

210 - Bloody Sunday Inquiry  
CONFIDENTIAL

DEPARTMENT OF FINANCE AND PERSONNEL

from the Minister of State

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Mr Stappert

8/1 Reg/ ~~Ward~~ / Ruth  
for filing

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Dear Alan,

**BLOODY SUNDAY INQUIRY AND CLAIM ON THE RESERVE**

I am writing to seek your assistance in meeting recently identified additional costs arising from the Bloody Sunday Inquiry. The Prime Minister announced the establishment of this Inquiry in January of this year. Alastair Darling, as Chief Secretary, agreed during the CSR to provide the Secretary of State with additional resources to cover the costs, which were initially estimated last summer at £11m - £5.8m this year and £5.2m in 1999-2000. At the outset, the Inquiry headed by Lord Saville was expected to take around two years to complete, so no provision was made beyond the first year of the CSR as, at that time, it was anticipated that costs would not arise after March 2000.

However, now that the Inquiry has settled down to its work the initial assessment of costs has been reviewed. Northern Ireland Office officials have already been in contact with yours on the details of the new pressures. The most immediate impact has been on the position in this financial year which now requires funding of £8.2m, an increase of £2.4m over planned provision. Much of the increase in costs of the Inquiry is attributable to legal fees. In July, following legal submission, it was decided to allow the families thirteen Counsel, ten more than the original expectations. This was **not** a decision which Government could have influenced as it was essentially a judicial decision taken by Lord Saville and his colleagues.

Additionally, the Ministry of Defence announced that instead of putting forward ten soldiers as potential witnesses (as offered in July) they were now putting forward 3,000 names for consideration. They will all need to be reviewed and decisions made on which have to be traced, which require new statements and which should attend the oral hearings. There is also a growing number of civilian witnesses coming forward. At present, the Inquiry has identified around 800 potential witnesses. The latest estimate for the total cost of the Inquiry is £30 million, with costs now expected to occur in each of the CSR years.

You will appreciate that the uplift in projected costs has arisen from factors which could not have been anticipated when the initial estimates were provided to the Treasury earlier this year. Given the nature and sensitivity of the Inquiry it is important that the Inquiry resources continue to be transparently additional to the Northern Ireland Block and that its funding is independent of allocations for Northern Ireland public services. That principle was established earlier this year, following some consideration as to whether the Inquiry should be funded on a Northern Ireland Office Vote at all.

I am therefore seeking your agreement that the in-year pressure of £2.4m can be met from the Reserve. This adjustment will need to be included in the NIO's Spring Supplementary Estimates.

Given that estimated costs for the next few years have increased, it would be prudent now to establish that these "ring-fenced" increases would also be covered by the Reserve in succeeding years.

A number of other routine Northern Ireland claims on the Reserve for items have already been agreed, principally take-up of end year flexibility. My officials will, as usual, be providing yours with the details.

*Yours ever,  
Paul*

PAUL MURPHY MP  
MINISTER OF STATE

*- send many congratulations  
on your appointment.*