



Cabinet folder **A**
Indemnification

19A.

SECRET

PRIME MINISTER

SEQUESTRATION OF NUM'S ASSETS

See Pt 14

1. On the 13 November Misc 101 invited the Attorney General to arrange for the sequestrators of the NUM's assets to be indemnified as to their costs if that was necessary to allow the judgment of the High Court to be enforced.
2. Accordingly, the Attorney General contacted the sequestrators immediately after the meeting of Misc 101 and orally gave them, on behalf of HMG, the necessary indemnity. This covered the costs and expenses reasonably and properly incurred by them in carrying out their duties in pursuance of their appointment by the Court. It related to the proceedings which they had already set in train in various other jurisdictions where the NUM were believed to have transferred their assets. It was not to cover further proceedings unless the Attorney General had been consulted and had agreed to such proceedings being pursued.
3. After some discussion between officials of the various Departments primarily concerned, the Attorney General agreed that the cost of the indemnity should fall on the Law Charges Vote and that he would accept responsibility for it in Parliament. To meet the requirements of the Public Accounts Committee, it is necessary that "Parliament should be given the earliest and clearest possible notice of a decision by a Department to put public funds at risk by the assumption of a contingent liability" (such as this indemnity involves). This would ordinarily involve the laying of a Minute before the House. However, it has been possible to avoid that in the present case by sweeping the matter up in the current round of Supplementary Estimates.

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A token sub-head (for £1,000) will be included in the Law Charges Vote and will be described simply as "Payments in respect of an indemnity given by the Attorney General." At the same time, the Financial Secretary's Memorandum relating to the Supplementary Estimates will include a sentence in the following terms:

"Additional provision is sought in respect of a contingent liability arising under an indemnity given by the Attorney General for unrecovered costs and other expenditure incurred by the sequestrators in the course of legal proceedings against the National Union of Mineworkers".

4. As I explain in more detail below, if the above Parliamentary procedure has to be set in motion, it must start on Thursday of this week, 6th December. If, as a result of proceedings in Luxembourg or otherwise, it is established before then that the sequestrators have been put in sufficient funds to make the indemnity unnecessary, we can treat it as having lapsed before it came into effect and we need neither take any steps in relation to Parliament or otherwise reveal that ^{the} indemnity was ever given. If, however, the sequestrators do not lay their hands on sufficient funds before Thursday, we must go ahead with the arrangements for notifying Parliament: if we refrained from doing so in the hope that the indemnity would never be called upon and we were subsequently disappointed in that hope (or if the fact that we had given the indemnity came out in some other way), we should be open to very heavy criticism.

5. On the assumption that we have to go ahead, the arrangements for notifying Parliament are as follows:

- (i) On Thursday, 6th December, the Treasury Estimate Clerk will write to the Clerk to the Liaison Committee telling him that one of the Supplementaries which does not fall within the remit of any Departmental Select Committee will be revised. The letter will mention the Law Charges Vote but will not provide any information about why the Supplementary requires revision.



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- (ii) On either Monday, 10 December, or Tuesday, 11 December, the revised Supplementary will be presented to Parliament.
 - (iii) The Financial Secretary's Memorandum will be available to lobby correspondents from about 11 am on the day when the Supplementaries are presented, though it will be embargoed until they are actually presented at 2.30 pm.
6. I am copying this minute to the other members of Misc 101 and to Sir Robert Armstrong.

Alick Hargrave

3 December, 1984

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Case A 15

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