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Prime Minister

The solution proposed by  
Sir D. Armstrong in para. 7  
is admirable.  
Yes or Agree?  
C.D.P. 7/19

Ref. A084/2400

PRIME MINISTER

Irish Sailors' and Soldiers' Land Trust

During the 1914-18 War (after the Easter Rising in 1916), Lord Ypres (formerly Sir John French, and himself an Irishman) went about Ireland to encourage Irishmen to join the British forces. In doing so he gave what amounted to a pledge that those who joined would be provided with housing after the War was over. In pursuance of his pledge the British Government (whose writ still covered the whole of Ireland) after the War undertook the building of cottages in Ireland for Irish ex-servicemen. When the Irish Free State was set up, it was agreed between the three Governments concerned (in Westminster, Belfast and Dublin) that the responsibility for providing and maintaining this housing should be devolved upon a body to be known as the Irish Sailors' and Soldiers' Land Trust. This Trust was to be a non-political Anglo-Irish body, with members appointed by the Governments. The Government of the Irish Free State made over to the Trust the stock of houses then already built or under construction in the Irish Free State; the Government of Northern Ireland did likewise with houses in Northern Ireland; and the British Government provided the Trust with an endowment in the form of a grant of money. The Trust was set up under a British statute of 1922 which made various provisions for partition; its establishment was subject to ratification in the legislation of the Irish Free State and also the Parliament of Northern Ireland. This was duly done, so that the Government of the Republic, as the successor to the Irish Free State, and the Government of Northern Ireland are in this sense a party to the establishment of the Trust in 1924.

2. The Trust was later empowered to provide housing for ex-servicemen and their widows. The legislation setting it up made no provision for winding it up. Over the years the Trust

has continued to provide and maintain accommodation for the ex-service beneficiaries and their widows at very low or (in the Republic) no rent. More recently, where tenants have been prepared to buy, the Trust has been selling houses to sitting tenants for a small sum. Where houses have fallen vacant upon the departure or death of sitting tenants or their widows, the Trust has disposed of houses on the market. As a result of this policy the Trust's stock of houses is down to 30 in the Irish Republic and 170 in Northern Ireland; and the Trust has surplus funds held in British Government stocks and Treasury Bills amounting to about £5 million. The remaining tenants are all more or less elderly, and many of them widows, but it could be 10 years or more before the last house is vacated.

3. The members of the Trust (whose Chairman, appointed by the Treasury, is Sir Edmund Compton and who include Lord Killanin, appointed by the Taoiseach) have been considering the future of the Trust. They do not need to hold the whole of the surplus funds they now have, though they need to retain not less than £1½ million to provide them with an income with which to maintain the properties they still hold. Accordingly they have proposed that they should return £1,626,000 of the surplus to the British Government and £754,000 to the Irish Government: these figures correspond to the original stakes of the British and Northern Irish Governments on the one hand and the Government of the Irish Free State on the other. This proposal has been agreed among the British Government Departments concerned, save that it is envisaged that of the £1,626,000 payable to the United Kingdom £40,000 should be paid into the Northern Ireland Exchequer. This proposal is also acceptable to the Irish Government.

4. There is, however, a disagreement as to how the Trust should dispose of future surpluses, which will arise as the remaining houses are sold. These surpluses will not be very large: perhaps of the order of £100,000 a year to begin with, rising towards £500,000. Four proposals have been made:




(1) A majority of the members of the Trust have proposed that the Trust should be open ended and empowered to use future surpluses to assist charities operating in (any part of) Ireland.

(2) One member of the Trust questions the use of surpluses for charitable purposes, but anyway believes that the assistance to be given should be confined to charities devoted to the welfare of ex-servicemen in Ireland.

(3) I have suggested that the purposes might be widened to include not only charities operating in (any part of) Ireland but also bodies or groups operating in the United Kingdom or in the Republic of Ireland or in both for the improvement of understanding and social and cultural relations between the people of the United Kingdom and the people of the Republic of Ireland. My thought was that one use for these funds might be to support the Anglo-Irish Encounter set up with the blessing of the two Governments. If support was provided this way, any direct UK Government contribution to such a body could be reduced *pari passu*. The risk inherent in this extension of the possible purposes is that, the wider the areas permitted, the greater the possibility of the funds being used for a purpose which proves to be politically controversial.

(4) The Treasury have proposed that future surpluses should be paid to the Governments in proportion to their original stakes. They argue in effect that the surpluses arise from activities wholly financed from public funds, and the Exchequers which provided the money should be beneficially entitled to the returns. The surpluses should in their view be regarded as public money, and their use should be determined by Government policies not by the Trust. They point out that the existing members, all now elderly, were not chosen to fulfil a wider purpose, and suggest that they might need to be differently



constituted if they were to take it on. They see any use of surpluses by way of distribution to charities or other bodies as a potential source of continuing political controversy.

5. Clearly the sums of money involved are neither here nor there in relation to the PSBR. The issue is one of principle, and of political choice. In principle the Treasury proposal to return not only the existing but also future surpluses to the two Governments is a logical and straightforward course. The Foreign and Commonwealth Office and the Northern Ireland Office, however, think - and I am inclined to agree - that to follow the course recommended by the Treasury would lose an opportunity of making the imaginative political gesture of enabling this Trust to operate in a small way as a positive force promoting Anglo-Irish relations. We know that the Taoiseach is aware of the proposals made by the Trust (para 4(1)), and that he finds them reasonable. There would be political advantages in being able to respond positively to ideas of this kind.

6. The proposals put forward by members of the Trust suggest that the Trust should be open-ended in time. None of the British Government Departments concerned sees merit in that. It is generally agreed that, once the original purposes of the Trust have been fully discharged and all its houses disposed of, the Trust should be wound up and its remaining capital distributed to Governments, and to any private contributors who can be shown to have contributed to the original purposes.

7. I therefore seek Ministerial authority for an approach to the Irish Government as follows:

(1) The proposal by members of the Trust to return £2,380,000 of the accumulated surplus in the Trust to the Governments concerned should be accepted.

(2) Provision should now be made for the Trust to be wound up, once its purposes have been fully discharged and all its houses disposed of, and its remaining assets distributed to Governments (and any private contributors).



(3) In the meantime, Her Majesty's Government would in principle be willing to see future surpluses either:

(a) distributed to Governments pro rata to the Governments' original contributions; or

(b) distributed by the Trust to charities operating in any part of Ireland.

(4) If it is decided to go for distribution to charities:

(a) we should consider with the Irish Government whether to confine the distribution to charities benefiting ex-servicemen, or to extend it to cover other bodies contributing to the improvement of Anglo-Irish relations;

(b) the Trust should be asked to tell the Governments in advance which bodies they propose to support, so that potentially sensitive areas can be avoided.

8. Whatever Ministers decide about the distribution of future surpluses, legislation will be required at Westminster, and perhaps in Dublin, to authorise the Trust to repay £2,380,000 to the Governments, to distribute future surpluses (whether to Governments or to charities), and to provide for the winding up of the Trust as soon as the last house has been sold and its original purposes have been discharged. A small Bill would be necessary, sponsored by the Foreign and Commonwealth Office with any necessary assistance from the Treasury.

9. I am sending copies of this minute to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer and the Secretary of State for Northern Ireland.

*REA*

ROBERT ARMSTRONG

6 September 1984

*ex-servicemen  
only*



bc PC JR

10 DOWNING STREET

*From the Private Secretary*

SIR ROBERT ARMSTRONG

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IRISH SAILORS' AND SOLDIERS' LAND TRUST

The Prime Minister has seen the Northern Ireland Secretary's minute of 17 September.

The Prime Minister continues to believe that it is perfectly reasonable to restrict the benefits of a "soldiers' and sailors'" trust to ex-servicemen. She would wish the Irish Government to be steered firmly in this direction. She agrees, however, that if the proposal encounters stiff resistance, we should, as a fall-back, agree that the funds could go to other genuine charities.

I am copying this minute to Mr. Appleyard (FCO), Mr. Peretz (HM Treasury) and Mr. Sandiford (Northern Ireland Office).

(C.D. POWELL)  
21 September 1984

SS

E.R.

Prime Minister

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Prime Minister

IRISH SAILORS' AND SOLDIERS' LAND TRUST

It is not unreasonable for the benefits of a "Soldiers & Sailors" Trust to benefit ex-servicemen. We should surely press this pretty firmly on the Irish. But agree, as a final fallback, that the surpluses

I have seen Sir Robert Armstrong's minute to you of 6 September and your Private Secretary's reply of 10 September.

could go to other genuine charities? CD 19/9.

2. I agree that the Irish Government should be approached on the lines you suggest. The Irish Government may not be attracted to the proposal that the charitable beneficiaries should be confined to those favouring ex-servicemen in view of the sensitivities on the role of the security forces in Northern Ireland. In that case, I doubt if we should press them too hard and I would hope we could agree to the proposal by the majority of members of the Trust that it should be empowered to use future surpluses to assist charities operating in any part of Ireland. But I would not myself favour extending the beneficiaries further to bodies seeking to improve Anglo-Irish relations.

approve improve?

3. I am copying this minute to Geoffrey Howe, Nigel Lawson and Sir Robert Armstrong.

DH

(DOUGLAS HURA)

SS/N10

D.H.

17 September 1984

Ireland A7

Mtgs with TADISEACT

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10 DOWNING STREET

*From the Private Secretary*

SIR ROBERT ARMSTRONG

Irish Sailors' and Soldiers' Land Trust

The Prime Minister has considered your minute of 6 September on this subject. Subject to the views of colleagues, she is content that the Irish Government should be approached on the basis outlined in paragraph 7, except that if future surpluses are to be distributed to charities, the distribution should be confined to those benefiting ex-servicemen.

I am sending copies of this minute to Len Appleyard (Foreign and Commonwealth Office), David Peretz (HM Treasury) and Graham Sandiford (Northern Ireland Office).

C.D. Powell  
10 September 1984

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