I wondered if  
they might possibly be waived for  
Sir Harold during this difficult and  
worrying time for him? Would it  
be possible for the dowry to  
continue working with him while he is  
in hospital so that he can receive papers,  
etc. I know he would be happy for  
the arrangement to be on a repayment  
basis, but it would make him feel  
so much happier and more comfortable  
if he knew his dowry, Bill Houston,  
was on duty.

I do hope you



House of Lords

Will not mind my writing to you  
on this and I do so hope you will  
feel able to help at such a  
difficult time.

Yours sincerely,

Marion Falkender



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

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

Mr Churchill II.

Wt Sp Mr.

C.P.

30/7.

Car.  
 Mr Peterson

Will you write to  
 Messrs Mason and  
 Rees?

MAD  
 27/vii

M A Pattison Esq  
 10 Downing Street  
 London SW1

26 July 1979

Dear Mike:

During a recent lunch, Mr Merlyn Rees mentioned to Sir Robert Armstrong that he had never received any official intimation of the conditions under which a first call car of the Government Car Service is made available for his use.

2. Colin Peterson has written to Mr Callaghan about his use of a car but I understand that Mr Mason and Mr Rees have not had any notification of their position. This seems to have fallen between three stools - you, us and PSA and I am sorry we have not spotted this before. I am therefore attaching drafts that you may care to send to Mr Mason and Mr Rees. The arrangements for Mr Heath and Mr Wilson are continuing unchanged and we would see no need to advise them further.

3. I suggest that copies of your letters be sent to Sir Robert Cox, Sir Brian Cubbon and Sir Robert Armstrong, to whom I am copying this letter.

Your sincere  
 Toj Churchd.

TOBY CHURCHILL  
 Assistant Private Secretary

Mr. Peterson spoke to Mr. Churchill &  
 said that it would be more  
 appropriate for these letters to go  
 for Sir Ian Bancroft or Sir Robert Cox.  
 Original returned to ASD.  
 J.P.  
 30/7.

DRAFT LETTER TO:

The Rt Hon Roy Mason MP  
The Rt Hon Merlyn Rees MP  
House of Commons  
London  
SW1

I regret that, due to a misunderstanding, you have never been told of the conditions under which the first call car of the Government Car Service is made available for your use.

2. The car may be used for all journeys, including those of a private or Party nature, and a charge will be made only when you consider that it has been used for private or Party purposes. For example, no charge would be payable for journeys between London and either your constituency or your home; but use of the car to go shopping or to attend Party functions other than in your constituency would be expected to attract payment. The charge will be at the rate of the motor mileage allowance paid to civil servants who use their cars on official business - at present 13.9p per mile. Arrangements for repayment should be made <sup>plst,</sup> with Miss Hinchcliffe of the Government Car Service (telephone 212-7254).

3. You will understand that the need for the car will be kept under review.



Cars

18 May 1979

Thank you for your letter of 18 May,  
and for the copy of Mr Skilton's letter  
to Mr Callaghan's driver.

I am most grateful for the action  
taken.

**C. V. PETERSON**

W J Sharp, Esq



Department of the Environment

C Peterson Esq  
10 Downing Street  
London SW1

PSA

Property Services Agency  
Supplies Division

Southbridge House  
Southwark Bridge Road London SE1 9HQ  
Telephone 01-928 2044

18 May 1979

*Mr Callaghan*

I enclose a copy of a letter which the GCS London Superintendent has sent to Mr Callaghan's driver about his subsistence problems. As you will see, the Superintendent has sent a copy direct to Mr Callaghan's office. I hope this clears up the difficulty.

*Yours sincerely*  
*Bill Sharp*

W J Sharp

Mr. J.R. Hazard,  
Driver,  
Government Car Service,  
Marsham Street

GCS/PF

18th May 1979

Dear Mr. Hazard,

I write to confirm the verbal assurance that Miss Hinchliffe gave you last week when she discussed the procedure to be adopted to claim reimbursement of extra expenses incurred while driving the Leader of the Opposition.

Claims should be made on form P22 as usual. It is understood that there will be occasions when you will have to stay overnight or take a meal at the same hotel as your passenger. Obviously the normal subsistence rate will not cover these expenses. You should then obtain receipts and attach them to your claim.

You are aware of course that you have a facility for drawing an advance from the pay office for your travelling and subsistence expenses.

Yours sincerely,

R.J. SKILTON  
Supt/London GCS

cc Mrs. Sharpe P/S to Leader of the Opposition  
Mr. Sharp, Controller of Supplies

17 May 1979

PERSONAL

I am enclosing the promised formal letter about Mr Callaghan's official car and driver.

I hope that the (time-honoured) wording is clear and helpful, but do of course let me know if it does not seem to cover some particular situation or if I can help over it in any way. The use of the car and driver without charge for travel between London and Cardiff, and between London and Sussex, follows from Mr Callaghan's entitlement as a Member of Parliament to free travel between home, constituency and London.

C. V. PETERSON

Mrs Ruth Sharpe MBE

17 May 1979

I am writing, as promised, to set out the basis on which a Government Car Service car and driver (Joe Hazard) have been allocated to Mr Callaghan as Leader of the Opposition.

Mr Callaghan may use the car for all journeys, including those of a private or Party nature. When used for official engagements and functions, or for Parliamentary business which Mr Callaghan considers is connected with his position as Leader of the Opposition, the use of the car will be without charge. On those occasions when Mr Callaghan considers that his use of the car is for a private or Party purpose the journey should be on a repayment basis. The amount to be repaid will be calculated by reference to the Civil Service Motor Mileage rate current at the time of the journey. The present rate for a car of 1750 cc or more is 13.9 p per mile. Arrangements for repayment should be made with Miss Hinchcliffe of the Government Car Service (telephone 212-7254).

G. V. PETERSON

Mrs Ruth Sharpe, MBE

cc: Mr Churchill, GSD

8

1.

PRIME MINISTER

This minute seeks your formal approval for the allocation of an official car and driver to Mr Callaghan as Leader of the Opposition.

We have a problem about the replacement of the cars at No 10, and I will submit advice on this shortly.

CVP

O'Connell

MS

15 May 1979



10 DOWNING STREET

MR. PETERSON

You will see the reference at X to the provision of a car for Mr. Callaghan as leader of the Opposition. In my manuscript note, you will see that I have forecast a submission from you on this point.

MAP

14 May 1979

**CONFIDENTIAL**

CARS

48

cc Mr Peterson

14 May 1979

The Prime Minister has seen Sir Ian Bancroft's minute of 11 May, in which he sought her approval to the provision of first call service by the Government Car Service to Mr. Mason, Mr. Rees, Sir Harold Wilson and Mr. Heath.

The Prime Minister approves these arrangements on the basis proposed by Sir Ian.

M. A. PATTISON

David Laughrin, Esq.,  
Civil Service Department.

**CONFIDENTIAL**

*Alm*



cc HO.

HS

11 May 1979

We spoke about the arrangements for former Prime Ministers to make use of the Government car service.

You asked me to return Sir Ian Bancroft's minute of 10 May, to enable to clarify the position of Sir Harold Wilson. As I told you, I have also been in touch with the Home Office about the position of Sir Harold, following press reports yesterday. I am therefore copying this letter, without enclosure, to John Chilcot (Home Office).

M.A. PATTISON

Toby Churchill, Esq.,  
Civil Service Department.

KRB

MR K R STOWE

In February 1975, the Prime Minister of the day authorised the use of Government Car Service by former Prime Ministers for journeys on Parliamentary business and to engagements and functions in and around London connected with their former position. Other journeys in and around London could be made on repayment. He thought this was consonant with the dignity of the office and the distinction which attached to having held it, and in some circumstances desirable on security grounds. In addition, in December 1975 Mr Heath was given a first call car to enable the police to give him personal protection (private use was to be paid for) and Sir Harold Wilson has been similarly treated since his resignation.

2. The Metropolitan Police intend to continue personal protection for Sir Harold Wilson and Mr Heath and also to offer it to Mr Callaghan, Mr Rees and Mr Mason. They see advantage in their continuing to have the use of an official car and driver.

X / Mr Callaghan will of course be provided for in any case as Leader of the Opposition.

3. I therefore seek the Prime Minister's approval to the provision of first call service by the Government Car Service to Mr Mason, Mr Rees, Sir Harold Wilson and Mr Heath, subject to review in the light of police advice from time to time.

IRB

IAN BANCROFT  
11 May 1979

of work .

Agreed

art.

MR K R STOWE

In February 1975, the Prime Minister of the day authorised the use of Government Car Service by former Prime Ministers for journeys on Parliamentary business and to engagements and functions in and around London connected with their former position. Other journeys in and around London could be made on repayment. He thought this was consonant with the dignity of the office and the distinction which attached to having held it, and in some circumstances desirable on security grounds. In addition, in December 1975 Mr Heath was given a first call car to enable the police to give him personal protection (private use was to be paid for) and Sir Harold Wilson has been similarly treated since his resignation.

2. The Metropolitan Police now intend to withdraw personal protection from Sir Harold Wilson (but not from Mr Heath). They also intend to offer Mr Callaghan, Mr Rees and Mr Mason personal protection and see advantage in their continuing to have the use of an official car and driver. Mr Callaghan will of course be provided for in any case as Leader of the Opposition.

3. I therefore seek the Prime Minister's approval to the continuation of the first call service by the Government Car Service to Mr Mason, Mr Rees and Mr Heath, subject to review in the light of police advice from time to time. The Prime Minister may wish to consider the withdrawal of the first call service to Sir Harold Wilson who would of course continue to be able to use the Car Service as set out in paragraph 1 above. The security justification for his retention of a first call car appears to have largely disappeared, but there are other presentational factors she will wish to take into consideration.

MB

IAN BANGROFT  
10 May 1979

CONFIDENTIAL