

PRIME MINISTER

In his minute at Flag A, Sir Robert Armstrong raises again the question of whether Mr. Michael Howard should continue to be in charge of the Financial Services Bill.

I shared Robert's misgivings about putting him in charge of the Bill. But I really do think that it is now too late to change horses. To do so would be to admit that the opposition campaign against Mr. Howard had some validity. I do not think that Mr. Needham's problems alter this judgment.

On the other hand, it would be only fair to warn Mr. Channon who is, after all, new to this area, of possible pitfalls ahead, but leave it to him to decide whether to keep Mr. Howard in charge of the Bill.

Agree to proceed in this way?

N.L.W

(N. L. WICKS)

31 January 1986

We should put this matter to Paul Channon. Whatever the verdict, I am concerned in view of my doubts about the situation. NB



Ref. A086/305

MR ADDISON

I have seen a copy of Mr Gilbertson's letter of 27 January to you, enclosing draft replies for the Prime Minister to send to Mr Bryan Gould MP and Mr Austin Mitchell MP about Mr Michael Howard's role in relation to the Financial Services Bill.

*Floyd  
(not yet sent)*

2. The operative paragraphs of the draft replies are difficult to understand, and might I think be viewed with some suspicion by the MPs concerned. I think that the paragraphs concerned are saying that, if Lloyd's was included in the Bill, Mr Michael Howard could in certain circumstances have a personal interest with certain possible consequences.

3. The Department of Trade and Industry obviously think that the possibility is sufficiently remote as not to affect Mr Howard's entitlement to take the Financial Services Bill through Committee. I earlier recommended that this might best be avoided (paragraph 5 of my minute of 28 November to Mr Wicks), but the Prime Minister was persuaded by the then Secretary of State for Trade and Industry that Mr Howard might participate in Parliamentary consideration of provisions in the Bill which related to Lloyd's, since his residual involvement with Lloyd's was so limited.

4. I dare say that that is sustainable, at any rate technically. I think, however, that there remains some question as to whether it is politically prudent, in present circumstances. We have (as you know) one or two other problems relating to Lloyd's, including one affecting another member of the Government. If the two MPs continue to press the issue - and they are persistent men - they may get round to the possibility

*\* by Mr Nealham.*



that Mr Howard might resume underwriting when he ceased to be a Minister (at any rate a DTI Minister). We could do without this particular issue, minor as it is, rumbling on.

5. If the Prime Minister is content, well and good. But she might like to ask the new Secretary of State for Trade and Industry whether it is worth the risk of allowing this to rumble on, or whether he should consider putting some other Minister (not a member of Lloyd's) in charge of the Financial Services Bill.

ReA

ROBERT ARMSTRONG

29 January 1986



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SECRET