

cc M. STARR



MINISTRY OF DEFENCE
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MO 26/3/1C

8 May 1986

Dear Nigel,

-at Flag PG9

You wrote to Clive Whitmore on 29th April enclosing a copy of Lord Hill-Norton's report "Hull Forms for Warships" and his covering letter of 28th April.

Because of the very restricted circulation allowed we have not yet commissioned a detailed MOD commentary on the report; and those outside the Ministry who are criticised in it are not, it seems, to be made aware of its contents before they are published. But even with these limitations on its handling I can say that the report, which is very prejudiced, contains nothing new and that we see no difficulty about replying to well-worn technical issues that it resuscitates. I note that it keeps clear of the non-technical matters which were the subject of Mr Bryars's report; should Lord Hill-Norton decide to pursue separately the suggestions of impropriety which have been made, those are properly a matter for the courts.

The principal recommendation of the report is that an official committee of inquiry should be established to consider the technical conclusions reached by the Hill-Norton Committee. We have nothing to hide, and as I said in my letter of 27th March, Mr Younger thinks that there could be benefit in agreeing to an independent examination if only to put to bed a dispute which will otherwise continue to rumble on. On the other hand, it is hard to see what practical benefit could flow, either to the MOD or to Thornycroft Giles, from a further inquiry since the Type 23 class of frigate is now being built in accordance with the design selected in 1983. There is also a real risk that an inquiry might go down avenues that would involve significant expenditure from public funds (for Thornycroft Giles to put in a detailed specific response to a Naval Staff Requirement for a frigate, for example, might well cost from £100K to £250K, and the work of expert independent assessors is always highly priced). The Defence Secretary believes therefore that if there is to be an independent examination of the

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Hill-Norton report, the terms of reference should be drawn so as to keep the likely cost within reasonable bounds.

On that basis Mr Younger proposes that we should proceed as follows:

a. The examination should be a professional one conducted by a distinguished naval architect or scientist, and not an inquiry under a judge or QC as proposed by the Hill-Norton Committee;

b. The terms of reference for the examination should be on the lines of the enclosure; this is designed to focus the inquiry on the technical issues raised in the report, and to bring in the independent assessments already made (for instance, by the independent company, YARD) without encouraging over-elaboration and expense.

The inquiry would need to be held in private since some classified material would need to be examined. The results of the examination should be submitted to the Prime Minister, since Lord Hill-Norton has insisted on making his own report to her.

If the Prime Minister decides to proceed on these lines, we need to find the right person to conduct the examination. One possible candidate is the current President of the Royal Institution of Naval Architects, Professor Caldwell of Newcastle University, who is of the necessary professional standing and, as far as we know, not previously involved in the 'short/fat' debate; alternatively we could ask the Chairman of Lloyds to suggest names from whom to make the selection. Nobody has of course been approached yet.

The line we taken when the report is published will depend on how the Prime Minister decides to proceed. At that stage too the experts can produce a detailed technical analysis and commentary on the material in the report.

I attach a draft letter for the Prime Minister to send to Lord Hill-Norton. This has been prepared on the assumption that Mrs Thatcher will not want to see him to discuss the report.

Yes surely,
John Howe

(J F HOWE)
Private Secretary