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2 MARSHAM STREET
LONDON SW1P 3EB
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My ref:

Your ref:

7 December 1984

Dear Andrew

You may have read in the press reports of the arrest of ⁵ PSA staff in connection with allegations of corruption. These are the same cases that were reported some weeks ago in the News of the World.

The police have also arrested five contractors on the same allegations. All ten men are being held for questioning but will probably be released before the weekend. The police will then report to the DPP, who will consider the question of charges.

There may well be considerable public interest in all this, and you may like to have an idea of what the allegations are about. Briefly, a group of contractors appear to have been involved in a ring for the purposes of tendering for work from PSA, and possibly other public agencies. PSA staff may well have been in collusion with them both to ensure that only those in the ring were invited to tender and to pass work below standard. In return, they got favours from the contractors - eg free holidays. There may be considerable sums of money involved.

By arrangement with the police, who are anxious at present that the names of those detained are not revealed, PSA are not issuing any statement, but are referring all enquiries to the police.

I am copying this to Richard Hatfield in Sir Robert Armstrong's office.

Yours sincerely

John Ballard

JOHN BALLARD
Private Secretary

Andrew Turnbull Esq

17-2007

John [unclear]

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Secretary of State for the Environment

David

PSA

Sub
12/11

we spoke. The
Chief Executive's
statement below is
the 'line to take'.

Andrew Arsen

9/11

PS/Secretary of State

See of State
There is a risk this
story will break this Sunday,
so you will want to be aware.
We have warned Noto.

PSA: ALLEGATIONS OF STAFF RECEIVING FAVOURS FROM CONTRACTORS

1. Further to my minute of earlier today, ^(below) we have now seen the journalists from the News of the World.

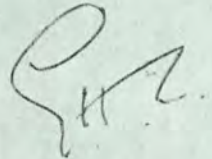
2. The News of the World have evidence that several PSA staff - including two DWOs - went on a holiday to Miami organised by a contractor employed by PSA. The staff concerned claim that this was a group travel arrangement and that they have paid the costs of the holiday to the organiser. Nevertheless, even at the very best, there is evidence of appalling errors of judgement. At the worst there may have been collusion with contractors, and the News of the World claim that they have some evidence of such collusion happening (although not necessarily with the people on the Miami holiday).

3. The News of the World propose to print this story on Sunday. Although they suspect that there may be evidence of other favours being granted by contractors to staff, they will probably restrict the story to the Miami trip and the particular contractor involved. But this will be damaging enough. Mr Manzie gave them the annexed statement from him to use emphasising our determination to investigate and stamp out behaviour such as this. We also gave them an extract from the staff rules making it clear that relations of this sort between staff and contractors are not allowed.

4. The News of the World say they have copies of contractual documents which will show collusion between contractors to extract higher prices than necessary from PSA; they may also show collusion between PSA staff and contractors. We cannot carry out investigations into this until we have these documents; the News of the World have promised to make them available to us on Monday.

5. When we have these documents we will report to Ministers how we propose to carry out this investigation. There is no doubt that the allegations are very serious and must raise doubts about the behaviour of staff well outside the five involved in the Miami trip. If they could be - at the most charitable - so stupid it may well be that others have been so. It is particularly disheartening to find this lack of sense or scruple still occurring after the great efforts made by Regional and senior management in the Agency to get over to the staff the lessons of the WTR Report.

6. The Press Office have been briefed to deal with any enquiries over the weekend, and have instructions to speak to me if any problems arise.


G H CHIPPERFIELD
DCE.1

9 November 1984

cc PS/Mr Gow
PS/Sir George Young
PS/Chief Executive
Mr M J Ware
Mr A R Atherton
Mr M V Hawtin
Mr A J Aveling
Mrs E M Causley-Cooper
Mr D A McDonald
Mr V Shroot

STATEMENT MADE BY THE CHIEF EXECUTIVE PSA TO
NEWS OF THE WORLD REPORTERS ON ALLEGATIONS OF CORRUPTION
BY PSA STAFF IN LONDON

Thank you for coming to see me. I am grateful for the information you have provided about the possible acceptance by staff of favours from contractors. We in PSA are determined to stamp out behaviour which falls below the highest standards of the public service. To do this we need evidence and information from any source. I can assure you the evidence you have given us will be followed up thoroughly. If there is evidence of possible offences the papers will be put to the Director of Public Prosecutions.

SOFS - to see

PS/Secretary of State

PSA: ALLEGATIONS OF STAFF ACCEPTING FAVOURS FROM CONTRACTORS

1. Ministers will want to know that we have just learnt of serious allegations of PSA staff in London receiving favours from contractors. The News of the World are proposing to run a story on this; their reporters are coming to see the Chief Executive, Mr Ware and PSA senior staff this afternoon to ask about our procedures. Mr Manzie will impress on them their duty to give us as full information as possible to allow any possible irregularities to be pursued.

2. We will report back to Ministers after the meeting.

GH

G H CHIPPERFIELD
DCE.1

9 November 1984

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