

Prime Minister

Agmt. I doubt the wisdom of handing out such a document. We can deal with limited handling as such

Agree that Sir Robert Armstrong should issue the attached paper on the new system for handling sensitive Cabinet and Cabinet Committee papers?

Ref. A083/1625
PRIME MINISTER

A number of Government documents were leaked during the Election campaign. Whether or not these leaks significantly affected the outcome of the Election, they were, I suppose, at least an inconvenience and at worst a disadvantage to Ministers in the campaign; and a disadvantage which Ministers were entitled to expect that they would not have to encounter.

FERB 10.6.

2. Some of the documents which were exploited were fairly elderly papers which may well have been leaked before the Election and been held in reserve. Others may have been leaked during the campaign. I can only assume that they were leaked by members of the Civil Service. That being so, they represent serious disloyalty and a flagrant breach of trust and I should like, as Head of the Civil Service, to express to you my deep regrets and apologies. My sense of outrage and regret is fully shared by my fellow Permanent Secretaries, with whom I have discussed the matter, and they would wish to be associated with what I have written.

3. I have put in hand investigations, and will report the outcome in due course. I have to say that I am not very hopeful of identifying the culprits, but we may discover something about the Departments or the areas from which the leaks may have come.

4. I am introducing new instructions and procedures for handling particularly sensitive Cabinet and Cabinet Committee documents. These arrangements are described in the attached draft memorandum, which I hope you will approve. I am afraid that these arrangements will clog the dispatch of business and be of some inconvenience to both Ministers and officials; I have tried to minimise the inconvenience.

5. We are also introducing, in the Cabinet Office, the use of paper which has the security marking printed diagonally across the paper, not just at the top and bottom. I attach specimens.



Again, Ministers may, I fear, find papers with these markings slightly more inconvenient to read; but the use of this paper may help to deter potential leakers.

6. I am investigating the possibility of numbering each page (not just the top page) of sensitive documents, and of repeating the number through the page so that it cannot be removed just by cutting off the right hand corner. But this is likely to be a pretty costly precaution.

*Ministers
- with
the bill.*

7. Further down the line, when word processors and other computerised office machines are in more general use, it may be possible to arrange for every copy of every page of a document to be unique in terms of lay-out - in spacing and lining, for instance; but that is some way off.

8. But I think that more is required than vigorous investigations and further tautening of the mechanics of distribution. There seems to have been some sort of change of culture, as a result of which not only have leaks become more frequent but there has also grown up a greater readiness to overlook or condone them. I think that the time has come to make a determined effort to arrest and reverse this change: to reiterate that the acceptance of an objective of "open government" can never be a justification or excuse for deliberate breach of your employers' confidence or for the breach of trust which that entails. And I think that it is for us at the top levels of the Civil Service to take the lead in this. It may be that the prospect of success is limited; but we shall certainly have no success if we do not even try.

9. I am therefore considering, in consultation with my Permanent Secretary colleagues, what we might do. Suggestions for consideration include:

- (1) A letter from me to Permanent Secretary colleagues making the points in clear and trenchant terms, on the basis of which they would speak in their own Departments. The letter would of course leak; but that is one leak which I should contemplate with equanimity.



I doubt the wisdom of this

(2) A letter from me to The Times. That might pre-empt snide treatment by Peter Hennessy of a leaked letter to Permanent Secretaries; but it might be thought ironic that The Times, which has itself published leaked material, should be asked to publish a letter deploring leaks.

Not much we - I agree that the matter is a charge of culture

(3) An invitation to a group of senior Privy Counsellors (rather on the analogy of the Radcliffe Committee on Ministerial Memoirs) to redefine the standards, conventions, disciplines and penalties which should apply in these matters.

I shall make a further submission on these matters in due course.

REA

ROBERT ARMSTRONG

10 June 1983

CMO HANDLING INSTRUCTIONS

This memorandum sets out procedures for handling Cabinet and Cabinet Committee documents of special sensitivity, whose dissemination is to be strictly controlled and confined to named individuals - in practice, the members and secretariats of the Committee concerned.

2. Documents to be handled in accordance with these procedures are to be clearly marked by the originating Department with the letters CMO at the top and bottom of each page. The marking may be used on memoranda and minutes of Cabinet and of all Cabinet Ministerial and Official Committees and Groups, whatever their security classification. The letters CMO may be added beside or under the security classification, but they will denote a handling instruction and not an additional security qualification.

3. Copies of documents marked CMO will be circulated to members of Committees only. The number of documents issued to members will be strictly limited: where possible, one copy only, and not more than two. Under no circumstances whatever may CMO documents be copied. The Committee member (Minister or Official) to whom a document is issued will be personally responsible for its safe custody at all times and for giving

authority for it to be taken outside his or her office or for it to be shown to anyone else (eg for briefing purposes). A Minister may delegate that responsibility to his Principal Private Secretary but to no one else.

4. The responsibility for deciding whether a document is to be subject to the CMO instruction rests with the originating Minister or member of a Committee. In addition, the Chairman of a Committee will have the right to instruct that a paper due to come before the Committee should be handled under CMO procedure.

5. It will be an instruction to the Cabinet and Cabinet Committee Secretariats that CMO documents are to be sent only to those Ministers or officials who are members of the Committee concerned, and that not more than two copies of any CMO document may be sent to any one member, who will be personally responsible for the safe custody of both copies. A Minister or official invited to attend a meeting of a Committee of which he is not a member for the purpose of discussing a document which carries a CMO marking may be sent not more than two copies of the

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document concerned and will be responsible for the safe custody of both copies. Where a Cabinet Official Committee does not have a named membership, CMO documents will be sent to a named official in each Department represented on the Committee, and that official will be responsible for the safe custody of CMO documents sent to him. Exceptions to these rules will have to be cleared with the Secretary of the Cabinet or with the senior Secretary of the Committee concerned in the Cabinet Office, who may direct that the Chairman of the Committee should be consulted.

6. As soon as any CMO document is no longer required by or for a Ministerial or official member of a Committee to whom it has been sent, it should be returned to the Cabinet Office.

7. The existing instructions on the handling of all Cabinet and Cabinet Committee documents (and in particular the strict rules prohibiting copying, restricting access and limiting retention) will continue in force as set out in the Handbook for the Cabinet Documents Officer (CSI(81)1). Amendments to the Handbook to take account of the additional requirements relating to CMO documents will be issued in due course.

DIAGONAL SECURITY MARKINGS

8. It is proposed to introduce paper pre-printed with diagonal security markings for all Cabinet and Cabinet Committee documents prepared in the

Cabinet Office. The markings used will be outline letters in black for RESTRICTED and CONFIDENTIAL, solid letters in red for SECRET and TOP SECRET.

9. The use of diagonally marked paper will be mandatory for Cabinet and Cabinet Committee documents carrying a CMO handling instruction, but not for other Cabinet Committee documents prepared and duplicated in Departments (though it will of course be open to Departments to decide to adopt such paper).

PARLIAMENTARY
AFFAIRS

1. The Cabinet were informed of a number of statements of Government policy to be made by means of Written Answers to Parliamentary Questions before the dissolution of Parliament.

Finance Bill

Previous
Reference:
CC(83) 17th
Conclusions,
Minute 1

THE CHIEF SECRETARY, TREASURY, said that agreement had been reached with the Opposition to expedite the passage of a shortened, though still substantial, Finance Bill. The provisions regarding oil taxation, business expansion measures and certain industrial measures, would be retained. But those increasing the limits on the size of mortgage eligible for tax relief, relaxations in capital transfer tax, and increases in the income levels at which higher rates of income tax were levied had had to be dropped. This would have no immediate effect, since the Inland Revenue had issued income tax codings on the assumption that the proposals in the Finance Bill as originally presented to Parliament would become law. Provided that the Government was returned to office, there would be no lasting effect, since the Government had undertaken immediately to present a new Finance Bill giving effect to the provisions which had been dropped. Ministers should stress these points in public discussion. They should also point out that the Opposition attitude threatened the position of a substantial number of people with incomes in the middle range, and not only of those with the very highest incomes; and that the blocking of the increase in mortgage limits would hamper the smooth working of the housing market.

Reports of
Select
Committees

THE CHANCELLOR OF THE EXCHEQUER said that the Treasury and Civil Service Select Committee had considered two draft reports on the International Monetary System; one had been prepared by one of the Committee's special advisers, the other by Dr Jeremy Bray MP. Neither was helpful to the Government. It was understood that the Committee intended to publish both the drafts on 24 May, the former as a Chairman's report.

THE PRIME MINISTER, summing up the discussion, said that Government spokesmen should vigorously attack the attitude of the Opposition to the provisions in the Finance Bill which they had obliged the Government to drop. The Chief Secretary, Treasury, should immediately circulate to the Cabinet appropriate briefing material, making clear how many people would be affected by the failure to increase the mortgage limits, and by the refusal to allow the threshold of liability to higher rates of income tax to be increased. This should cover both those who would become liable to the higher rates and those who were already so liable but would have to pay more tax if the Opposition's views were ultimately to prevail. Examples should also be given of the amount of additional tax which those affected would have to pay in this event during the remainder of 1983-84: this would include recovery of the reduction in tax which they had enjoyed under the codings which the Inland Revenue had already issued. The right of Select Committees to act in the way described by the Chancellor of the Exchequer was open to question: it implied publication of a report by a Select Committee of the House of Commons at a time when the House of Commons would have no members. The Lord President of the Council should take this matter up urgently with the Speaker of the House of Commons.

European
Council
Meeting on
6-7 June

THE FOREIGN AND COMMONWEALTH SECRETARY said that he would be attending the informal meeting of Foreign Ministers at Gymnich on 14-15 May and the Council of Ministers (Foreign Affairs) on 24-25 May. This was essential because this Council had the remit to arrive at a conclusion on the interim budget solution and to report it to the European Council at Stuttgart on 6-7 June.

In discussion it was noted that the Prime Minister would wish to consider carefully whether it would be feasible and desirable for her to attend the European Council at Stuttgart bearing in mind that this would be in the last week of the General Election campaign and taking account of progress on the interim budget problem. If the Prime Minister was not to attend, the matter would require most careful handling.

The Cabinet -

Took note.

SOCIAL
SECURITY

4. The Cabinet discussed certain social security matters. Their discussion and the conclusions reached are recorded separately.

FUTURE
ARRANGEMENTS

5. THE PRIME MINISTER said that there was not likely to be a need for a further meeting of the Cabinet before the General Election. If any matter arose which required discussion the Ministers concerned would have to gather together to deal with it, as necessary.

THE HOME SECRETARY said that, as this was likely to be the last meeting of the Cabinet before the General Election, he wanted, on behalf of the whole Cabinet, to express their appreciation of the Prime Minister's leadership and to wish her the best of success in the forthcoming Election campaign which her leadership had so richly deserved.

THE PRIME MINISTER, thanking the Home Secretary and her colleagues, said that she in turn was conscious of how much she owed to the loyal support of the Cabinet who had worked together as an effective and united team.

The Cabinet -

Took note, with approval, of the statement made on their behalf by the Home Secretary and the Prime Minister's response.

Cabinet Office

12 May 1983



Joe VC

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

Thank you for your minute of 18 June about leaks.

In the light of what you say, the Prime Minister agrees that you should circulate a note on the lines of the draft attached to your minute of 10 June. You might like to consider whether it would be less likely to leak if it were circulated in the form of a letter from you to Permanent Secretaries, rather than as a memorandum.

The Prime Minister has noted that you are preparing a letter to Permanent Secretaries which you will clear with her and she confirms that she has no objection to the use of the paper with diagonal classification marking, of which you attached a specimen to your minute of 10 June.

FRB

22 June 1983

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Prime Minister

MR. BUTLER

Yes
Would you agree that Sir Robert circulates his note (Perhaps it would help if it was turned into a letter from him to Permanent Secretaries?)

Amend mt
Thank you for your minute of 16 June about leaks. You did not dissent from the proposal at XI when you previously saw the paper - indeed you were not asked to agree it.

We will continue to pursue measures to try to deter leaks, on the lines of the second paragraph of your minute.

FERS
2.6.

On the "change of culture" I, like the Prime Minister, have come to favour a letter from me to Permanent Secretaries, rather than a letter to The Times or a committee of Privy Counsellors. I have a first draft of a letter, which I am looking at with a very few of my Permanent Secretary colleagues; I will of course show you a draft before I issue anything final.

I should like to keep that letter at the level of principle, and not use it to make points about the conditions or mechanics of distribution. But I wonder whether the Prime Minister would allow me to circulate a memorandum on the lines of the draft attached to my minute of 10 June. It would be useful to have a standard and clearly defined procedure for handling particularly sensitive documents, rather than deal with each document ad hoc. I have in fact discussed the proposals in my draft memorandum with my fellow Permanent Secretaries - and the fact that I did so was briefly noted in one of the newspapers! So the leak has happened, without exciting any significant notice or criticism. I doubt whether its issue in definitive form would give rise to further press comment; and I do not think that it would matter very much if it did.

x
Yes mt
I assume that we are free to go ahead with the use of paper with diagonal classification markings, specimens of which were attached to my minute of 10 June.

RTA

18 June 1983

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10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

The Prime Minister has now had an opportunity to consider your submission of 10 June about the leakage of Government documents. She has noted and is grateful for the expression of regret and apology which you make on behalf of your fellow Permanent Secretaries and the Civil Service.

The Prime Minister has also noted the steps which you are taking to try to stem the flow of leaks. She thinks that it is worth pursuing the possibility of numbering each paper of sensitive documents and of repeating the number through the pages, despite the cost. She also favours further exploration of a unique arrangement for every copy of every page of a document.

However, the Prime Minister has doubts about the wisdom of circulating a document on the lines of the draft memorandum attached to your minute, which is itself likely to leak. She would prefer to attach instructions on handling to each document which has to be closely restricted, rather than send out a general instruction.

The Prime Minister agrees that the root cause of the problem is a change of culture, and she would favour a letter from you to Permanent Secretaries on the lines which you suggest. It might be possible to incorporate in that letter one or two points from the draft memorandum, which would not embarrass the Government if they leaked - for example, that it is for the originating Minister or member of a committee to decide in the first instance whether special restrictions need to be imposed on the handling of a document.

/ The Prime Minister

The Prime Minister doubts the wisdom of a letter from you to The Times and is inclined to think that a re-definition of standards by a group of senior Privy Councillors would be unlikely to make much impact on the problem.

E E R BUTLER

16 June 1983



10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

The Prime Minister has seen your minute of 12 July (A083/2060) covering a draft letter to Permanent Secretaries about leaks of Government documents.

The Prime Minister is content that you should write in the terms attached to your letter but she would not be in favour of your sending copies of the letter to former Prime Ministers or of publishing the text in a Written Answer to an arranged PQ.

E. E. R. BUTLER

15 July, 1983