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PARLIAMENTARY UNDER-SECRETARY OF STATE
 FOR THE ARMED FORCES

Prime Minister

To note.

MR ³⁰/₇

D/US of S(AF)/JW/
 25-5-7-9

30th July 1982

MB

attached (original with PM)

Dear John,

Nick Evans wrote to you on 28th July setting out the proposals for immediate lump sum payments of South Atlantic Fund money to dependants and mentioning the legal problems, of which the Prime Minister was informed by the Attorney General yesterday afternoon. The Trustees of the Fund accept that there is a modest legal risk in proceeding but Mr Wiggin believes that this risk must be taken.

The Trustees have therefore made their judgement that the immediate needs of dependants justify the grant of up to £10,000 per dependant in the first instance and arrangements are being made to proceed with such payments. Future needs will be assessed by the Benevolent and Dependants Funds.

Mr Wiggin intends to hold a Press Conference on Monday afternoon in order to clarify disbursements from the Fund to date (£1.5m) and confirm the above payments (a further £1.8m). The total of £3.3m disbursed out of £10½m should prevent any severe criticism of the Fund's management, and much will be made of the likelihood that the most substantial demands for financial assistance from the Fund will come in the longer term as psychiatric, disablement and educational problems manifest themselves. The Service Benevolent Funds will be well placed to dispense the South Atlantic Fund money remaining for such purposes.

It is hoped that this will all pre-empt any criticism.

Yours Ever,

David Arnold-Forster

(D O ARNOLD-FORSTER)
 Private Secretary

A J Coles Esq

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LONDON



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