



10 DOWNING STREET

THE PRIME MINISTER

12 May 1986

My dear Admiral,

Thank you for your letter of 28 April and for letting me see an advance copy of the report of your Committee. This was most courteous.

Your report deals with several technical matters on which Ministers obviously cannot express an opinion without professional advice. We are prepared therefore to commission an inquiry. The inquiry would report to the Secretary of State for Defence, but he would, of course, keep me in touch. I believe that it would be more appropriate for an inquiry of this kind to be conducted by a professional expert of recognised impartiality, rather than by a judge or QC as your Committee suggest. We are therefore making arrangements for someone suitable to be invited to do the work. George Younger will let you know in due course who he is. The terms of reference of the inquiry would be broadly on the lines of the draft attached. We have it in mind to announce the inquiry at the same time as your report is published, 15 May.

I am grateful for the trouble you and your Committee have taken over this matter and I hope that the findings of the inquiry will help to settle once and for all an issue which I know has been debated by the experts for a considerable time.

Yours sincerely
Margaret Thatcher

Admiral of the Fleet The Lord Hill-Norton, G.C.B.

SKW

TERMS OF REFERENCE

To review the reasons for the rejection by the Ministry of Defence in October 1983 of the S90 hull form as proposed to meet the naval staff requirement (NSR 7067) for an anti-submarine warfare frigate, taking account of independent assessments made at the time by YARD and by the Maritime Technology Board of the Defence Scientific Advisory Council, and of the Hill-Norton Committee Report "Hull Forms for Warships" published in May 1986.

PRIME MINISTER

cc Professor Griffiths

SHORT FAT SHIPS

I attach a letter for you to send the Admiral of the Fleet The Lord Hill-Norton in reply to his letter at Flag A. A brief note by the MOD on Lord Hill-Norton's letter is at Flag B.

I know from my telephone conversation with Lord Hill-Norton that he would like to come to discuss the report with you. But he does not request a meeting in his letter and I do not think that you should offer one.

With MOD's agreement, I have drafted your letter on the basis that Mr Younger, not yourself, would commission the inquiry into the findings of the Hill-Norton report. Mr Younger is the responsible Minister and it is clearly not right for you to get personally involved in such a technical matter.

Flags C and D are notes by the Policy Unit on the report. They agree that Mr Younger should set up an independent inquiry.

N.L.W.

N. L. WICKS
9 May 1986

MR. GRIFFITHS

HULL FORMS FOR WARSHIPS
LORD HILL NORTON'S REPORT

The report makes out at least a prima facie case for re-examination of the Defence Scientific Advisory Council (DSAC)'s decision in 1983.

I am doubtful as to how far the Prime Minister should be involved in what should be a Ministry of Defence matter and therefore agree that George Younger should be invited to deal with it. I also agree that a judicial enquiry would probably be going too far, particularly since this would probably involve those concerned being legally represented, probably at Government expense. In that event the enquiry would be protracted and would certainly be inappropriate to deal with the suggested terms of reference.

Perhaps the issue should be sent back to the DSAC; alternatively a technical committee could be set up to review the issues and consider Lord Hill Norton's report. This should be discussed with George Younger and then I agree the Prime Minister should see Lord Hill Norton.

On the wider issue of naval procurement and the performance of the Bath establishment, I believe an examination is needed. Whether this should start now or follow the above review, I am uncertain; but I would probably favour this following the review, since that might provide evidence as to what is wrong. Therefore I would defer item 4 of the suggested terms of reference and simplify the rest of the document, if indeed we need put it forward at all at this stage.

DAVID HOBSON

9 May 1986