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10 DOWNING STREET

From the Principal Private Secretary

10 January 1986

THE SOUTH ATLANTIC FUND

I have shown the Prime Minister your letter of 8 January about the future of the South Atlantic Fund.

The Prime Minister was glad to learn that there is no consideration presently being given to winding up the Fund in the immediate future. She would want to be kept in close touch if there was any question of its winding up, though she recognises, of course, that the workings and final dissolution of the Fund are matters for the Trustees.

(N.L. WICKS)



Sir Clive Whitmore, K.C.B., C.V.O.



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PERMANENT UNDER-SECRETARY OF STATE
SIR CLIVE WHITMORE KCB CVO

8th January, 1986.

PUS/V86/15
(9/31/F)

Dear Nigel,

THE SOUTH ATLANTIC FUND

Prime Minister²
If you agree, I
will ask that you
be kept closely in
touch.
N.L.W.
9-1

You mentioned to me on Monday that the Prime Minister had been concerned to hear that the South Atlantic Fund was to be wound up.

2. The position is that the Fund was set up three and a half years ago. When it was set up a clause was written into its Trust Deed which read:

"13. In the absence of special reason to the contrary the Charity shall be wound up within five years of the date of this deed by distribution of the balance of the unallocated funds not therefore applied under Clause 3 hereof amongst the service benevolent funds in such shares as the Trustees shall think fit."

The purpose of this clause was to allow the Trustees, after all immediate needs arising from the Falklands campaign had been met in full, to make available any money left over to the major Service charities, who could then deal with any longer term needs in the same way as they deal with similar needs arising from other conflicts.

3. This five-year point is now eighteen months away. Nearer that time the Trustees will have to take a view on whether to wind up the Fund or whether there are indeed "special reasons" for keeping the Fund open to disburse any remaining money (there is at present some £3m. left in the Fund: so far about £13.75m. has been paid out in grants to those who suffered as a result of the conflict).

4. There is also a theoretical possibility that the Trustees might choose to close the Fund before the five years were up, though I understand this is most unlikely given the present situation. There is certainly no consideration presently being given to winding up the Fund in the immediate future.

5. The workings and final dissolution of the Fund are of course matters for the Trustees, who have no formal obligation to consult Ministers. But I am sure that when it comes to a major decision such as winding up the Fund, the Trustees will inform Defence Ministers of their intentions, and when this happens we shall see that you too are in the picture.

Yours sincerely,

Steve Whitmore.

Nigel Wicks, Esq,
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SW1.