

PO-CH/NL/0167
PART A

Part A.

CONFIDENTIAL
(Circulate under cover and
notify REGISTRY of movement)

APPOINTMENTS - IN - CONFIDENCE

Begins: 21/9/88.
E-ends: 9/11/88.


PO -CH /NL/0167

PART A

Chancellor's (Lawson) Papers:

POSITION OF SENIOR
OFFICIALS FOLLOWING THE
FENNEL REPORT INTO THE
KINGS CROSS FIRE

PO -CH /NL/0167
PART A

Disposal Directions: 25 Year

Phillips

4/9/95.



FROM: CHIEF SECRETARY
DATE: 21 September 1988

CHANCELLOR

cc: Mr Monck

Handwritten: J. Mansel

MP

Sir Keith Bright, Chairman of London Regional Transport and at present Chairman of the Nationalised Industries Chairmen's Group telephoned me today with a proposal that will need very careful examination. It may be attractive but it has substantial implications.

2 Sir Keith wants to discuss with the Government a 'positive statement for denationalisation' which would be both bold and uncompromising. He felt such a statement would be attractive in its own right and would also open the way for the nationalised industries to become more efficient. So far so good but here is the catch.

3 Sir Keith says that the chairmen have said they are content with this approach but want to know what the Government can do to help introduce private sector disciplines and freedom. Sir Keith wants to explore this and put some ideas to the Government. He tells me that he has already spoken to the Prime Minister's office (Sir Brian Griffiths) who have said this would be 'very useful' and 'helpful'. I was not informed by No 10 of this approach.

4 I am very wary about Sir Keith's proposal. It seems to me that the 'private sector disciplines and freedom' he refers to may be a euphemism for reducing the effective control we presently have over nationalised industries. We need to see flesh on the bones of these proposals before we can be sure of their value.

5 I have told Sir Keith this in clear terms and have suggested:

- (a) at present there should be no publicity at all for the possibility of such a statement being issued;

PERSONAL AND CONFIDENTIAL

- (b) preliminary discussions should be confined to a very narrow group of nationalised industry chairmen;
- (c) Sir Keith should come and talk to me again before developing ideas any further than this tiny group; and
- (d) I will arrange to see him within a fortnight to hear more clearly what his proposals are and, if possible, get something on paper.

6 If, as is likely, the proposals turn out to be a revival of the NICG's earlier ideas, there is a risk we may get drawn into time consuming and unproductive talks on a collective basis when we want to concentrate on dealing with the different problems of individual industries. All this could come up at the dinner your office is organising if we don't discourage discussion.

7 I hope you will agree this approach and the dangers involved in Sir Keith's initiative. It would be helpful if we could have a chat about this.

8 I will let Brian Griffiths know what I have proposed without indicating any enthusiasm for Sir Keith's ideas.

9 I understand privately that the Department of Transport are considering on a contingency basis the implications (i.e. possible compensation) if, in the light of the Fennel Report on the Kings Cross fire disaster, Sir Keith were to resign or be invited to resign; It may be that I am being over suspicious but it is just possible that this private concern has encouraged him to undertake this initiative.

P. Walters

PP JOHN MAJOR
[Approved by CST and signed on his behalf.]



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

COPY IN CST OFFICE
FOR REFERENCE

My ref:

Your ref:

27 OCT 1988

MP

Paul Gray Esq
Private Secretary
10 Downing Street
LONDON
SW1A 2AA

NAME	CHEQUER
DATE	31 OCT 1988
OFFICE	CST

✓
31/10

Dear Paul

KING'S CROSS FIRE

As promised in the minute dated today from my Secretary of State to the Prime Minister, I enclose a numbered copy of the Report by Mr Desmond Fennell QC on his investigation into the disaster last November at King's Cross underground station.

I am also sending numbered copies of the report to Philip Mawer (Home Secretary's Office), Alex Allan (Chancellor's Office), Clive Norris (Employment), Andrew McKeon (Health), David Crawley (Scottish Office), Michael Saunders (Attorney General's Office) and Trevor Woolley (Cabinet Office). I would be grateful if you and they signed and returned to me the enclosed receipts for your and their respective copies.

Yours
R J Griffins

R J GRIFFINS
Private Secretary

CHIEF SECRETARY	

Mr Gray / Mr Luce,
CX, Sir P Middleton,
Mr Hanson, Mr Monek,
Mr Moore,



CH/EXCHEQUER ✓ 28/10	
REC.	28 OCT 1988
ACTION	CST
COPIES TO	

28/10/88

PRIME MINISTER

SIR KEITH BRIGHT AND DR RIDLEY

1. I have sent you a separate minute about Mr Fennell's report on the King's Cross Fire. In the light of that I must consider the position of Sir Keith Bright as Chairman of London Regional Transport and of Dr Ridley as a Member of London Regional Transport, which goes with his position as Chairman and at the relevant time Chief Executive of London Underground Ltd.

2. Although Mr Fennell's report does not refer to either of them extensively by name, the overall result is extremely damaging and in my view makes their position intolerable.

3. Sir Keith Bright has been Chairman since 1982. In the light of the report, I could not say that he continues to command my full confidence as Chairman of LRT. Mr Fennell finds in effect a major misunderstanding on Sir Keith's part of his Board's responsibility for safety. Dr Ridley has been head of the Underground since 1983. Although he personally made a good impression at the Investigation, and has high professional standing as a planner and builder of new Underground systems, the report reveals an indefensible management slackness within the Underground, with some signs of a worsening position. I have concluded that I shall have to ask Dr Ridley also to go.

4. This presents us with two problems of handling.

5. The first relates to the possible need to negotiate terms. The material in Mr Fennell's report is not in my view sufficient to justify me in removing Sir Keith Bright or Dr Ridley from office under paragraph 7(i)(d) of Schedule 1 of the London Regional Transport Act 1974 as "unfit to discharge the functions of a Member". I have no other power to terminate Sir Keith



Bright's appointment, and must therefore persuade him to resign. (He did in fact send me a letter of resignation at an earlier stage, bearing a date the day following the fire, but which in unexplained circumstances actually reached me some weeks later.) At that time I had no alternative but to ask him to continue in office pending the conclusion of the Fennell Investigation. On resignation, Sir Keith Bright would be able to start drawing a pension from the Nabisco pension fund of about £43,000 a year. I expect that he will seek also to negotiate some compensation for the unexpired term of his appointment which runs to 31 August 1990; as though this were a normal situation of being asked to leave early. That is not the case, but if it were I am advised that taking into account both loss of employment and loss of corresponding further pension entitlement the maximum net compensation he could argue for would be of the order of £140,000.

6. Dr Ridley's formal position is different, since under the terms of his appointment (which runs to 31 August 1991) I can remove him from the LRT Board without giving cause. But he is entitled to six month's notice and I am then required to determine provision for compensation. If Dr Ridley is able to draw immediately his LRT pension, it would be about £26,000 pa. It is estimated that maximum compensation for loss of employment would then be about £76,000 net.

7. I understand that in the few cases where Chairmen of Nationalised Industries have been induced to go early (Lord Hall and Sir Stanley Raymond) full compensation was paid. But given the situation revealed by Mr Fennell's report, I do not think it would be appropriate to offer full compensation in either of the present cases. We must aim for a conclusion which recognises the grave reasons for the action taken, the public judgement of what is right, and the need if possible to settle the matter promptly.

CONFIDENTIAL AND APPOINTMENTS IN CONFIDENCE



8. I would be prepared to remove Dr Ridley from office under the terms of his appointment and consequently he would be entitled to six month's salary in lieu of notice, but I do not think it would be right to offer other compensation if we can avoid that. I have to recognise that if Dr Ridley were to sue under the terms of his appointment he might succeed, and I should welcome the Attorney General's views on this point specifically, as well as generally on my proposals.

9. In Sir Keith Bright's case, I propose to try to secure his resignation without compensation. I do not think Sir Keith Bright can in the end avoid resigning. But we may be in for some very difficult passages with him, especially in view of his libel action against the "Standard". So it would be worthwhile to be able to offer some accommodation, perhaps as to when he would in effect cease to draw his salary.

10. The other handling problem relates to timing. It will be much better if it has been settled before I make my statement, that both are leaving. To achieve that, I shall have to show them the full report at the latest possible moment. There is an obvious risk that that will lead to some very slanted premature reporting. I think we have to face that. The alternative of leaving this matter until I have made my statement, and so having our drive for action on the report muddled by what could be a prolonged dispute about the position of two individuals, seems to me deeply unattractive.

11. Accordingly I need to be in a position on 7 November to seek the immediate departure of both of them. For this I shall need to discuss with the Chancellor and the Attorney General how far I might if need be go to secure this without further ado in advance of my statement. For the reasons I have given, my proposal to either must be a modest one, and while I

CONFIDENTIAL AND APPOINTMENTS IN CONFIDENCE



have power to give notice to Dr Ridley, I cannot exclude the possibility that Sir Keith Bright's position would still be unresolved by the time of my statement.

13. I shall be glad to know whether I have your agreement to handling these matters in this way.

14. I am urgently considering what proposals I could make for new appointments. I do not think the report requires us to make any other changes in the Board of LRT.

15. I am sending copies of this minute to the Chancellor of the Exchequer, the Attorney General and Sir Robin Butler.

P.C.

PAUL CHANNON

28 OCT 1988

Parsons
MP

PERSONAL AND CONFIDENTIAL

FROM T R H LUCE
28 October 1988
ROOM 54/1
EXT 4544

Ch/ ① Do you want CST
to take this forward
if meetings are
called?

CHIEF SECRETARY

cc Chancellor
Paymaster General
Sir P Middleton
Mr Anson
Dame Anne Mueller
Mr Monck
Mr D Moore
Mr Dixon
Mr Rayson

② An edited report is
behind, mainly stuff
on safety management,
p/ex, plus summary + conclusions

KINGS CROSS FIRE: POSITION OF SENIOR INDIVIDUALS

In his minute of 27 October to the Prime Minister about the Fennell Report Mr Channon says he will be sending her a second minute about the "the Boards of London Regional Transport and London Underground Limited".

2 In his second minute, expected on Monday, Mr Channon is likely to say that he plans to arrange for the resignations of Sir Keith Bright the LRT Chairman and Dr Ridley the Managing Director of LUL.

3 Mr Channon's officials told us last night that he also intends to suggest that if necessary to secure their resignation he should offer both some compensation though not the full compensation that they could argue for on premature termination of their service contracts.

4 We shall brief you fully on Mr Channon's proposals as soon as they are received; but I thought you and the Chancellor should know now that we have told Transport officials that our advice will probably be against any compensation. Statutorily, Treasury has to consent to compensation in these cases, so Treasury Ministers' interest and answerability is second only to Mr Channon's.

yes
post
Channon
wholly
disregard
no legal
pos
of 16
AG's
was
no
input
to
pub
67
or

5 The Fennell Report is deeply critical of LRT and LUL management systems and policies, particularly with regard to safety. For LRT, it clearly implies statutory default on the safety side; and it discloses very serious weaknesses in LUL's management. It does not specifically lay the blame at the door of Sir Keith and Dr Ridley personally; but many of the criticisms immediately follow accounts of their evidence and most readers will conclude that they must take responsibility for the defects the report has disclosed - a conclusion that their removal from office would tend to reinforce.

6 Mr Channon's powers to remove them, and the question of any entitlement to compensation, will be studied urgently by Government lawyers (including probably the Attorney). They may have some legal grounds to claim compensation, and senior public figures removed from office have usually though not invariably been compensated.

7 However, there are no precedents in the central government area for removal from office following a major catastrophe and a public enquiry report which in effect lays the blame on the managements of the bodies concerned. As a matter of accountability if for no other reason, we will be advising you to argue that no compensation at all should be offered to Sir Keith or Dr Ridley, though there are one or two possibilities for minor and less objectionable easement of their departure terms (e.g. periods of notice, and in Dr Ridley's case access to early pension).

8 We also have in mind that publication of the report may encourage litigation on behalf of victims (including a Fire Service officer who died). It would not look good if the Government had conceded compensation to these senior managers while the victims' families were preparing a legal battle over their own compensation terms.

8 We informed Mr Channon's officials of the line we shall be advising you to take, and this may influence Mr Channon's forthcoming note to the Prime Minister.

TRH

T R H LUCE



FROM: MISS M P WALLACE

DATE: 31 October 1988

CHANCELLOR

cc PS/Chief Secretary

KINGS CROSS: SPENDING ON SAFETY MEASURES

Mr Channon's Office have rung today with a late request that we change the wording of the Oral Statement. Their argument is that since they will only get negative publicity next week when they public the Fennell Report, it would suit them to hold back the announcement of extra spending on safety measures until then, as their only positive point. They would therefore prefer the Oral Statement to say something like: "... provision for spending by LRT and CAA on safety measures". They would then want us to use our existing sentence ("We have also provided fully for all the new safety measures *proposed* by London Regional Transport following the Kings Cross disaster") only if pressed.

2. This suggested change is irritating enough from a timing point of view, as the text has been cleared with DTP officials a number of times. On these grounds alone I understand the Chief Secretary thinks we should not allow the change. But we also need to clear up what we can actually say about Kings Cross. At the moment, the Oral Statement sentence is carefully worded to emphasise that the plans include money for measures *proposed* by LRT. Hidden behind this is the fear that when Fennell is published, we will have to spend more than LRT at present *proposc*.
... This is explicitly suggested in DTP's draft press notice, copy behind.

3. Do you agree that we should keep the Oral Statement as it is? And shall we press DTP to include the same sentence in their press statement and excise the existing formulation in the sentence marked X?

A handwritten signature in dark ink, appearing to read 'M P Wallace'.

MOIRA WALLACE

PUBLIC CORPORATIONS

EXTERNAL FINANCING LIMITS FOR NATIONALISED INDUSTRIES
1989-90

British Rail's External Finance Limit for 1988-89 is £753 million. The lower limit of £439 million for 1989-90 reflects British Rail's continuing success in attracting more passengers, in controlling costs and in disposing of surplus property. The limit takes full account of British Rail's growing programme of investment to improve efficiency and quality, which is increasingly concentrated on rolling stock investment. Much of this investment is on Network South East; but the EFL also makes provision for the early stages of British Rail investment in the Channel Tunnel.

X | London Regional Transport's EFL of £287m will enable it to increase investment substantially. London Underground can begin a massive programme to renew the Central Line (£720m overall) and will also be able to continue to respond to record levels of demand by increasing line and station capacity, to create a more modern and efficient system. The Government's expenditure plans provide for substantial capital investment in safety on the Underground. The Government will be considering urgently, with LRT, whether the Fennell Report on the King's Cross Fire has any further implications for public expenditure.

The Central London Rail Study is currently reviewing BR and London Underground capacity in the Central London area and developing a strategy for improving services. The Study's main findings should be known by the end of this year.

The increased investment programme of the Civil Aviation Authority includes the Central Control Function project - expected to increase airspace capacity over the South East of England by at least 30 per cent by 1995 - and the continuing modernisation of the London Air Traffic Control

Centre including the replacement of the radar processing computer system. The CAA's programme also allows for the initial planning and construction of a new London Air Traffic Control Centre, subject to a satisfactory detailed appraisal of the project, and for the replacement of beacons, airfield radar installations and instrument landing systems as they come to the end of their economic life.

DEPARTMENT OF TRANSPORT
PUBLIC EXPENDITURE TOTALS (ROUNDED)

£ million cash

	1988-89		1989-90		1990-91		1991-92
	1988 White Paper	Forecast outturn	1988 White Paper	Autumn Statement	1988 White Paper	Autumn Statement	Autumn Statement
Central Government							
National roads	1,000	1,010	1,020	1,310	1,060	1,400	1,450
Regulatory services, administration, etc	460	460	470	470	470	480	490
Total central government	1,460	1,430(a)	1,490	1,780	1,530	1,880	1,940
Local authority capital							
Roads and car parks	640	560	640	670			
Other capital	110	100	110	110			
	750	660	750	790	770	810	820
Local authority relevant current (b)							
Road maintenance	1,440	1,420	1,490	1,530			
Other current	510	510	530	490			
	1,950	1,930	2,020	2,020	2,080	2,090	2,150
Total local authority	2,700	2,590	2,770	2,810	2,840	2,900	2,970
Public corporations							
British Rail	750	500	680	440			
London Regional Transport	220	270	150	290			
Civil Aviation Authority	20	20	20	40			
Total public corporations	990	790	850	770	830	750	740
Grand Total	5,150	4,810	5,120	5,360	5,210	5,540	5,660

See notes on separate page

Notes

- (a) Includes receipts in respect of Dartford river crossing.
- (b) The 1988 White Paper breakdown has been adjusted to reflect the reallocation of professional and technical services.
- (c) Seeming discrepancies in totals are due to the rounding of individual figures.

CONFIDENTIAL



10 DOWNING STREET

RESTRICTED DISTRIBUTION REQUIRED

SEE INSTRUCTIONS IN LETTER



MP

10 DOWNING STREET

LONDON SW1A 2AA

31 October 1988

From the Private Secretary

SIR KEITH BRIGHT AND DR. RIDLEY

I have recorded separately the Prime Minister's reactions to your Secretary of State's minute of 27 October about the Fennell Report on the Kings Cross fire.

The Prime Minister was also grateful for your Secretary of State's minute of 28 October concerning the position of Sir Keith Bright and Dr. Ridley. I should be grateful if you and copy recipients would ensure that this letter is seen only by those with a clear need to know.

The Prime Minister is content for your Secretary of State to handle matters in the way he proposes. She believes it is most important to resolve the position in advance of your Secretary of State's planned announcement. She also thinks it essential to make urgent progress on new appointments.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Attorney General and to Sir Robin Butler.

PAUL GRAY

CH/EXCHEQUER	
REC.	31OCT1988
ACTION	CST
COPIES TO	

✓31/10

Roy Griffins, Esq.,
Department of Transport.

CONFIDENTIAL



MP

10 DOWNING STREET
LONDON SW1A 2AA

CH/EXCHEQUER	
REC.	3 10CT1988
ACTION	CST
COPIES TO	

✓ 31/10 From the Private Secretary

31 October 1988

KINGS CROSS FIRE

The Prime Minister was grateful for your Secretary of State's minute of 27 October. She is content for your Secretary of State to proceed on the basis proposed.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Home Secretary, Secretary of State for Employment, Secretary of State for Health, Secretary of State for Scotland, the Attorney General and Sir Robin Butler.

PAUL GRAY

Roy Griffins, Esq.,
Department of Transport.

CONFIDENTIAL

CONFIDENTIAL

mp

ppp
tonight if possFROM: D J L MOORE
DATE: 31 OCTOBER 1988

CHIEF SECRETARY

cc: PS/Chancellor
PS/Paymaster General
Sir P Middleton
Mr Anson
Mr Monck
Mr Phillips
Mrs Case
Mr Luce
Mr Guy
Mr Call

Miss Wheldon TSOL

KINGS CROSS FIRE: FENNELLS REPORT

In his minute to the Prime Minister of 27 October, Mr Channon asks whether colleagues see any difficulty in the line he wishes to take in his statement on the Fennell Report which he plans to publish by 10 November. He will circulate a draft of his statement shortly. There is separate correspondence on the personnel implications.

2. Subject to a point on the award of costs, I see no difficulties in the procedures proposed. I attach a short draft letter.

3. Mr Channon will say in his statement that there is provision in full for the proposals already put to him by LRT for underground safety expenditure of £266 million over the next 3 years. Whether this is too much or too little depends on further work on the Fennell recommendations. If any more provision were required, it would be open to you to argue that it must be found from elsewhere in LRT's programme. But it is not necessary to make that point now.

4. It is very helpful that Fennell specifically states that "there is no evidence that the overall level of subsidy available

to LRT was inadequate to finance necessary safety related spending and maintain safety standards". He was told by senior management that "if funds were needed, funds were available". His criticism is directed not at the availability of funds but at the way in which they were used. He also "found no evidence that reductions in the number of operating or maintenance staff contributed directly to the disaster". These are points which Mr Channon should deploy in dealing with questions on his statement.

5. In addition to the programme of physical safety measures, Fennell makes recommendations on the lessons to be learnt by the Police, Fire and Ambulance services. This is probably mainly a matter of improving procedures, rather than of expanding resources, but we must wait to see. There are also recommendations on the staffing of the railway inspectorate, which at present comes under the Department of Transport, and on its relationship with the Health and Safety Executive. This may well lead to requirements for some extra staff, but again we must wait for specific proposals.

6. At the end of his report Mr Fennell points out that his Investigation had no powers to make awards of costs, but that Mr Channon had indicated that he would listen sympathetically to any recommendations made. Mr Fennell recommends that Transport should pay the full legal costs of the families represented at the hearing; some of the costs of those trade unions who appeared; and the costs of Prodorite Ltd, the paint firm who had to defend themselves against commercially damaging allegations which Fennell found to have no substance. Mr Channon concludes that he is bound to accept these recommendations; similar costs borne by the bereaved families were met following the hearings on the Zeebrugge ferry disaster. The costs have yet to be established but Transport expect them to run to several millions. Miss Wheldon confirms that the precedents are such that there is no difficulty in meeting the costs of the families. But the position is much less clear on the costs of the trade unions and of the firm, which would have been insured. Sir John Bailey is pursuing this further with Transport's legal advisers. In the meantime, I suggest you put up a marker in your letter.

CONFIDENTIAL

7. More generally, the report is a scathing criticism of the failure of the LRT Board to supervise safety measures and of London Underground's management structures and attitudes. It identifies poor communications between the specialist, engineer barons and confusion of responsibilities. It does nothing to lay to rest the doubts we raised in the IFR discussions of LUL's competence to manage a substantial increase in their investment programme.

DJM

D J L MOORE

CONFIDENTIAL

Draft letter to the Rt Hon Paul Channon MP, Secretary of State for Transport

KINGS CROSS FIRE

I have seen your minute of 27 October to the Prime Minister about the Fennell Report.

Subject to the points below, and to seeing your draft statement, I am content with the general line you propose to take.

I am sure that in dealing with questions on your statement you will want to take the opportunity to point out that Mr Fennell found no evidence of inadequacy of funding available to finance safety expenditure or that reductions in staff numbers contributed directly to the disaster (Chapter 19, paragraphs 3 and 6).

I accept that, in line with precedents, the full legal costs of the families represented at the hearing should be met from public funds. But I understand that the precedents are far less clear on payments to the trade unions and to the paint firm concerned, and that the Treasury Solicitor is discussing this with your legal advisers. I think we must therefore wait for further advice before deciding whether to pay these costs.

I am sending copies of this letter to the Prime Minister's office and to the other recipients of your minute.

JOHN MAJOR

MP



FROM: MISS M P WALLACE

DATE: 31 October 1988

CHANCELLOR

cc PS/Chief Secretary

KINGS CROSS: SPENDING ON SAFETY MEASURES

Mr Channon's Office have rung today with a late request that we change the wording of the Oral Statement. Their argument is that since they will only get negative publicity next week when they public the Fennell Report, it would suit them to hold back the announcement of extra spending on safety measures until then, as their only positive point. They would therefore prefer the Oral Statement to say something like: "... provision for spending by LRT and CAA on safety measures". They would then want us to use our existing sentence ("We have also provided fully for all the new safety measures proposed by London Regional Transport following the Kings Cross disaster") only if pressed.

2. This suggested change is irritating enough from a timing point of view, as the text has been cleared with DTP officials a number of times. On these grounds alone I understand the Chief Secretary thinks we should not allow the change. But we also need to clear up what we can actually say about Kings Cross. At the moment, the Oral Statement sentence is carefully worded to emphasise that the plans include money for measures proposed by LRT. Hidden behind this is the fear that when Fennell is published, we will have to spend more than LRT at present propose. ... This is explicitly suggested in DTP's draft press notice, copy behind.

3. Do you agree that we should keep the Oral Statement as it is? And shall we press DTP to include the same sentence in their press statement and excise the existing formulation in the sentence marked X?

** The most important thing is that the press notice should contain what I am writing, as a guide to what we should take out of the statement, or only if we can't appear in the press. But since we can't appear in the press, we should take out the sentence marked X.*

MOIRA WALLACE

PUBLIC CORPORATIONS

EXTERNAL FINANCING LIMITS FOR NATIONALISED INDUSTRIES
1989-90

British Rail's External Finance Limit for 1988-89 is £753 million. The lower limit of £439 million for 1989-90 reflects British Rail's continuing success in attracting more passengers, in controlling costs and in disposing of surplus property. The limit takes full account of British Rail's growing programme of investment to improve efficiency and quality, which is increasingly concentrated on rolling stock investment. Much of this investment is on Network South East; but the EFL also makes provision for the early stages of British Rail investment in the Channel Tunnel.

London Regional Transport's EFL of £287m will enable it to increase investment substantially. London Underground can begin a massive programme to renew the Central Line (£720m overall) and will also be able to continue to respond to record levels of demand by increasing line and station capacity, to create a more modern and efficient system. The Government's expenditure plans provide for substantial capital investment in safety on the Underground. The Government will be considering urgently, with LRT, whether the Fennell Report on the King's Cross Fire has any further implications for public expenditure.

The Central London Rail Study is currently reviewing BR and London Underground capacity in the Central London area and developing a strategy for improving services. The Study's main findings should be known by the end of this year.

The increased investment programme of the Civil Aviation Authority includes the Central Control Function project - expected to increase airspace capacity over the South East of England by at least 30 per cent by 1995 - and the continuing modernisation of the London Air Traffic Control

Centre including the replacement of the radar processing computer system. The CAA's programme also allows for the initial planning and construction of a new London Air Traffic Control Centre, subject to a satisfactory detailed appraisal of the project, and for the replacement of beacons, airfield radar installations and instrument landing systems as they come to the end of their economic life.

DEPARTMENT OF TRANSPORT
PUBLIC EXPENDITURE TOTALS (ROUNDED)

£ million cash

	1988-89		1989-90		1990-91		1991-92
	1988 White Paper	Forecast outturn	1988 White Paper	Autumn Statement	1988 White Paper	Autumn Statement	Autumn Statement
Central Government							
National roads	1,000	1,010	1,020	1,310	1,060	1,400	1,450
Regulatory services, administration, etc	460	460	470	470	470	480	490
Total central government	1,460	1,430(a)	1,490	1,780	1,530	1,880	1,940
Local authority capital							
Roads and car parks	640	560	640	670			
Other capital	110	100	110	110			
	750	660	750	790	770	810	820
Local authority relevant current (b)							
Road maintenance	1,440	1,420	1,490	1,530			
Other current	510	510	530	490			
	1,950	1,930	2,020	2,020	2,080	2,090	2,150
Total local authority	2,700	2,590	2,770	2,810	2,840	2,900	2,970
Public corporations							
British Rail	750	500	680	440			
London Regional Transport	220	270	150	290			
Civil Aviation Authority	20	20	20	40			
Total public corporations	990	790	850	770	830	750	740
Grand Total	5,150	4,810	5,120	5,360	5,210	5,540	5,660

See notes on separate page

Notes

- (a) Includes receipts in respect of Dartford river crossing.
- (b) The 1988 White Paper breakdown has been adjusted to reflect the reallocation of professional and technical services.
- (c) Seeming discrepancies in totals are due to the rounding of individual figures.

25.31.10

**CONFIDENTIAL AND
APPOINTMENTS IN CONFIDENCE**

MP

FROM T R H LUCE
31 October 1988
ROOM 54/1
EXT 4544

CHIEF SECRETARY

cc Chancellor* ←
Paymaster General
Sir P Middleton*
Mr Anson*
Dame Anne Mueller*
Mr Monck*
Mr Phillips*
Mrs Case*
Mr D Moore*
Mr Turnbull*
Mr Dixon
Mr Rayson
Mr Call

*Without attachments

KINGS CROSS FIRE: SIR KEITH BRIGHT AND DR RIDLEY

As foreshadowed in my minute of 28 October Mr Channon has minuted the Prime Minister saying that he intends to try and secure the resignations of Sir Keith Bright the Chairman of London Regional Transport and Dr Ridley the Chairman and Chief Executive of London Underground Ltd without offering either of them compensation beyond pay in lieu of notice and for Dr Ridley early access to his full pension.

2 Mr Channon also says that there may be some legal difficulties in holding to this line, particularly with Sir Keith Bright; and that he will "need to discuss with the Chancellor and the Attorney General how far I might if need be go to secure [their resignations] without further ado in advance of my statement [planned for 10 November]".

3 In previous cases where senior public sector appointments have been terminated, compensation has normally been given for loss of office (of the kind the courts would award for breach of contract). However, there have been exceptions. Sir Jack Smart was recently dismissed without compensation for incompetence as a district health authority chairman; Mr Mills left ^{Smithy} as deputy chairman of London Docklands after an undisclosed conviction was uncovered.

4 There are no precedents either way for removal of senior people after a major catastrophe and serious criticism of management in a public enquiry. The Fennell Report certainly makes very damaging criticisms of the managements of both LRT and LUL (extract at Annex A). There may well be litigation between representatives of Kings Cross victims (including a Fire Service Officer who died) and LRT over their compensation terms. We doubt if the Government could, against this background, at all easily justify conceding substantial sums to compensate Sir Keith or Dr Ridley for loss of office..

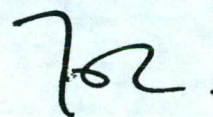
5 Mr Channon's suggestion of, say, six months pay in lieu of notice would already mean £32,000 for Sir Keith and £30,000 for Dr Ridley. Were they to be compensated for the unexpired part of their appointments they might receive £140,000 and £76,000 respectively on top of pensions and possibly over and above payment in lieu of notice.

6 Sir Keith is on secondment from Nabisco. Mr Channon implies that his Nabisco pension will be £43,000 if he leaves LRT now. Dr Ridley is in the LRT pension scheme. The pension of £26,000 Mr Channon refers to would be payable from 1991 when his present contract would normally expire. If he takes it now, it would normally be reduced to about £14,000.

7 Mr Channon's proposals are already influenced by his officials' knowledge that we would advise Treasury Ministers against generous terms. His intentions seem broadly right and, depending on the Attorney's view of his legal obligations, he may have to make some concessions. However, we suggest that you should minute the Prime Minister arguing against any compensation beyond payments in lieu of notice in either case; and on Dr Ridley's pension arguing against an easy or full concession to the level he would have earned by staying on until 1991.

8 I attach a draft minute for you to send the Prime Minister.

9 I also attach background notes on Sir Keith's and Dr Ridley's salaries and terms of appointment.



T R H LUCE

CONFIDENTIAL AND APPOINTMENTS IN CONFIDENCE

PRIME MINISTER

KINGS CROSS FIRE: SIR KEITH BRIGHT AND DR RIDLEY

I agree with Paul Channon's view, in his minute to you of 28 October, that it would be best for Sir Keith Bright the Chairman of London Regional Transport and Dr Ridley of London Underground Ltd to be offered no compensation for premature termination of their appointments. The report makes very severe criticisms of the management of both bodies and I am sure it is right to distinguish this situation from some in the past where such compensation has been paid.

2 I appreciate that Paul will need to weigh the legal position carefully but I agree with him that it would be difficult to justify any terms which the public would think generous. If the Attorney General confirms that in his view the statutory power to remove either or both for unfitness, which is referred to in Paul's fifth paragraph, could not be used I would not object to Sir Keith or Dr Ridley being offered up to six months' pay in lieu of notice. This would mean terminal payments of up to £32,000 and £30,000 respectively.

3 With regard to Dr Ridley's pension, my understanding is that he would have received £26,000 a year if his appointment had lasted its course until 1991. If taken now it would normally be reduced to some £14,000 under the rules of the LRT scheme. Even if some easement of this reduction proves necessary to bring about his departure, I hope we can avoid conceding to him the level of pension he would have earned had he satisfactorily completed his appointment.

4 I am sending copies of this minute to the Attorney General and Paul Channon; and to Sir Robin Butler.

CONFIDENTIAL



cc:
 PS/Chancellor
 PS/PMG
 Sir Peter Middleton
 Mr Anson
 Mr D Moore
 Mr Monck
 Mr H Phillips
 Mrs Case
 Mr Luce
 Mr Guy
 Mr Call

Treasury Chambers, Parliament Street, S¹

Miss Wheldon (T.Sols)

The Rt Hon Paul Channon MP
 Secretary of State for Transport
 Department of Transport
 2 Marsham Street
 London
 SW1P 3EB

2 November 1988

Dear Secretary of State

KINGS CROSS FIRE

I have seen your minute of 27 October to the Prime Minister about the Fennell Report.

Subject to the points below, and to seeing your draft statement, I am content with the general line you propose to take.

I should imagine that in dealing with questions on your statement you will want to take the opportunity to point out that Mr Fennell found no evidence of inadequacy of funding available to finance safety expenditure or that reductions in staff numbers contributed directly to the disaster (Chapter 19, paragraphs 3 and 6).

I am sure that, in line with precedents, the full legal costs of the families represented at the hearing should be met from public funds. But I understand that the precedents are far less clear on payments to the trade unions and to the paint firm concerned, and that the Treasury Solicitor is discussing this with your legal advisers. I think we must therefore wait for further advice before deciding whether to pay these costs.

I am copying this letter to the Prime Minister, the Chancellor, Douglas Hurd, Norman Fowler, Kenneth Clarke, Malcolm Rifkind, Patrick Mayhew, and Sir Robin Butler.

Yours sincerely
John Major

JOHN MAJOR
 (Approved by the Chief Secretary
 and signed in his absence)



Ch,

Mr Luce tells me that though of course theoretically the minimum is zero, the HMT starting point in negotiations would - he proposes - be 6 months' pay in lieu of notice*, about £32,000 gross.

That is £210,000 for a year's notice. And if a year's notice is agreed, it is a separate matter. And if it is agreed, it is a separate matter. And if it is agreed, it is a separate matter.

* is analogous to Ridley's

CONFIDENTIAL:
APPOINTMENTS IN CONFIDENCE

FROM T R H LUCE
3 NOVEMBER 1988
ROOM 54/1
EXT 4544

PS/CHIEF SECRETARY

*Discuss this
with the
CSE*

cc PS/Chancellor
PS/Paymaster General
Sir Peter Middleton
Dame Anne Mueller
Mr D Moore
Mr Dixon
Mr Rayson

KINGS CROSS FIRE: SIR KEITH BRIGHT AND DR RIDLEY

This is to record the outcome of Mr Channon's meeting this morning with the Attorney General and officials, at which I represented the Chief Secretary.

2 The main upshot was that in the oral statement Mr Channon plans to make on Thursday 10 November he hopes to announce that he has the resignations of both Sir Keith and Dr Ridley. He does not plan to volunteer details of their resignation terms but if asked would say "matters relating to the terms of these resignations are still for discussion" or words to that effect. He sees the point of avoiding the word "compensation".

3 The Attorney's advice on his powers to terminate these appointments and associated financial questions was:

- (i) Mr Channon's specific statutory power to dismiss Sir Keith Bright would not serve in these circumstances but he has an underlying right to discontinue Sir Keith's appointment. If he exercises it, Sir Keith would have an entitlement to some compensation based on the unexpired part of his appointment though there was considerable scope for negotiation on both sides. [Transport officials mentioned that the gross maximum sum might be of the order of £210,000 - the figure of £140,000 mentioned in Mr Channon's minute of 28 October to the Prime Minister is net of tax.]

*What is
the
maximum?*

unexpired

- (ii) Dr Ridley appears to have no legal entitlement beyond a six months period of notice, or pay in lieu thereof (though Mr Channon thought some easement of his pension position might be appropriate - see below).

Terms and Handling

4 Mr Channon is obviously deeply concerned about comparisons between any terms offered to Sir Keith and Dr Ridley and those likely to be available to fire victims. He rejected the Attorney's view that because damages for loss of office are in law inherently different from and more generous than victim and accident damages it should be relatively easy for the Government to defend a large payment to Sir Keith.

5 Mr Channon's present plan is that this coming Monday Sir Keith and Dr Ridley should (separately) be shown copies of the report. He should then see each separately and invite them (pressingly, if necessary) to let him have their resignations no later than Wednesday 9 November.

6 He intends to avoid any detailed discussion of severance terms with them at this stage. To Sir Keith he would if necessary say, as the Attorney suggested, that his resignation would be "without prejudice as to such rights as you may be advised that you may have".

7 There could subsequently be a negotiation on Sir Keith's terms. Mr Channon seemed disposed if necessary to risk litigation by Sir Keith. The Attorney did not demur in principle though he emphasised that if the Government had not made a "reasonable" offer its position in litigation - and its reputation for fair dealing as an employer - would be poor. The Attorney seemed uncertain whether a settlement could be reached with Sir Keith at levels consistent with a "pay in lieu of notice" presentation though he emphasised that by no means all the cards were in Sir Keith's hands.

8 To Dr Ridley Mr Channon would if necessary say that six months pay in lieu of notice discharges the Government's legal obligations; but he might imply the prospect of some easement of his pension terms. Dr Ridley's "added years" position is very complex. There is scope for allowing him some extra added years which would be defensible in the circumstances.

9 Since this morning's meeting Transport officials have agreed to advise Mr Channon to minute the Prime Minister tomorrow on the handling of Sir Keith and Dr Ridley, and, in broad terms, the strategy for dealing with their severance arrangements. They will clear their draft with me. * (see note below).

Enquiry Costs

10 There was also a discussion of the Fennell recommendations to meet representational costs of the underground staff's union at the enquiry, and similar costs incurred by a paint company whose product was scrutinised in the enquiry. Mr Channon is strongly minded to accept these recommendations even though they would set awkward precedents. The Attorney did not demur though Ms Wheldon from the Treasury Solicitor and I argued against. This is being pursued separately by Mr Moore and the Treasury Solicitor.

Summary

- 11 (i) Mr Channon will probably minute the Prime Minister tomorrow on Sir Keith and Dr Ridley, in terms that we should be able to influence
- (ii) He does not intend to refer to severance terms in his 10 November statement (other than guardedly, as in paragraph 2 above)
- (iii) Subsequent negotiations with Sir Keith may well be difficult. With Dr Ridley they may be less so, particularly if some pension easement is allowed
- (iv) The enquiry costs issue is still outstanding.

*Very dangerous
with
union's
costs.*

12 Mr Moore is advising on the costs point. I will minute the Chief Secretary and the Paymaster General tomorrow on the scope for offering Dr Ridley some easement of his pension terms.

For.

T R H LUCE

* P.S. I have now seen the Transport draft minute to the Prime Minister. It looks generally alright though I am trying to get some details altered.

R.

CONFIDENTIAL

MP



CH/EXCHEQUER	
REC.	4 NOV 1988
ACTION	CST
COPIES TO	

QUEEN ANNE'S GATE LONDON SW1H 9AT

- 4/11

4 November 1988

Dear Secretary of State

KING'S CROSS FIRE

I have seen your minute of 27 October to the Prime Minister and the report of the investigation into the King's Cross fire. Mr Fennell makes many valuable recommendations for improved safety on the underground railway system. The key issue for me is how the new fire safety standards should be enforced. It is clear that the present order under the Fire Precautions Act 1971, which was intended to catch larger places of work, is ambiguous in its application to underground stations. It is also inappropriate (because it depends on the number of persons employed) to places where large numbers of members of the public are at risk. There are two avenues open to me: to require all, or all high risk, underground stations to have fire certificates, or to make regulations under section 12 of the Act. It is clear to me that in the short term at least, regulations provide the speediest means of introducing enforceable standards. Regulations would permit the enforcement of most if not all of the fire safety measures recommended in Mr Fennell's report. In some cases we may wish to expand on these.

The important positive aspect of regulations are that they will impose centrally determined uniform standards over all those underground railway stations to which they are applied. This would give much less discretion to the Fire Authority than the fire certification process but we think this is right at the present time. Our technical advice is that traditional fire precautions measures usually required in conventional buildings before a fire certificate can be granted (smoke doors, shutters, etc) may not only fail to work in the underground environment but could cause added congestion and danger. This clearly needs to be tested and as you will know, officials have already embarked on discussions to try to see how these problems can be overcome by means of an urgent programme of investigation and research. I

/do not think

The Rt Hon Paul Channon, MP
Secretary of State for Transport

CONFIDENTIAL

CONFIDENTIAL

2.

do not think that we would be justified in permitting London Underground Ltd to be asked to undertake additional structural work, perhaps costing many hundreds of millions of pounds, until we can be sure that it will be effective.

I am satisfied that the proposed regulations can be presented as a positive response to the Fennell recommendations.

I am sending copies of this letter to the recipients of your minute.

Yours sincerely

Catherine Burrows

Approved by the Home Secretary
and signed in his absence.

CONFIDENTIAL

CONFIDENTIAL

CHIEF SECRETARY

FROM: D J L MOORE

DATE: 4 NOVEMBER 1988

cc: PS/Chancellor
Sir Peter Middleton
Mr Anson
Mr Monck
Mrs Case
Mr Guy
Mr Call

Miss Wheldon TSOL


KINGS CROSS FIRE: LEGAL COSTS

Your letter of 2 November to Mr Channon accepted that it was reasonable to meet from public funds the full legal costs of the families represented at the hearing. But you put up a marker on the need for further consideration of the recommendations for payments to the trade unions and to the paint firm concerned.

2. Mr Channon has since confirmed, in discussion with the Attorney General, his view that he has to accept Fennell's recommendations for payments of these costs. As I understand it, his judgement is that it would be difficult to do otherwise when Fennell has recommended in clear terms and, moreover, noted Mr Channon's own assurance that he would listen sympathetically to any such recommendations. He is also no doubt influenced by the fact that he is already facing enough rows on the follow up to Fennell. The Attorney General agreed with his judgement.

3. Transport expect that the public expenditure costs of this case will be "several millions". This will have to be found from existing provision by the Department, and there is no suggestion so far to the contrary. But, while the legal costs of this Inquiry should be contained, the creation of unsatisfactory precedents will increase the pressure for what is effectively legal aid in future cases, such as Piper Alpha.

CONFIDENTIAL

4. The difficulty in resisting Mr Channon's proposal is that, as he knows, we cannot quote any precedents for turning down an Inquiry's recommendations. Because of this, and of the views of Mr Channon and the Attorney General, you may judge that you have to accept the position. And Miss Wheldon and I cannot advise you that you stand a good chance of arguing successfully against it. If you agree with this, we can focus on its presentation and how best to minimise repercussions. Transport are already thinking on these lines.

Precedents

5. The Treasury Solicitor advises that the Government has not normally paid the costs of trade unions making representations to an Inquiry on behalf of their members generally. Those payments which have been made were to unions representing individual members at risk of criticism from an Inquiry who would otherwise have had to seek legal representation. He further advises that, so far as he is aware, the Government has in the past consistently refused to meet the costs of corporate or public bodies, not least because they would normally be covered by insurance.

Fennell's recommendations

6. I attach, with your copy only, an extract from chapter 21 of the Fennell Report. In paragraph 4 Fennell explains that he had no powers to make awards of costs but that Mr Channon had indicated that he would listen sympathetically to any recommendations made for payments from public funds.

7. Paragraph 5 recommends payments of the costs of the families represented, and that presents no problem. Paragraph 6 explains that he judged it inappropriate to recommend payments of the costs of public authorities funded by the ratepayers or taxpayers eg, the London Fire and Civil Defence Authority.

8. Paragraph 7 recommends that three unions should receive one third of their costs and that another should get £500. This is simply on the basis that "the Court was assisted at times by the

submissions made on behalf of the trade unions". This sits unhappily with the general rule and with the argument that it is reasonable to expect unions to spend their money on such matters since that, in part, is what their members pay dues for. We are pursuing with Transport the possibility that Mr Fennell's recommendation is primarily because the union was supporting particular members, but on my reading that is not the case.

9. Paragraph 8 recommends the payments of the costs of the paint firm, Prodorite. They incurred legal costs in defending themselves against allegations by scientific experts retained by LRT. Those allegations were found to have no substance and Fennell says it would be quite wrong if Prodorite were left to pay their costs. He would have awarded the costs against LRT but, in the absence of powers to do so, proposes they should come from public funds, ie, Transport. While it is easy to sympathise with Prodorite, the Treasury Solicitor regards this payment as a particularly unwelcome break from practice so far. If it is to be made, he proposes that it should be ringfenced by an argument that the payment is exceptional and made on the grounds that a public sector body has brought adverse publicity on a commercial company and effectively compelled it to participate in the Inquiry. To reinforce this argument he proposes that Transport should ensure that their costs are recovered from LRT. These points have been put to Transport.

10. Mr Channon's difficulty is that Fennell makes clear recommendations for the costs and, if these are rejected, those disappointed will be well placed to make capital of them. Fennell made his recommendations following advice from his own Counsel after the hearing. When Transport were advised of his intentions they judged that at that stage they should not attempt to influence his findings. The lesson here seems to be that a Chairman of an Inquiry should be advised at an early stage in the proceedings of the Government's general attitude to payments of costs to public funds.

11. The difficulties are compounded because, although Fennell was told that his recommendations would be listened to sympathetically

CONFIDENTIAL

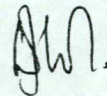
with regard to families he has unfortunately drafted his report so that it appears that the undertaking applies to costs generally.

Conclusions

12. Against this background you may judge that you have to accept Mr Channon's intention of paying the costs. If so, the draft statement will simply refer to a decision to pay legal costs as recommended, and after consideration of the special circumstances of the case. We can ensure that Transport play down the issue as much as possible and, without prejudice to your decision, we have already put suggestions to them on how the decisions might be ringfenced.

13. If this is your decision, rather than write a separate letter, you could record any necessary points when commenting on the draft statement which should come round at the beginning of next week.

14. Whatever the outcome, it seems clear that departments and their legal advisers need to have up to date advice on how to handle the problems and pitfalls if they are faced with Inquiries. The Treasury Solicitor is considering this further.



D J L MOORE

**CONFIDENTIAL
APPOINTMENTS IN CONFIDENCE**

FROM T R H LUCE
4 NOVEMBER 1988
ROOM 54/1
EXT 4544

CHIEF SECRETARY

cc PS/Chancellor
Paymaster General
Sir P Middleton
Dame Anne Mueller
Mr D Moore
Mr Dixon
Mr Rayson

KINGS CROSS: DR RIDLEY'S PENSION ETC

Mr Channon is today expected to minute the Prime Minister with his proposals for handling Sir Keith Bright and Dr Ridley. If his minute is as I expect, it will generally rehearse his intentions as I explained them to you yesterday - i.e. no or at most minimal reference to severance terms issues in his oral statement next week.

2 On Sir Keith Bright, I expect Mr Channon to say that he will aim for settlement at levels which could be presented as representing pay in lieu of notice, and will if necessary face the prospect of litigation if he cannot achieve that.

3 On Dr Ridley he should say:

"The Attorney General advises that he is entitled to six month's notice or payment in lieu and possibly to further compensation. ... The best course in his particular circumstances may be to deal with matters on the pension front. I would therefore be ready to offer him in principle some enhancement of his pension. If need be I might go so far as to enable him to draw now without reduction the pension he could have expected to draw in 1991 had his appointment lasted till then ..."

(The Attorney General has changed his advice since yesterday. He now thinks Dr Ridley may be entitled to compensation over and above six months pay in lieu of notice.)

4 The implication of the pension reference is that Mr Channon would have authority to allow Dr Ridley to take now the £21,600 pension he would have been entitled to take in 1991 had his present appointment lasted till then and his employment with London Underground then ceased. Without that concession, his entitlement now would be a reduced pension of £14,400 based on the pension credits he has so far accrued, actuarially reduced for being taken early.

5 The ceiling of £21,600 implied in the form of words we expect Mr Channon to use therefore gives Dr Ridley a double benefit. First, we should be giving him pension credit for nearly three years' service between 1988 and 1991 which he had not actually done. Secondly he would suffer no reduction for taking the pension in 1988 instead of 1991.

6 However, it would be less generous than the £26,000 ceiling which Transport had wanted authority for. This would have represented the pension payable at his normal retirement age in 1995 based on service up to 1991.

7 These various calculations assume that no new concessions are made on Dr Ridley's "added years". Through decisions already made by the GLC before 1983 and (reluctantly) by the Government since then, Dr Ridley has already been granted 14 3/4 added years which accrue to him gradually and become due in full only if he serves to 1998 when he will be 65. This means that each year of actual service he does (or is allowed) gives him nearly two years worth of pension credit. Allowing him pension credit for unperformed service from now until 1991 (as in paragraph 5) therefore gives him about six extra years of pension credit; but does not of itself represent any further concession of added years.

8 In the circumstances, it seems to me that the £21,600 ceiling which I expect to be implied in Mr Channon's minute is reasonable

as a negotiating limit. It would represent an acknowledgement of 'legitimate expectation' of pension benefits in Dr Ridley's present appointment to 1991. The clinching point, in my view, is the Attorney General's new advice that Dr Ridley may well have legal grounds for claiming compensation for loss of office over and above pay in lieu of six months' notice. If Transport could settle with him for a pension from now of £21,600 he would in effect be getting compensation for loss of expected pension benefits, but none for loss of pay.

9 If Mr Channon's minute arrives as expected, and unless you have reservations on its implications for a pensions settlement with Dr Ridley, you may want to ask your office to let Mr Channon and No 10 know that you are content as early as possible on Monday morning. (Mr Channon expects to see both Sir Keith and Dr Ridley on Monday.)



T R H LUCE

Rgt. Hawana, I suspect it may be impossible to negotiate the terms in time for Thursday's statement.

[Ch] we will feed yr view on x to CST ask things nprw]



CONFIDENTIAL AND APPOINTMENTS IN CONFIDENCE

CHIEF SECRETARY	
REC.	- 4 NOV 1988
DISTRIBUTION	Mr Lule
COPIES TO	Cx, Mr Anson, Mr Phillips, Mr Meneck, Mrs Case, Mr Moore, Mr Turnbull, Mrs Brown

PRIME MINISTER

SIR KEITH BRIGHT AND DR RIDLEY

~~SECRET~~

4/11/88 Mr Call

1. I have now discussed this matter with the Attorney General and have had the benefit of the views of the Chief Secretary. This is how I propose to handle the matter.

2. I shall be seeing both Sir Keith Bright and Dr Ridley on Monday 7 November. My aim will be to secure their resignations, to be able to say in my statement on 10 November that I have done so, and not on that occasion to volunteer anything about the terms of their departure. If pressed, during my oral statement I would say that matters relating to the terms of their resignations were still being discussed and might take some time to resolve.

3. As to Sir Keith Bright, the Attorney General advises me that I can if need be remove him by declaring his office vacant. He would then be entitled to compensation for the balance of the period of his appointment, subject to reduction for early payment and for the prospects that he can mitigate his loss by securing other employment. The furthest I shall go with Sir Keith Bright before my statement, is to secure his resignation, or declare his office vacant, saying to him if the need arises that this is without prejudice to such rights as he may be advised that he has. I would expect subsequently to negotiate with him the terms, which I hope could be described as in some way in lieu of notice and not as compensation; if I am unable to secure a settlement I regard as defensible, I would be ready to leave him to sue.

4. As to Dr Ridley, the Attorney General advises that under the terms of his appointment he has an entitlement to six month's notice or payment in lieu, and may have an entitlement to some



CONFIDENTIAL AND APPOINTMENTS IN CONFIDENCE

compensation. It would not be just for me to set out to treat Dr Ridley worse than Sir Keith Bright. I would need to consider any representations on compensation. The best course in Dr Ridley's particular circumstances may be to aim to deal with matters on the pension front. I would therefore be ready to offer him in principle some enhancement of his pension. If need be I might want to go so far as to enable him to draw now without reduction the pension that he could have expected to draw in 1991, had his appointment lasted until then. The exact details would of course remain to be worked out after my statement.

5. I hope by these approaches to be in the position to tell Parliament on 10 November that both Sir Keith Bright and Dr Ridley have resigned, but I would not be in a position to give any details of the exact terms, which would remain to be worked out. I believe that that would be both a satisfactory and a very defensible position. I should be grateful to know whether you agree.

6. I am sending copies of this to the Chief Secretary, the Attorney General and to Sir Robin Butler.

PC

PAUL CHANNON

-4 NOV 1988

**CONFIDENTIAL
APPOINTMENTS IN CONFIDENCE**

MP



**FROM: MISS C EVANS
DATE: 7 November 1988**

MR T R H LUCE

cc: PS/Chancellor
Paymaster General
Sir Peter Middleton
Mr Anson
Dame Anne Mueller
Mr Monck
Mr D Moore
Mr Dixon
Mr Rayson
Mr Call

SIR KEITH BRIGHT AND DR RIDLEY

The Chief Secretary is entirely content with Mr Channon's minute to the Prime Minister of 4 November. He believes that we must meet our liabilities in law (and equity) and Mr Channon's proposals seem to achieve this. In his view Sir Keith and Dr Ridley should receive their legal entitlement but no more. He feels strongly that there must be no suggestion of compensation and that it would be wise to hasten slowly over this matter and settle it well after Mr Channon's statement.

Carys Evans

**MISS C EVANS
Private Secretary**

CONFIDENTIAL



cc:
 PS/Chancellor
 Sir Peter Middleton
 Mr Anson
 Mr Monck
 Mr Moore
 Mrs Case
 Mr Guy
 Mr Call

Treasury Chambers, Parliament Street, SW1P Miss Wheldon TSOL

Rt Hon Paul Channon MP
 Secretary of State for Transport
 Department of Transport
 2 Marsham Street
 London
 SW1P 3EB

8 November 1988

Dear Secretary of State

KINGS CROSS FIRE: LEGAL COSTS

You wish to accept in full Mr Fennell's recommendations for paying certain legal costs out of public funds.

In my letter of 2 November I said that I accepted that, in line with precedents, the full legal costs of the families represented at the hearing should be met. But I said that we should wait for further advice before deciding whether to accept the recommendations for paying some of the costs of the trade unions and all of the costs of the paint firm, Prodorite. Clearly we must ensure that the decisions taken for the costs in the Fennell Inquiry do not form an unsatisfactory and expensive precedent for Departments dealing with similar recommendations in later Inquiries.

I understand that in previous cases the Government has refused to pay to trade unions the legal costs of general representations on behalf of their membership as a whole. But there are precedents for payments from public funds (eg, following the Aberfan and Flixborough Inquiries) to unions where individual members were at risk from criticism from an Inquiry and who would otherwise would have had to seek legal representation.

In the present case I understand that your legal adviser and the Treasury Solicitor consider that individual NUR members were at risk of criticism and so the payment, as recommended, to their union of one third of their legal costs would be in line with precedent. Although the position seems far less clear for the three other unions concerned, I am nevertheless prepared to agree to payment of the recommended share of their legal costs. This is on the basis that the costs of ASLEF and of the Fire Brigades'

CONFIDENTIAL

Union are to be considered together and that ASLEF at least representing the interest of a member who was particularly at risk. It would be difficult and invidious for the Government to defend different treatment for these individual unions, and the payment of £500 towards the cost of the TSSA appears to be de minimus.

So far as we are aware, governments have in the past consistently refused to meet the costs of commercial companies, not least because they would normally be covered by insurance. Nevertheless, in the present case I think that a payment to Prodorite could be ringfenced by the argument that an exception is justified because a public sector body, LRT, brought adverse publicity on a commercial company. This effectively compelled Prodorite to defend itself in the Inquiry which found that the allegations against it had no substance. In these circumstances I agree that you should meet the legal costs of Prodorite provided that the payments are confined to those costs not covered by the company's insurance. I understand that their total legal costs are about £426,000 of which only £66,000 should fall directly on Prodorite rather than their insurers. To reinforce the presentation of this decision as exceptional I think you should ensure that the costs your Department pays are effectively recovered from LRT who were responsible for bringing them about.

My agreement to the payment of these legal costs, including those of the families, is of course on the firm understanding that you will find the necessary provision either from your existing departmental programme or from within LRT's external financing limit.

I am copying this letter to the Prime Minister, the Chancellor, Douglas Hurd, Norman Fowler, Patrick Mayhew and Sir Robin Butler.

Yours sincerely
Carys Evans

JOHN MAJOR

(Approved by the Chief
Secretary and signed
in his absence)



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

My ref:

mp

Your ref:

Paul Gray Esq
Private Secretary
10 Downing Street
LONDON
SW1A 2AA

-8 NOV 1988

ch/ on ① Fennell recommended paying only 1/3 of unions' costs. CST thinks we have to agree, but is urgently pursuing question of how we might finance it. On ②

Dear Paul

FENNELL REPORT - STATEMENT

I enclose a draft of a statement which my Secretary of State proposes to make to the House on publication of the Fennell report, subject to any final points from colleagues. He sees no reason why he should not be in a position to make the statement on the afternoon of Thursday 10 November. I should be grateful if you would tell me as soon as possible whether the Prime Minister is content.

I am sending copies of this letter to the Private Secretaries to the Chancellor of the Exchequer, the Home Secretary, the Secretary of State for Employment, the Secretary of State for Health, the Secretary of State for Scotland, the Lord President of the Council, the Lord Privy Seal, the Attorney General, the Chief Whip in both Houses and Sir Robin Butler.

I was not aware of this. I had to find out what was going on. I was surprised to see this in the papers.

Yours
R J Griffins

R J GRIFFINS
Private Secretary

the answer is that ~~this is not~~ the plan is unchanged but the matter is being dealt with on more limited circulation

CH/EXCHEQUER	
REC.	-8 NOV 1988
ACTION	CST
COPIES TO	

mp
8/11

Shaker

CONFIDENTIAL

DRAFT STATEMENT ON FENNELLS REPORT

DRAFT OF 7 NOVEMBER 1988

1. With permission, Mr Speaker, I should like to make a further statement about the disastrous fire at King's Cross Underground Station on 18 November 1987.

2. I am publishing today as a Command Paper the report by Mr Desmond Fennell QC on his investigation under the Regulation of Railways Act into the causes and circumstances of this terrible disaster. I must express to him and to his assessors my warm thanks for a very full and thorough investigation.

3. Mr Fennell has concluded that the fire was started by a discarded match falling into accumulated grease and debris on the track of the escalator, and that it was propagated up the trench of the escalator until it burst into the booking hall causing the deaths of 31 people.

4. Mr Fennell has made 158 recommendations. He regards 33 as most important, and a further 59 as important. Action is of course already under way on many of them. I have to tell the House the action the Government is taking now.

5. Many of the recommendations require specific action by London Underground Ltd to prevent a recurrence. They do of

CONFIDENTIAL

course include the most urgent removal of wooden panelling from escalators. I have asked London Regional Transport to have all these dealt with promptly and to give me a report. Considerable amounts will have to be spent. The plans announced by my Right Honourable Friend the Chancellor of the Exchequer on 1 November already provide in full for all the proposals already put to me for spending on Underground safety totalling £266m over the next three years.

6. The investigation has shown major shortcomings, requiring a new approach to safety management and fire prevention in the Underground, and specific safety audits by London Regional Transport. I am calling on both bodies to put urgently into effect new arrangements as recommended by Mr Fennell.

7. An enhanced approach is also required from the Railway Inspectorate and I have discussed Mr Fennell's recommendations with the Chairman of the Health and Safety Commission. I have every reason to expect that the present recruiting campaign will soon bring the Inspectorate fully up to complement. It will need to be further strengthened for the tasks that Mr Fennell identifies, including the use of the powers of the Health and Safety at Work Act to enforce measures needed for the safety of passengers on the Underground - and I must add, on other railways. The Chief Inspecting Officer of Railways is now

CONFIDENTIAL

organising a special investigation of the London Underground, with support from the Health and Safety Executive. It will examine the safety management systems and monitor the implementation of planned safety measures, and will be completed by next March.

8. The lessons of this report go wider than London Underground and London Regional Transport. I have today written to the Chairman of the British Railways Board inviting the Board to consider the lessons of Mr Fennell's report for the management and audit of safety; and letters are also being sent to the Chairmen of the Passenger Transport Authorities in Tyne and Wear and in Strathclyde.

9. My Right Honourable Friend the Home Secretary will shortly bring forward regulations under section 12 of the Fire Precautions Act 1971 to require specific measures at underground stations. This is the speediest means to introduce enforceable standards without uncertainty. The railway operators and fire authorities will be consulted on them. My Right Honourable Friend is commissioning special studies of the best methods to control spread of smoke. These present difficult technical problems.

10. There are also lessons for the emergency services. Copies of the report are being sent to the London Fire Brigade and

CONFIDENTIAL

London Ambulance Service, and my Right Honourable Friends concerned will be discussing the implications of the report with Fire and Ambulance Authorities in the rest of the country.

11. I have to deal with two particular matters.

X | 12. I accept in full Mr Fennell's recommendations as to the payment of costs of representation at the investigation.

13. [Position of LRT and LUL Boards]

14. The House will join in paying tribute to the many people, in the emergency services, the staff of London Underground, the public, and doctors and nurses who showed courage and dedication and gave help in this disaster. I quote in particular Mr Fennell's words that a large number of members of the London Fire Brigade behaved with conspicuous courage and devotion to duty. He particularly mentions Station Officer Townsley, who died a hero's death, and also the great courage shown by PC Hanson of the British Transport Police, which must have enabled many to escape with their lives.

15. The House will join me in renewing our expressions of condolence to the bereaved and sympathy and best wishes to the injured. We must all ensure that the lessons of this tragedy are fully learnt and fully applied. The Government will play its full part to ensure that they are followed up as quickly and as vigorously as possible.



MP

SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Rt Hon Paul Channon MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
LONDON
SW1P 3EB

CH/EXCHEQUER	
REC.	- 9 NOV 1988
ACTION	CST
COPIES TO	

- 9/11

9 November 1988

Dear Paul,

KINGS CROSS FIRE

I have seen your minute of 27 October to the Prime Minister about the Fennell Report.

I am content with the line which you propose to take in making a statement on the report on the King's Cross fire. I note that this has implications for the Glasgow Underground and that the report will be drawn to the attention of Strathclyde Passenger Transport Executive. I would propose to write to Strathclyde at the same time emphasising this message in view of my overall responsibility for both the underground and the fire services in Scotland.

I am sending copies of this letter to the Prime Minister, the Chancellor, Douglas Hurd, Norman Fowler, Kenneth Clarke, Patrick Mayhew, John Major and Sir Robin Butler.

Yours ever,
Malcolm Rifkind

MALCOLM RIFKIND