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From the Secretary of the Cabinet: Sir Robert Armstrong KCB, CVO

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Ref. A02598

*Dear Mike,*

Acceptance of Gifts and Services

You sent me a copy of your letter of 17th June to Toby Churchill in Sir Ian Bancroft's office. I have seen a copy of Toby's reply of 30th June.

We have been examining our own papers to see if we can shed any light on the origin of the £30 figure. I have also consulted Sir Robert Armstrong about the possibility of changing it.

The £30 figure dates, as Toby Churchill said in his letter, from 1976. The papers available to us reveal a very similar situation to that described in Toby's letter. The question was examined extensively by officials in 1973-77, not simply because of the Poulson case but also because of gifts bestowed on Ministers by Middle East Governments. (Sir Burke Trend's minute, A04907, to Mark Forrester refers.) At that time, Questions of Procedure contained no reference to a value for a gift, below which it might be retained but consideration was given to the idea of introducing a £50 limit. This particular figure was partly influenced by a decision that Lord Carrington should keep a watch presented to him by the Saudi Arabian Minister of Defence, of which the value was estimated at around £650, provided he paid £50 to the Exchequer to discharge any obligation in respect of the gift.

Although there is no evidence of many other problems with Ministers over gifts at that time, there were signs of a danger that the idea of discharging an obligation through making a payment to the Exchequer might be getting out of hand. In particular, the sums for payment to the Treasury seemed to be being chosen rather arbitrarily. This consideration and others were discussed by the Secretary of the Cabinet and the Head of the Civil Service, before the Civil Service Department decided, as Toby Churchill mentioned, that £15 seemed an appropriate figure below which officials might accept gifts. At the same time it was decided not to revise the relevant section of Questions of Procedure by including a specific figure. The Secretary of the Cabinet did, however, write to the Ministry of Defence to discourage the developing practice of trying to discharge an obligation for a

/ gift

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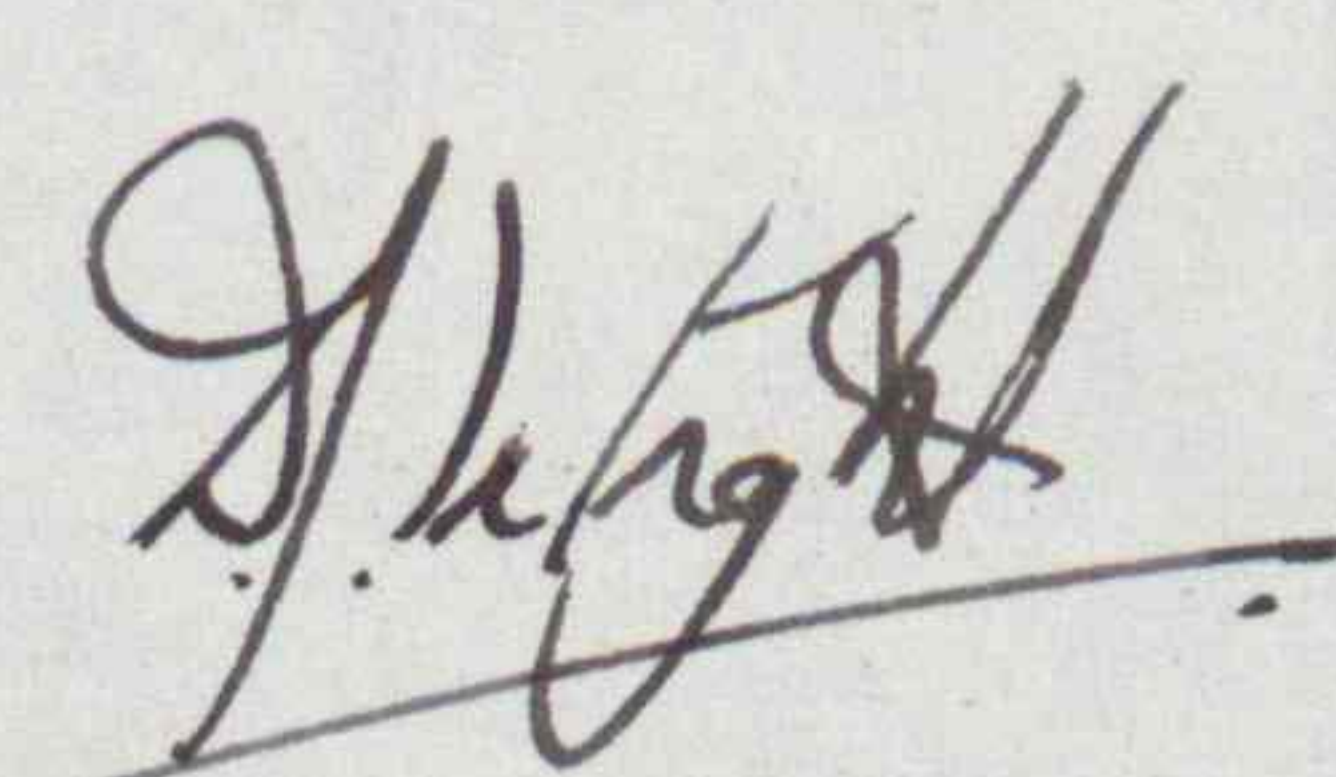
gift by making a payment to the Treasury. The Ministry of Defence were therefore advised that Ministers should not accept gifts unless they discharged the full obligation and that £15 was thought to be closer to the mark below which a gift could automatically be accepted, than £50.

The subject rested there until January 1976 when the Principal Private Secretary in No. 10 minuted Sir John Hunt about the problems caused by the distribution of gifts by Crown Prince Fahd. In his minute of 29th January 1976, Mr. Stowe recorded the Prime Minister's view that "Gifts of a small value (currently this should be put at about £30) may be retained by the recipient". This provision, together with the other points made in Mr. Stowe's minute, were taken into account in redrafting Section X of Questions of Procedure in a form which is virtually identical with that currently in use. There is, however, no indication on our files of why the £30 figure was selected at that time. It looks as if the decision on the figure may have been taken by the then Prime Minister himself.

If £30 was reasonable in 1976, it would not be unreasonable to set the limit at £50 now, to take account of the change in the value of money over the period. But it is for consideration whether it is necessary to change the figure at all. There have been no complaints to us that the £30 limit is too low, and any change would run the risk of unwelcome publicity.

The time to change the figure would really have been in May 1979, when we issued a new edition of Questions of Procedure after the new Government took office. The fact that we missed that opportunity means that the figure is now four years out of date (and would by the next Election be up to eight years out of date); and that argues in favour of a change now. Whether or not the Prime Minister decides that we should change the figure now - and on the whole Sir Robert Armstrong is inclined to think that we should do so - we could note the papers to the effect that the right time to review the limit is when a new Government takes office and Questions of Procedure for Ministers is reissued. This would have the advantage of making it a formality, and it could readily be defended as such.

I am sending a copy of this letter to Toby Churchill (CSD).

*Yours ever,* 

(D. J. Wright)  
Private Secretary

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