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10 DOWNING STREET

9 January, 1986.

From the Private Secretary

Dear Private Secretary,

ROSKILL REPORT

The Prime Minister today held a meeting with the Lord President, the Secretary of State for Trade and Industry, the Chancellor of the Exchequer, the Home Secretary, the Attorney General, the Solicitor General, the Chief Whip and the Governor of the Bank of England to discuss further work on the Roskill Report in the light of the Home Secretary's minute of 6 January.

The meeting discussed first the proposals for a new unified organisation (Recommendation 1 of the Roskill Report). It was agreed that it would not make sense to set up the Fraud Commission and then ask it to consider the proposal for a unified organisation. The Fraud Commission would not be familiar with the problems. It was agreed that a Cabinet Minister should be invited to consider the proposal for a unified organisation, with the aid of an interdepartmental working party of officials, and to report. The Cabinet Minister concerned should also consider Recommendations 10, 11 and 12, about resources and qualified manpower (including pay and recruitment) except so far as those recommendations related to the police. Consideration of those recommendations, in relation to the police would be carried forward by the Home Secretary, and a report prepared. It was also agreed that the Home Secretary would arrange for the preparation of a paper on the proposed Fraud Commission (Recommendation 2 of the report). It was further agreed that all other recommendations in the report would be considered by an official interdepartmental group under Home Office chairmanship, to report to H Committee by Easter.

The Prime Minister said that she would consider over the weekend which Cabinet Minister should be invited to take the responsibility for the consideration of the unified organisation and related recommendations so that the arrangements could be announced if possible in the Home Secretary's statement on Tuesday. The Prime Minister stressed the importance of avoiding departmental attitudes and interdepartmental disputes in considering the unified organisation. The roles of the Revenue and Customs in this /area would

085

area would need to be looked at with an open mind. The meeting welcomed the willingness of the Secretary of State for Trade and Industry to consider bringing Section 447 investigations within the scope of the unified organisation.

The meeting considered the draft statement attached to the Home Secretary's minute of 6 January, and the amendments proposed are listed in the annex to this letter. (The Lord Privy Seal will wish to note the final amendment in particular). The Prime Minister emphasised that the statement should project a sense of urgency in taking forward the consideration of the Roskill Committee's recommendations. It was agreed that the recommendation for abolition of jury trial in complex fraud cases would need to be handled with particular care. In the statement itself the drafting should be done in such a way that it did not appear to be singled out as one which the Government was hesitant about pursuing.

It was agreed that the announcement of increased staff for the Department of Trade and Industry should be made tomorrow (Friday), to help illustrate the Government's resolve to pursue fraud, though in fact discussions about an increase had started before the Roskill Report's recommendations were known.

It was finally agreed that the Government would need to mobilise support for the more controversial of the Report's recommendations, including the proposal for abolition of jury trial in some cases, though equally it would be a mistake to go too far in a way which might encourage opposition. The Governor undertook to see what might be done in the City to encourage expressions of support.

I am sending copies of this letter to Joan MacNaughton (Lord President's Office), John Mogg (Department of Trade and Industry), Rachel Lomax (HM Treasury), Henry Steel (Law Officers' Department), Murdo Maclean (Chief Whip's Office), David Morris (Lord Privy Seal's Office), Richard Stoate (Lord Chancellor's Office), John Bartlett (Office of the Governor of the Bank of England), and Michael Stark (Cabinet Office).

Yours sincerely,
Martin Sawyer (Duty Clerk)

p.p. David Norgrove

William Fittall, Esq.,
Home Office.

E. R.

AMENDMENTS TO THE DRAFT STATEMENT

1. It would be useful in the first paragraph to mention that the Committee had been set up in November, 1983, well before the recent controversies.

2. In the second sentence of the second paragraph, amend to read "... deals with a serious and urgent problem" in view of the injudicious statements in paragraph 8.37 of the Report.

3. Later in the same paragraph "... City of London in particular, needs the support of effective action ...", and "... can employ large resources to cover them up: the enforcement of the law must be evenhanded", with consequential amendments to delete the references to "first" and "second".

4. In the first paragraph at the top of page 2 credit should be taken for the creation of the FIG; the phrase "with a Fraud Commission being set up as an independent monitoring body" should be deleted; reference to the Ministerial arrangements for considering Recommendation 1 should be made if they have been decided by Tuesday.

5. The Home Secretary should consider with the Secretary of State for Trade and Industry the addition of a sentence to the second paragraph of page 2 along the lines: "In addition, the self-regulatory agencies being set up under the terms of the Financial Services Bill will have their own resources for the investigation of fraud."

6. The meeting took the very strong view that the third paragraph on page 2 should announce that the Home Secretary was asking the Criminal Law Review Committee to look specially at the law of conspiracy. However, the Lord Chancellor would need to be consulted on this point.

7. The paragraph starting at the bottom of page 2 should be amended along the lines "The Committee make a number of recommendations concerning juries, including provision for certain complex fraud cases to be tried by a tribunal, and also about the question of peremptory challenges. We shall be consulting urgently about these important matters".

Amend the first sentence of the second paragraph on page 3 to read:

"The Committee's recommendations on preparations for trial, the law of evidence and other matters would lead to significant improvements in the trial of fraud cases."

(These changes were proposed in order to reduce the force of the distinction being drawn between the Government's attitude to the recommendation on juries and the other recommendations.)

8. Delete in the first full paragraph of page 3 the words "which the Committee had little time to work out comprehensively".

9. It was agreed that it would be useful to announce that there would be an early debate. This could be done by adding a sentence along the lines "My rt. hon. Friend the Leader of the House will be arranging time for an early debate".