

CONFIDENTIAL



MINISTRY OF DEFENCE  
MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01-930 7022

MO 26/3/1E

*Prime Minister 2*  
*to note the*  
*arrangements now*  
*proposed for the enquiry.*

*14th* October 1986

*mf*

Dear Nigel,

*N.L.W*  
*15.10*

HULL FORMS FOR WARSHIPS: LORD HILL-NORTON'S REPORT

I wrote to you on 10th July (MO 26/3/1) about Professor Caldwell's resignation as chairman of the inquiry into hull forms for warships. Since then we have been considering other names; the problem was to find anyone else as well-qualified who would be prepared to conduct the inquiry, in view of the way that Professor Caldwell was treated and the risk that the same tactics might be used against any other chairman to whom the Giles party chose to take objection.

The solution we have found is to appoint Lloyd's Register (LR) to conduct this inquiry for the Secretary of State. LR is an expert body of recognised international standing from which shipowners are accustomed to seek advice. A contract placed with LR is therefore likely to provide a more effective examination of the key issues than the appointment of a lawyer (as the Hill-Norton report recommended) assisted presumably by assessors. Sir Clive Whitmore has therefore negotiated an understanding between LR and Lord Hill-Norton whereby Mr MacLeod as chairman of LR takes on the inquiry, consulting Lord Hill-Norton (as well as the Ministry of Defence) about the list of key issues to be examined; Lord Hill-Norton will give his public support to the appointment of LR, and will urge interested parties to co-operate with the inquiry. He has already spoken to Mr Giles to ensure that he is prepared to go along with this.

I enclose a note of the meeting with Lord Hill-Norton and Mr MacLeod at which the way forward was agreed. You will see that there has been a small amendment to the previously published terms of reference, at the request of both Lord Hill-Norton and Mr MacLeod, aimed at concentrating less on past decisions, more on the key technical issues in debate; however, the Royal Navy's requirement will remain the standard against which the claims of alternative hull-forms are judged.

N Wicks Esq  
No 10 Downing Street

CONFIDENTIAL



We now have to make detailed arrangements with LR, including a suitable contract, and Lord Hill-Norton will be meeting Mr MacLeod again on 23rd October to discuss the list of key issues. In the meantime we have agreed that it would be premature to make an announcement about the appointment of LR to conduct the inquiry; it looks as if this will best be done by answer to an arranged PQ after both Houses have reassembled.

Yours sincerely,  
John Howe.

(J F HOWE)  
Private Secretary

CONFIDENTIAL

--

LORD HILL-NORTON'S REPORT

NOTE OF A MEETING BETWEEN SIR CLIVE WHITMORE, LORD HILL-NORTON  
AND MR. MACLEOD ON TUESDAY 7 OCTOBER 1986

Present:

Sir Clive Whitmore

Lord Hill-Norton

Mr. MacLeod	Chairman	) Lloyds
Mr. Beaumont	Chief Ship Surveyor	) Register
		) of Shipping
Mr. Peters		

1. Sir Clive Whitmore said that following the resignation of Professor Caldwell as chairman of the inquiry into hull forms for warships, it had seemed best to approach Lloyd's Register (LR) to see if they would be prepared to take on the task. Mr. MacLeod had said that he was prepared to help, subject to acceptance by interested parties of LR as a suitable and impartial body for this purpose, and agreement on the key technical issues which the inquiry would address. The present meeting had been arranged so that Lord Hill-Norton and Mr. MacLeod could discuss these matters, and if possible agree on the way forward.

Suitability and Impartiality of LR

2. Lord Hill-Norton said it was essential that none of those directly involved in conducting the inquiry should be connected with interested parties; he accepted that LR was bound to have many contacts with these (e.g. British Shipbuilders, or YARD) in the normal course of business. Mr. MacLeod provided details of three respects in which LR might be considered to have had some previous connection with the hull form debate - he did not think that any of them were significant - and agreed to provide CVs for each member of the LR team to be employed in the inquiry; their selection would depend on the key technical issues for examination. Lord Hill-Norton said that on this basis he accepted that LR was fully qualified to conduct an impartial inquiry; and he realised it was essential, for protecting LR's international reputation, that interested parties should be prepared, as he would, to support in public their appointment to examine the issues.

Terms of Reference and Key Issues

3. Lord Hill-Norton and Mr. MacLeod said that the Terms of Reference so far published needed some adjustment to ensure that the inquiry concentrated on the key issues, and the possible future application of its findings, rather than on a review of past decisions; however, the Royal Navy's requirement

CONFIDENTIAL

should remain the standard against which the claims of alternative hull forms were judged. It was therefore agreed that the TOR for the inquiry should be:

"To consider the advantages and disadvantages of the S90 hull form as proposed to meet the naval staff requirement (NSR 7067) for an anti-submarine frigate, taking account of independent assessments made in 1983 by YARD and by the Marine Technology Board of the Defence Scientific Advisory Council, and of the Hill-Norton Committee Report 'Hull Forms for Warships' published in May 1986, and to identify any implications for the design of future destroyers and frigates for the RN."

As regards the key issues for review, Lord Hill-Norton said that he had aimed in his report to high-light the sort of matters most likely to repay attention (e.g. seakeeping, speed, the positioning of sensors) and he would be happy to discuss further with Mr. MacLeod on 23 October a list of key issues. Mr. MacLeod said that once this was settled - though no doubt other matters might emerge in the course of the inquiry - he would be better placed to decide how best to conduct the inquiry, and to invite evidence both in writing and orally.

#### TGA

4. Mr. MacLeod said he would be happier with some assurance that Mr. Giles like the other interested parties would cooperate with the appointment of LR to conduct the inquiry. Lord Hill-Norton said that he would speak to Mr. Giles to emphasise his own support for LR and the need to get on with the business. He pointed out that TGA's action in the High Court against British Shipbuilders was due to start in January 1987 and might last for six months; clearly it would be necessary to handle matters in such a way that no-one should be seen to gain from the results of the inquiry during the High Court action. It was agreed that the inquiry would work in private; it would be desirable to publish its final report in as full a form as possible, with any commercial-in-confidence or security-sensitive material in a separate confidential annex, but nothing should be published before the High Court action was complete.

[Note Later Lord Hill-Norton spoke to Mr. Giles, who said he would have no objection to the appointment of LR to conduct the inquiry on the basis proposed; he had worked with them in the past and had a high opinion of their reputation and expertise.]

Public Announcement

5. It was agreed that no public announcement should be made before Lord Hill-Norton's further meeting with Mr. MacLeod; that suggested a reply to an arranged PQ once both Houses had reassembled. The terms of the statement would be agreed with Lord Hill-Norton and Mr. MacLeod; Lord Hill-Norton repeated that once it had been made, he would publicly support the appointment of LR and advise all concerned to cooperate with the inquiry and to refrain from any more public issues until the findings were published - after which he hoped that the debate would be closed.

CONFIDENTIAL

NAT. IND: Short Fat Ships: Nov. 1985

