

N10 = Bloody Sunday Inquiry 55/349/99



58/39/99

CONFIDENTIAL - POLICY
Treasury Chambers, Parliament Street, London, SW1P 3AG

15/2 Reg / Cannon / Ruth

N10 will not be pleased!

11/2

10 FEB 1999

PC 740/99

The Rt Hon Dr Marjorie Mowlam MP
Secretary of State for Northern Ireland
Northern Ireland Office
11 Millbank
London SW1P 4QE

*No effect if will
be difficult if N10
also from submissions
to be defined until
99/00 to avoid*

- cc PFI SALS (L+B)
- PSI Mr Murphy (L, B+DFP)
- PS (Mr Ingram (L+B))
- PS/PUS
- Mr Sempio
- Mr Cannon
- Mr Watkins
- Mr Hickey
- Mr Shannon

9 February 1999

- Mr Beeton
- Mr Madden

Dear Secretary of State

This won't happen.

cc Dr McCormick
Mr Hewitt
Mr Sullivan

for actions appropriate

BLOODY SUNDAY INQUIRY AND CLAIMS ON THE RESERVE

*Axon
16/2/99*

Thank you for your letter of 28 January in which you sought access to the Reserve to fund the additional costs arising from the Bloody Sunday Inquiry. I am also grateful to Paul Murphy for his letter of 30 December.

2. I fully recognise the difficulties you face in financing the Bloody Sunday Inquiry and accept that, because of the independent nature of the Inquiry, there is reduced scope to bring to bear normal public expenditure and value for money controls.

3. I was concerned to learn that the Ministry of Defence's decision to put

0171 270 5456

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forward, as potential witnesses, the names of some 3,000 military personnel will add some £1 million to the cost of the Inquiry. I think it is important that departments should observe the long-standing convention to consider fully the repercussive costs to other departments of their decisions and, where appropriate, compensate those departments.

4. There can, of course, be no presumption that all additional costs of the Inquiry should be met from the Reserve. I do not accept the view that funding the Inquiry from within the Northern Ireland Office's normal departmental provision could be seen as undermining or interfering with the independent status of the Inquiry. Indeed, I would expect the Department, as in the case of any other emerging pressures, to seek to find suitable offsetting savings before submitting a claim on the Reserve. However, I understand that no suitable offsetting savings have been found within the Northern Ireland Office nor within the wider Northern Ireland Block to meet additional Inquiry expenditure pressures in 1998-99. There is, however, a £46 million underspend arising from the prison officers' redundancies Reserve claim agreed in the CSR. I would be happy for you to draw the additional £2.4 million for the Inquiry from this underspend and for you to carry forward the balance of £43.6 million into 1999-00. While this may appear to reduce the total funding available for the prison officers' programme, I shall nevertheless be happy to look again in 1999-00 at any emerging pressures on the prison officers' exit programme within the overall ceiling of the £90 million Treasury funding agreed in the CSR. I hope you will agree that this is a better way of funding the costs than access to the Reserve, which I cannot agree.

5. For 1999-00, I see no need to approve access to the Reserve at this early

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stage: I would prefer to wait and see the actual pattern of spend on the Inquiry, the availability of suitable offsets within the Northern Ireland Office and then to consider Reserve claims in-year. I will, of course, need to be assured that savings cannot be found within the Northern Ireland Office's provision.

6. This is a pragmatic solution which will allow you to fund fully the Bloody Sunday Inquiry this year and which will allow us to take stock of the Department's real financial situation in 1999-00 before committing further resources from our hard pressed Reserve.

Yours sincerely
Paul Williams

PALAN MILBURN

[Approved by the Chief Secretary and
signed in his absence]

16:46

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No. 0245 P. 2/3

JS/325/99

NIO - Bloody Sunday Inquiry

NORTHERN IRELAND OFFICE
11 MILLBANK
LONDON
SW1P 4QE

PS/Sets LtB
PS/Mr Ingram LtB
PS/Pus
Mr Shannon
Mr Jeffrey
Mr. Beeton
Mrs Madden
Roats.

RECEIVED
28/5/99
28 JAN 1999
PRIVATE OFFICE

Mrs Coffey
Noted
Vicki
8/2

SECRETARY OF STATE
FOR
NORTHERN IRELAND
Mr Alan Milburn MP
Chief Secretary to the Treasury
Parliament Street
London
SW1P 3AG

Dear Alan,

9/2

reg/Ingram/Ruth
to see + P/A to 8/2

28 January 1999

Mr. Shannon

This letter covers 1999/2000. HM/T
have still to rule on whether NIO
will be allowed access to the Reserve
in-year. A decision
is expected this week to finalise NIO's SSE'n

BLOODY SUNDAY INQUIRY AND THE CLAIM ON THE RESERVE

I am writing to seek your agreement to the ongoing costs of the Bloody Sunday Inquiry being met from the Treasury Reserve.

The Prime Minister announced the establishment of this Inquiry a year ago and Alistair Darling, then Chief Secretary, agreed to meet all the costs of the Inquiry identified at that stage as a provision additional to the Northern Ireland CSR outcome.

As it is a judicial inquiry it would of course be improper for me to be more overtly involved in its operation and indeed because of the need to distance the Inquiry from the NIO the Treasury insisted on it being funded as an additional and separate line within the overall Law and Order Vote. We have recognised and supported the appropriateness of that course of action.

The provision made in the CSR was based on Estimates generated before the Inquiry's deliberations had properly begun. Now that its work has progressed and the extent of its task both in terms of timescale and costs has become clearer these initial Estimates have been revised to reflect the longer expected life of the Inquiry and the way it will carry out its work. This has significantly uplifted its anticipated

Feb. 1999 16:46

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costs from circa £11m to circa £22m. Paul Murphy has already written to you concerning the £2.4m pressure we face in-year seeking your agreement to meeting this cost from the Reserve.

Regrettably I must ask you in similar vein to afford me access to the Reserve on behalf of the NIO to meet next year's costs which are now expected to exceed the CSR provision by £5.75m. You will appreciate that the scale of these costs could not reasonably have been assessed at the time of the CSR settlement and cannot be contained within the remainder of the NIO Vote.

I would welcome your agreement in principle that any additional costs beyond those already provided for arising in future years from the Inquiry will also be met from the Reserve.

My officials have already been in discussion with yours on this matter and with your agreement can provide the necessary details to allow this situation to be resolved within the timetable required by the current Estimates exercise.

A handwritten signature in black ink, appearing to read 'Marjorie Mowlam', is written over the typed name.

MARJORIE MOWLAM