

cc: Press 13/11



Prime Minister
Agree Home Secretary's
conclusions?
Content, subject to legal
advice, for Home Sec to
publish his conclusions
through an arranged question?

MFD
13/11

PRIME MINISTER

Yes no

Following your meeting with the Chancellor of the Exchequer and the Attorney General on 5th January about the Penlee Lifeboat Disaster Funds I have been considering the lessons to be learned for the future.

What the Penlee experience has shown us is that the organisers of disaster appeals ought to consider carefully what type of fund they will set up, what total amount of money they are aiming to collect, and what to do if the total amount collected is more than their target. They ought to seek early advice. The distress was caused in Mousehole primarily because the organisers speculated in public on what would happen to the money before they had received proper advice.

The important thing is therefore for those who launch such appeals to seek and obtain sound legal advice at the earliest possible moment. The Government should do all it can to assist them. I understand that the Attorney General is arranging for advice to be prepared and brought to the notice of solicitors and bank managers about what is involved in setting up a fund for such a purpose and the consequences both of a charitable trust and of a fund which is not charitable in law. The preparation of sound legal advice on these issues will clearly take time. In the meantime I am considering whether to arrange for a Question to be put down for answer when Parliament reassembles next week which would enable me to make it clear that the Government is fully seized of the need for sound legal advice to be available. My Department is consulting the Law Officers' Department and the Charity Commission about this.

The Charity Commissioners are very ready to give immediate advice to the organisers of disaster appeals. If possible they ought to be consulted before a decision is taken on whether or not

to set up a charitable trust. One of the lessons of Penlee is that the earlier they are approached the better. No doubt this point will be covered in the advice which the Attorney is preparing.

Penlee has shown that disaster funds are better not set up as charitable trusts if there is only a small number of known victims. This has, I believe, removed the pressure for an immediate amendment of charity law. If similar circumstances arose again I would expect the organisers of the fund to go for a non-charitable trust. Our considered view two years ago, when we reviewed charity law in the light of reports from the Expenditure Committee and from a Committee under Lord Goodman's Chairmanship, was that we should refrain from legislation in this field. I think we should maintain that position. It would be very difficult to confine legislation to this particular situation. There are many conflicting proposals to amend charity law for various purposes.

There has not been much public support, apart from a question from Arthur Lewis, for the suggestion in The Observer that we should set up a statutory National Disaster Fund. Apart from the need to legislate, this could have the disadvantage of blunting the generous public response to locally initiated appeals.

I am sending copies of this minute to the Chancellor of the Exchequer and the Attorney General.

h.w.

12 January 1982

1-3 JAN 1982

1982
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cc: Press
H Affairs

DSG

10 DOWNING STREET

From the Private Secretary

13 January 1982

The Prime Minister has seen the Home Secretary's minute of 12 January, about the lessons which might be learned from the aftermath of the Penlee lifeboat disaster.

Subject to any comments from the Chancellor or the Attorney General, she is content with the Home Secretary's conclusions and would be happy for him to arrange to publish them through an arranged Question.

M. A. PATISON

John Halliday, Esq.,
Home Office.

DSG