

(6/12/85)

F-Short  
Fat Ships

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MR. OWEN

SHORT, FAT SHIPS : WARNING

As agreed, now that our warning has been sounded I am making no further inquiries. But my contacts are still telling me things, and I had better pass on to you the latest. You may like to let Nigel Wicks have this information as well, but neither this note nor the dossier must be allowed out of No. 10.

1. Jeffrey Archer is said to have called on Frere Chomeley, solicitors to Osprey Ltd., at 11 am on Wednesday, 27 November, to see one of the senior partners, who is also Mr. Heseltine's PPS. The gossip in the office is that the reason for his visit was to suggest to the partner concerned that there might be a conflict of interest, since Mr. Heseltine's department is going to be involved in an action by one of Frere Chomeley's clients. Whether or not this gossip is true, it is circulating, and it is only a matter of time before the Press picks it up.

2. The Times Diary are asking a lot of questions about the whole case. Private Eye have also got on to the story.

3. The amended statement of claim, requesting exemplary damages and citing the involvement of MoD through Bath as one of the grounds, will be served on British Shipbuilders before the end of the year. About a month after the document is served, it will be filed with the court and, from that moment on, becomes publicly available. There is, therefore, no further time for hanging about: if the Government wants to get the case settled without the dreadful publicity which will otherwise result, our dossier cannot be left gathering dust. It is, on present form, possible that the Prime Minister will learn of this story from an outside source before she hears it from us. Will she be pleased if it happens that way?

4.

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5. On the original policy point which is the proper concern of the unit, there is a growing body of opinion in the Navy (though not at very senior level) that the T23 is a costly and ineffective mistake. The Stingray torpedoes which it would use to try to knock out enemy submarines are a) slower than those submarines; b) too lightweight to do real damage, particularly at depths of 2,000 feet or below; c) limited to a range of only five and a half miles at their top speed of 40 knots (Soviet submarines

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travel at 45 knots). Internal memoranda from Marconi Ltd. indicate that, right from the start, there have been doubts about Stingray's capability. Since a T23 would be foolish to get as close as 5 miles to a Soviet submarine equipped not with lightweights like Stingray but with heavyweight anti-ship torpedoes, it would be compelled to deliver its Stingray from a helicopter: but an EH101 loaded with enough sonobuoys to pinpoint an enemy submarine with enough accuracy to launch the Stingray within its very limited range can only carry one Stingray. The enemy sub can simply outrun it. That is why there are many in the Navy who reckon that, instead of the T23, a cheaper and much faster ship equipped with heavyweight torpedoes is needed.

6. It is not clear whether the Thornycroft, Giles designs would in practice meet the need, though I think you will now agree with me that most (if not all) of the Navy's technical and military arguments for rejection of the design are unsound and that Bath's motives may not be entirely honourable because of their involvement in the copyright theft. But the viability of the designs will soon become clear: the latest tank-test results from BHC indicate that a full-scale, 97-metre short fat ship could achieve speeds of up to 68 knots, a truly remarkable figure. These results will be used as the basis for the 55-metre, 700-tonne vessel which will be built at a British yard (though not BS) next year and will sail from Southampton for New York on 12 January 1987, reaching a final speed approaching 50 knots and, if the weather is tolerable, beating the record by a clear 12 hours. The ship will then go round the world, breaking records all the way, and will return to New York in time for a record-breaking return crossing timed for arrival in the Solent on the Spring Bank Holiday in 1987. The court case, of course, begins on 12 January 1987 and, though scheduled for 45 days at British Shipbuilders' request, could be as short as four or five days if the judge becomes rapidly convinced, on the overwhelming evidence which is likely to be presented. Burson-Marsteller have been appointed to handle the publicity for this round-the-world project, which, like the court-case, now has its finances fully secured. The account executives are very excited and they reckon it will be one of the biggest publicity events in years.

Conclusion

Of course, if DTI and MoD are willing to face the court case, they may, by some stroke of chance or quirk of law, win it. And the design may not work and, like the Virgin Atlantic Challenger (which could not have won the Blue Riband anyway because it did not comply with the Hales Trophy rules on the grounds a) that it was too small to qualify as a "ship", b) that it required refuelling thrice en route; c) that it was attempting only a one-way crossing and the crossing has to be in both directions) it may sink en route. Or, in the very unlikely event that Bath are right about poor seakeeping, it will just roll over and capsize. And, if DTI and MoD are prepared to face out the court case, they may - by some remote chance - win it.

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But I think, on the evidence I have, that the design will work for the Blue Riband crossings and that the court-case, if allowed to take place, will be won by Osprey Ltd. If you read the dossier and this note, you will agree with me that the publicity for the Government will be - to say the least - damaging, in the run-up to an election. It might appear alarmist, but might not be untrue, to say that the issue could blow up in such a way as to bring the Government down. I am a Pressman by origin, and I know what the Press (abetted by Tam Dalyell, who has also been asking a lot of questions lately) could make of all this. The whole matter may appear insignificant militarily and politically when viewed from inside the Government machine, but I can assure you that the Press will not see it as a minor issue. Nor will it be a mere nine days' wonder: it will run and run, if it is allowed, through our inaction, to get to the starting-line.

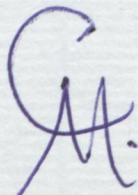
There are two routes to a settlement without damaging publicity:

A. Get Leon Brittan to ask BS to report to him fully and frankly on the case at once. If he talks to the head of their legal department, Mr. Mills, he will learn a) that Thornycroft, Giles have a better case than even they realise; b) that there is, indeed, clear evidence of the Navy's involvement. If Mr. Mills is honest enough to tell him this, he will then have the choice of leaving the case to proceed or drawing the facts to the attention of the BS management and asking them whether they think it either morally right or legally defensible to do anything other than settle. Since the Thornycroft, Giles share of the Hong Kong Patrol Craft contract would have been about £1m if they had been paid in the usual way, and since they would probably get hefty exemplary damages on top, I suspect that the minimum amount to pay into court would be around £500,000 plus costs. If there is no settlement, the judge will a) give Giles the full amount, which could be £1.5m to £2m; b) refer certain aspects of the case to the Director of Public Prosecutions.

B. Get Michael Heseltine to put a team of naval architects on the job of double-checking Bath's arguments against the S90 and, in view of what I am hearing about the T23, to put a team of ASW and weapons experts on to answering the rather fundamental questions about the capacity of this very expensive ship actually to knock out the submarines it detects. If he becomes convinced that a) Bath are wrong about S90 and b) the T23 may not be able to fulfil one of its primary roles, he may like to think about commissioning tests followed by a prototype S90. My guess is that if this were done the case against BS would be dropped.

Doing nothing is not an option. Further delay is not an option. There must be action at once. Even if there were no banana-skin lurking beneath the feet of Ministers, there is the greater matter of the injustice which has been done to Mr. Giles. As I have said before, to the extent that it is proper and possible for us we should do what we can to see that the injustice is put right.

CHRISTOPHER MONCKTON



6 December, 1985