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From the Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref. A086/3187

6 November 1986

Dear Terry

at flap

Leak Investigation: Local Government Finance

Thank you for your letter of 28 October and for the copy of Bruce Scott's report on his investigation into the leaks of information on the 1987-88 Local Authority Rate Support Grant settlement and capital controls. We had a brief word about this some time ago.

Our not inconsiderable experience of leaks to financial journalists over recent years has shown just how difficult they are to pursue, not least because they are nearly always based on oral indiscretions.

Irrespective of what damage to the Government may result from such leaks, Scott's report demonstrates the effect that they can have on relationships within, and between, Departments. He records that Department of the Environment officials suspect the Treasury, that Treasury Ministers suspect Mr Ridley, and that all three Department of the Environment Ministers were convinced that leaks were coming from a Department of the Environment official, though they do not say whether they suspect anyone in particular. In order to clear at least part of the air, it might be helpful for you to put the question about their suspicions directly to the two Ministers concerned who are still at the Department of the Environment. If a particular senior official has lost the confidence of Ministers, you ought to be aware of it.

I hope that making known to senior colleagues your Secretary of State's view on the importance of confidentiality on both the official and political sides of the Department will go some way to dispelling any notions that there are any circumstances in which leaks such as this are justified.

/I am copying

T M Heiser Esq CB

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I am copying this letter to Peter Middleton, David Hancock,
Brian Cubbon, Alan Bailey, Ken Stowe, Richard Lloyd Jones,
William Fraser, Brian Hayes, Antony Duff and Nigel Wicks.

Yours are
Robert Armstrong

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Permanent Secretary
Terry Heiser CB

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Ref A086/3187

28 November 1986

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Dear Robert

LEAK INVESTIGATION: LOCAL GOVERNMENT FINANCE

Thank you for your letter of 6 November.

I did not pursue with Mr Ridley or Mr Waldegrave the statement recorded by Bruce Scott that they "are convinced that leaks are coming from a DOE official" because I know from other discussions that they profess complete confidence in the senior officials in the Department.

But I have gone back to both the Secretary of State and the Minister on this point. Mr Ridley said that his comment reflected the possibility in his mind that the one piece of information identified by Bruce Scott as a leak might have been passed on by a junior official. Mr Waldegrave told me that what he said to Bruce Scott reflected the fact that Robin Pauley got to know a number of officials in the Department during the years in which he was local government correspondent for the Financial Times. He considered that as a skilled journalist Robin Pauley might have been able to elicit by questions on the telephone sensitive information from an unwary official with whom he might have been on first name terms in the past.

Both the Secretary of State and the Minister reaffirmed to me their complete confidence in the Department's senior officials; and indeed in less senior officials whom they see frequently on politically controversial policies.

I am copying this letter to the recipients of yours.

*Yours
Terry*

T M HEISER

LOCAL GOVT

RELATIONS

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