

MR WHITMORE ✓

B. Ingham.

I agree entirely that the leaks to Hennessy and Stothard are wrong. But how in practice can we do what you are suggesting or X/ below?

LEAK INQUIRY

all.
BVI

I do not wish to comment upon DHSS's decision to mount a leak inquiry into The Times' accounts of their latest thinking on the Employers Statutory Sick Pay scheme.

2. Nor do I wish to argue that we should, or should not, mount a leak inquiry.

3. But I do feel bound to pass the comment at this stage that, whatever we do about other leaks which occur, we ought to keep under the closest scrutiny the output of:

- Peter Hennessy (The Times)
- Peter Stothard (The Sunday Times and occasionally The Times)

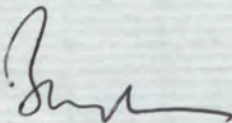
4. For example, over the last week we have seen Hennessy do a piece about the C&AG and about plans for a streamlined D-Notice system (see attached Annexes I and II). I regard the D-Notice article as a more serious leak than the C&AG.

5. In addition, on Monday morning Stothard leaked the meetings of Cabinet on economic policy (Annex III).

6. There will, I fear, always be leaks of particular items of Government policy and I am sure that DHSS is concerned about the frequency with which social security matters get into 'The Times' through Pat Healy.

7. But the truth is that Hennessy and Stothard are the most frequent purveyors of information which can only have come from either Ministers or Government officials. And in my view we ought to take a close look at their activities.

8. I am copying to Robert Armstrong.



B. INGHAM

4 June, 1981.

Thatcher choice for next comptroller rejected

By Peter Hennessy

Mr Joel Barnett, chairman of the powerful Commons Public Accounts Committee, has rejected the Prime Minister's suggestion that the next Comptroller and Auditor General, Parliament's spending watchdog, should be Sir Anthony Rawlinson, Second Permanent Secretary to the Treasury, responsible for its public services sector.

On behalf of the committee Mr Barnett has made it clear to Mrs Margaret Thatcher that there is no personal animus against Sir Anthony, who served Mr Barnett during his period as Chief Secretary to the Treasury during the Callaghan administration. The committee believes, however, that the time has come to appoint a comptroller with wider experience than Whitehall, from whence past holders of the office have traditionally come.

The Public Accounts Committee published a report in February calling for a new statute that would extend the powers of the comptroller, who reports to its members, allowing him to examine the books of all bodies in receipt of funds voted by Parliament, including the nationalized industries. The committee also urged the establishment of a national audit office to replace the existing Exchequer and Audit Department that would be better placed to undertake efficiency audits and value-for-money investigations on behalf of Parliament.

Sir Douglas Henley the present comptroller, is due to retire in August. He too is a former Treasury second permanent secretary responsible for public spending.



Mr Joel Barnett: Zealous.



Sir Anthony: Thatcher man.

Since Sir Douglas's appointment, both the Callaghan and Thatcher governments promised to consult the chairman of the Public Accounts Committee be-

fore naming future holders of the office. The appointment of the comptroller by letters patent under the Crown (albeit on the nomination of the Prime Minister) is intended to guarantee its independence from the executive. Comptrollers can only be dismissed by resolution of both Houses of Parliament.

When Mrs Thatcher suggested Sir Anthony, Mr Barnett said that with the possibility of a wide-ranging national audit system being established, it would be more appropriate to find somebody with the widest accounting and audit experience from outside Whitehall.

Mr Barnett refused to talk about his discussions with the Prime Minister.

The Government is unlikely to agree to the radical reform of the Exchequer and Audit Department being sought by the Public Accounts Committee. A meeting of Whitehall principal finance officers was held in the Treasury this week to discuss the matter under the chairmanship of Mr Joe Carey, Treasury Officer of Accounts.

The group will advise ministers on how to reply to the Public Accounts Committee's February report in a White Paper that will probably be published at the end of June. The principal finance officers are wary of the comptroller's remit being extended to the nationalized industries.

However, they walk in some fear of the Public Accounts Committee, the oldest and most influential of the Commons select committees which has been in existence since 1866.

Valium TV item may be dropped

By Kenneth Gosling

The BBC is expected to drop from a postponed *Man Alive* television programme an item on the tranquillizer Valium, after top-level talks with the Department of Health and Social Security and with Roche Products Ltd, the drugs manufacturer.

The programme, dealing mainly with Swiss banks and

Prisoner wins legal aid to challenge jail censorship

By Frances Gibb

A prisoner has won legal aid to challenge in the House of Lords a recent Court of Appeal ruling that the prison authorities were entitled to stop letters between himself and his solicitor.

The action is being seen as an important test case by law reform groups such as the Howard League for Penal Reform and the National Council for Civil Liberties.

with the European Commission of Human Rights.

The Home Office, as the responsible authority, and the governor, had acted properly in stopping the letter and there had been no violation of human rights, the court held.

Lord Denning, Master of the Rolls, said proceedings of the European Court of Human Rights were legal proceedings



Miss Pamela Collison: Not guilty.

Surgeon lover to face trial

From Our Correspondent Newcastle upon Tyne

Pamela Collison, political research officer, Barnet, Hertfordshire, yesterday sent to face charge of murdering her lover, Dr Gareth Vickers, here in June, 1979. She was committed to Newcastle Crown Court on Monday after a three-day hearing by magistrates at Gosforth. Collison also faces charges of obtaining drugs.

She is jointly charged with Paul Vickers, aged 35, a consultant orthopaedic surgeon, Moor Crescent, Gosforth. He was earlier committed for trial. Both are charged with having plotted to murder Mrs Vickers, aged 45, a drug overdose.

Mr John Hitchcock, Director of Public Prosecutions, claimed that Miss Collison had cashed prescription drug CCNU which would later admit her to hospital with her wife.

After the court Miss Collison's solicitor Clive Mckeage said magistrates have not made any comment on the case today and I do not make any comment. Collison will still be charged with not guilty at the court.

Earlier the court heard of another woman charged with the murder of Mr Vickers. Evelyn McNally, 35, has had a 12-year sentence with Mr Vickers' wife on holiday for weeks after the doctor's death.

Mr Hitchen said had been obtained by a prescription signed by her and in Miss McNally's name.

Streamlined D-notices come under scrutiny

By Peter Hennessy

A plan for a reformed, streamlined D-notice system will be discussed later this month at a meeting in the Ministry of Defence of senior civil servants and representatives of the press. If it is accepted the number of notices will be reduced from 12 to four or five and their content will be less specific than the present guidelines.

The purpose will be to reach agreement on a framework acceptable to both Whitehall and Fleet Street for the continuation of the unique arrangement whereby the British press has practised voluntary self-censorship on certain defence and intelligence matters since 1912.

The Commons Select Committee on Defence published a report last August critical of the present shape of the system, but suggesting it should carry on "at least until there is a fundamental review of the Official Secrets Acts". Its Labour members wanted the D-notice structure abolished altogether but were voted down by their Conservative colleagues who enjoy a majority on the committee.

During the select committee investigation last summer, the Defence, Press and Broadcasting Committee, the joint body representing Whitehall and the media, decided to commission its own review of the D-notice system, the first in its 68-year history. It has been carried out by the committee's secretary, Rear-Admiral William Ash, and is nearing completion.

The main thrust of the exercise has been to trim the D-notices, removing the kind of material that dates rapidly as defence technology develops. The present notices were first issued in 1971.

The most taxing part of the Ash review has been the simplification of notice number two on classified military weapons, weapons systems and equipment, number three on Royal Navy warship construction and naval equipment and number four on aircraft and aero-engines.

The solution likely to be endorsed by the D-notice committee is a new, broadly phrased equipment notice. It will advise the press, when in doubt about specifics, to consult Rear-Admiral Ash prior to publication.

Foreign and Commonwealth Office and Home Office ministers, responsible respectively for MI6, the Secret Intelligence Service, and MI5, the Security Service, will wish to be assured that the work of the country's clandestine agencies will be properly protected in any successor to the existing D-notice number 10 on British intelligence services.

The committee meeting later this month will be chaired by Sir Frank Cooper, Permanent Secretary to the Ministry of Defence. The press side will be led by the committee's vice-chairman, Mr Michael Ramsden, Editor of *Flight International*.

Also present will be Sir Brian Cubbon, Permanent Secretary to the Home Office, and Sir Anthony Ackland, a Foreign and Commonwealth Office deputy secretary who chairs the Cabinet Office's Joint Intelligence Committee.

Whitehall has been concerned to rescue the D-notice system from the disrepute into which it has fallen in some by no means entirely radical sections of the British press in recent years. Such disquiet was reflected in the select committee report which noted:

"If as we were told in evidence, the system is not used by newspapers; if major newspapers do not know which part of the D-notices is classified and have not consulted their D-notices for a number of years, and in one case admitted to having lost them; if some categories of sensitive information are not covered; if both the foreign and the fringe press are outside the system; if the wording of the D-notices is so wide as to render them meaningless; if the D-notice Committee finds it necessary to meet only twice a year and then does not seriously review the notices themselves . . . we are forced to the conclusion that as it stands the system hardly serves a useful purpose".



Rear-Admiral Ash: Adviser to the press.

Thatcher bows to full Cabinet talks on economy

By Peter Stothard

The Prime Minister has bowed to pressure for a series of full Cabinet debates on economic strategy, the first serious appraisal since she took office more than two years ago.

The move comes as a result of sustained pressure by the so-called "wet" Ministers, after the Chancellor's shock Budget measures in March which were revealed to the full Cabinet only on the morning of their announcement in Parliament.

The concession coincides, as Parliament returns today, with publication of deeply pessimistic assessments of the state of the economy. The National Institute for Economic and Social Research predicts no recovery from the present recession before the end of 1982, and there are gloomy reports from the Confederation of British Industry and Phillips and Drew, the City stockbrokers. All three contradict recent assertions by ministers that an economic upswing is on the way.

The first economic Cabinet is set for later this month and will concentrate on the cuts in public spending being demanded for next year by the Treasury. The second will be in November when the Government has to announce the Industry Act forecasts of inflation and economic output.

The third and most crucial debate will be before next year's Budget. Whether it comes before the key Budget judgments are made by the Chancellor is a battle still to be fought. During the row following this year's Budget, Mrs Thatcher in effect told her critics, notably Mr James Prior, Secretary of State for Employment, and Mr Peter Walker, Minister of Agriculture, Fisheries and Food, that pre-Budget discussions by the Cabinet were impossible because of the certainty of leaks to the press.

Ministers have so far been forestalled in their demands for full Cabinet discussions of the economy because Mrs Thatcher has insisted on her mandate from the Conservative election manifesto, on which both she

and they were elected. They have had to put up with the customary bilateral discussions with the Chancellor and a single Cabinet meeting last year at which their debate followed the now famous slide presentation on the economy by Professor Terry Burns, the Treasury's chief economic adviser.

The main reason for the change of heart appears to be the growing difficulty of enforcing this year's round of spending cuts on ministers who complain that they are not given the chance to debate the overall level of cuts required.

The spending departments are full of confidence. Several ministers feel that the Prime Minister and the Chancellor have already made a tactical error in asking publicly for the 3 per cent and 5 per cent cuts options now being negotiated by Mr Leon Brittan, Chief Secretary to the Treasury.

A publicly embarrassing failure to achieve either target looks at the moment the most likely outcome.

Control of the Cabinet agenda is a key element in a Prime Minister's power. The decision to hold Cabinet meetings on the economy comes against a background of ministerial dissent on other issues on which they would have liked fuller Cabinet discussions, notably the need for accelerating Britain's nuclear power programme, and the Trident replacement for the Polaris submarine deterrent.

Mrs Thatcher clearly hopes that the move will work in her favour and that once her ministers have been allowed their say in the Cabinet she will be able to demand greater support from them, both in dealings between their own departments and the Treasury, and in public. The gift to the "wets" could turn out to be a poisoned chalice.

The risk for the Prime Minister, however, is that the series of debates could for the first time provide the catalyst for an alternative Tory strategy, a reappraisal rather than a review, looking towards the next election.

David Blake, page 14
Business News, page 17

Benn aims salvo at shadow ministers

By Ian Bradley

Mr Wedgwood Benn clearly signalled yesterday that he intends to make a frontal assault on the doctrine of collective responsibility at the next meeting of the Shadow Cabinet on Wednesday.

Promising that the meeting would start a very big debate, long overdue, about the role of the Shadow Cabinet and the Parliamentary Labour Party, he made clear that he had no sympathy for the view on those subjects which prevails among his Shadow Cabinet colleagues, including Mr Michael Foot, the party leader.

He said: "My view is that we are all collectively responsible for implementing the policy agreed by the party and that limited, collective responsibilities within that are just a cover for reversing the party's policy against nuclear weapons or against the Common Market. These little caches of responsibility cannot be used to prevent the Labour MPs, including members of the Shadow Cabinet, from advocating party policy."

His remarks were made during an hour-long interview with Mr Brian Walden on London Weekend Television's *Weekend World* in which he listed his programme for further constitutional changes in the Labour Party.

Those include the election of the Cabinet and Shadow Cabinet by Labour MPs, control over the manifesto by the national executive committee, recorded votes at party conferences and meetings of the parliamentary party as well as changes to make local Labour councillors more accountable to their district parties.

Mr Benn's proposals were attacked immediately by Mr Denis Healey, whose position as deputy leader he is challenging in September. Speaking on the BBC's *The World This Weekend*, Mr Healey said that the system Mr Benn proposed would be extremely damaging to democracy both in the party and in the country.

He said that the effect of the proposals would be to divest rank-and-file supporters of any power and to put all authority in the hands of a tiny group of full-time activists.

Mr Benn, however, was unrepentant. He claimed that 80 per cent of the members of the Labour Party and of trade unions who concerned themselves in any way with the party now accepted the arguments which were being put forward



Mr Michael Foot, Leader of the Labour Party, his deputy, listening to the March for Jobs rally in Hyde Park

Chittagong re Dacca radio s

Dacca, Monday morning.— Khan, The Bangladesh Government has regained control of the port of Chittagong and rebel Reute troops who had been holding

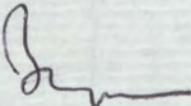
B.P.
MR WHITMORE

LEAKS

See attached. We discussed.

2. I fully take the point that Stothard has been pretty closely investigated in the context of a Budget leak.

3. However, I am bound to say that Hennessy gets away with it time after time and that this fuels my suspicion that his informants are very close to the point at which decisions are made. Hennessy is widely regarded as the man who gets his returns by publicly scratching Civil Servants' backs. This is not good for morale and I raise the question as to the use, apart from anything else, of leak inquiries when Hennessy's activities apparently go uninvestigated. We can't have one law for the rich and another for the poor.


B. INGHAM

5 June, 1981.