



HOUSE OF LORDS,  
SW1A 0PW

17 May 1985

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Dear Willie:

PUBLIC TRUSTEE AND FUNDS ADMINISTRATION BILL

Thank you for your letter of 16 April conveying the approval of H Committee for the components of the above Bill, subject to separate agreement between Peter Rees and myself on his suggestion that I drop from the Bill the proposal to remove the Public Trustee's statutory obligation to break even. I have delayed replying until I was in a position to forward a copy of my announcement on unifying private assets activity, which is now enclosed.

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The announcement does not refer to the statutory obligation to break even, on which I hope to be in a position to reply to Peter shortly. My officials are also in touch with Norman Tebbit's about the position of the various elements of the combined private assets organisation under the Financial Services Bill.

Copies of this letter and its enclosure go to members of H Committee, to the Secretary of State for Trade and Industry, the Chancellor of the Duchy of Lancaster, the Minister without Portfolio, the Attorney General, the Paymaster General, First Parliamentary Counsel and Sir Robert Armstrong.

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The Right Honourable  
Viscount Whitelaw CH MC  
Lord President of the Council



DRAFT PARLIAMENTARY QUESTION FOR WRITTEN ANSWER

QUESTION To ask Her Majesty's Government whether decisions have now been reached on the recommendations of the Cabinet Office Efficiency Unit scrutiny of investment activity in the Lord Chancellor's Department; and what other changes are proposed in the Department's administration of privately-owned assets.

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ANSWER Following consultation, the majority of the recommendations have been accepted. The most significant, which I intend to bring into effect by April 1986, are the contracting-out, on a competitive basis, of the management of the Common Investment Fund (CIF) unit trusts, which the Public Trustee currently runs for the Courts; and the adoption of a 'last resort' policy for acceptance of new trusts by the Public Trustee. (This will not alter the position of existing trusts, or of any estates in which the Public Trustee may be appointed executor in the immediate future). My Department will be seeking professional advice on the contracting-out process.

As regards other changes, in May 1982 I announced (Official Report, Vol. 430, col. 870-1) that a review of the work and functions of the Public Trustee had concluded that it would eventually be difficult to justify the continued separate existence of the Public Trustee Office. After examining the work of other areas within the Department, I now plan, over the next three years to bring together into a single office the administrative work involved in the management of privately-owned assets to be known as the Public Trust



Office. This new office will incorporate the present Public Trustee Office and the Court Funds Office, and will also handle the administrative (as opposed to judicial) work of the Court of Protection and some of the trust work currently undertaken by the Official Solicitor. The Official Solicitor will retain his other duties, and the Court of Protection, which will then comprise the judicial officers only, will both remain outside the new structure. The necessary organisational changes will be introduced gradually, in order to avoid disruption in the management of existing cases.

The object of these measures will be to avoid unnecessary competition with the private sector; to enhance efficiency and secure the best possible value for money; and to provide a better service for the owners of the assets under administration.

H: of Sr M.  
17 May 85

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