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CABINET

ATOMIC ENERGY ORGANISATION

NOTE BY THE SECRETARY OF THE CABINET

I circulate for the consideration of the Cabinet the report of the Committee which, under the Chairmanship of Lord Waverley, was appointed by the Prime Minister "to devise a plan for transferring responsibility for Atomic Energy from the Ministry of Supply to a non-Departmental Organisation and to work out the most suitable form for the new Organisation, due regard being paid to any constitutional and financial implications."

(Signed) NORMAN BROOK.

Cabinet Office, S.W.1.
23rd July, 1953.
REPORT OF THE COMMITTEE ON THE
FUTURE ORGANISATION
OF THE
ATOMIC ENERGY PROJECT

Members: Sir Wallace Akers, C.B.E., F.R.S.
Sir John Woods, G.C.B., M.V.O.

E. J. S. CLARKE
J. J. S. SHAW
Joint Secretaries.

23rd July, 1953.
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The grading of this report as a whole is SECRET. Those passages which contain classified information are sidelined. The Summary is in our view suitable for publication. Our specific recommendations are underlined.
Introduction

We were appointed by the Prime Minister—

"To devise a plan for transferring responsibility for atomic energy from the Ministry of Supply to a non-departmental Organisation and to work out the most suitable form for the new Organisation, due regard being paid to any constitutional and financial implications."

2. We have paid visits to the Atomic Energy Establishments at Windscale, Springfields, Risley, Capenhurst, Aldermaston and Harwell. We have also had fifteen meetings at which we have had written and oral evidence from the Treasury, Ministry of Supply, Ministry of Fuel and Power, Medical Research Council, and (in their personal capacity) from Sir John Cockcroft, Director, Atomic Energy Research Establishment (A.E.R.E.), Harwell; from Sir Christopher Hinton, Deputy Controller, Atomic Energy (Production); and from Sir William Penney, Director, Atomic Weapons Research Establishment (A.W.R.E.). We have also had written evidence from the Foreign Office, Commonwealth Relations Office and Paymaster-General's Office; and oral evidence from the Ministry of Defence, the Trade Union Side of the Ministry of Supply Joint Industrial Council, the Staff Side of the Ministry of Supply Administrative Whitley Council, and (in their personal capacity) from the Controller of Atomic Energy, General Sir Frederick Morgan, and from the Under-Secretary, Atomic Energy Division, Ministry of Supply, Mr. F. C. How.

3. We submitted our interim Report on 9th April. We now submit our main Report.

PART I.—DESCRIPTIVE

4. The United Kingdom Atomic Energy Project dates back to April, 1940, when a Committee of scientists was set up under the Air Ministry to report on the possibilities of producing atomic bombs during the war. In November, 1941, administrative charge was taken over by the Lord President of the Council, who set up for this purpose a special division of the Department of Scientific and Industrial Research. Up to this stage University research only was being undertaken, but in 1942 contracts were let to a number of industrial firms for prototype work, particularly the manufacture of uranium metal and the gaseous diffusion process for the separation of the isotopes of uranium. At the end of 1943, following our agreement with the United States, a number of leading United Kingdom scientists were transferred to the United States in order to accelerate the production of atomic bombs in the United States. This, coupled with a transfer to Canada earlier in that year of scientists working in this field, practically closed down all academic, as distinct from industrial, research work in the United Kingdom.

5. It was decided immediately after the war to revive the United Kingdom atomic energy project and to transfer responsibility from the Department of Scientific and Industrial Research to the Ministry of Supply. This decision was embodied in the Atomic Energy Act, 1946, under which the Minister of Supply now controls the development of atomic energy. The Act gives the Minister wide powers to produce, use and dispose of atomic energy and to carry out research into any matters connected therewith.

6. The post-war effort was conditioned from the first by two decisions. The first was that of the United States to break off the war-time United Kingdom/United States co-operation except in certain very limited fields. This meant that the United Kingdom project had in certain aspects to be re-established from the point where it had left off in 1943. The second decision was that, in the light of the economic circumstances prevailing, research and production should in the main be handled by new, specially created Government establishments and not as during the war (or as in the United States) by contracts let to industry. This has led to the present concentration of atomic techniques in Government hands and has meant that the whole atomic energy effort has been dependent on Civil Service organisation.

7. The post-war programme started with the building of a research establishment at Harwell in April 1946. The first step in the production of fissile material was not however taken until the 18th July, 1947 when, after consideration of various
alternatives, it was decided to build two air-cooled, plutonium producing piles at Windscale in Cumberland. The first of these piles came into production in February, 1951. In February, 1949 it was decided to undertake the production of U235 using the gaseous diffusion method developed in this country during the war. First a low separation diffusion plant was built to produce enriched material for use in the production of plutonium. This plant came into operation in March, 1953. In July, 1951 it was decided to build a high separation diffusion plant for enrichment of uranium up to high concentrations of U235, suitable for weapons or as reactor fuel.

8. The Controller of Atomic Energy (Production) was at first responsible for the plants producing fissile material and had no responsibility for Harwell. With the creation on 29th March, 1946, of an Atomic Energy Council of which the Controller was Chairman and the Director of Harwell a member, co-ordination with the research side was first attempted. At that time such atomic weapon research as was in hand was being done in the Armament Research Department, Ministry of Supply. In July 1948 it was agreed that the Chief Superintendent, Armament Research, should attend the Atomic Energy Council. From this date the Controller had some power of co-ordination of all aspects of atomic energy work—research, production and weapons—although it was not until December 1949 that he was re-named “Controller of Atomic Energy.” In the same month, approval was given for the creation of a Weapons Establishment at Aldermaston, work being commenced in April 1950. In October of that year a separate Atomic Weapons Organisation known as High Explosives Research (H.E.R.) was detached from the main Armaments Research Division. This code name of H.E.R. was maintained until the purpose of Aldermaston was publicly announced in May 1953, when the Organisation was re-named Atomic Weapons Research Establishment (A.W.R.E.). Seven months before this, the first United Kingdom atomic weapon had been exploded at Monte Bello.

Central Government Organisation

9. Under the Labour Government atomic energy policy was settled by a special Ministerial Committee dealing specifically with this subject. The present Government has had no Ministerial committee; we understand that atomic energy matters have been dealt with ad hoc by the Cabinet or Defence Committee and that the Paymaster-General advises the Prime Minister on atomic energy policy and has certain special responsibilities allotted to him by arrangements made in April 1952. Ministers are advised by an Official Committee on Atomic Energy which includes, under Foreign Office Chairmanship, representatives of the Treasury, Ministry of Defence, Commonwealth Relations Office, Paymaster-General’s Office and Ministry of Supply. This Committee co-ordinates departmental policy on atomic energy questions, being principally concerned with issues of diplomatic and foreign policy—in particular relations with the United States.

10. Weapons policy is considered within the Ministry of Defence. The Chiefs of Staff (C.O.S.) Committee formulates weapons requirements (types and allocation of effort between types). The C.O.S. Committee is for this purpose advised by a working party on the operational uses of atomic weapons which contains representatives of the three Service Departments and the Director, A.W.R.E. The Defence Research Policy Committee (D.R.P.C.) of the Ministry of Defence does not—for historical reasons—normally deal with atomic energy matters. It has, however, a sub-committee on the military applications of atomic energy, which includes representatives of the Service Departments, Ministry of Supply and Home Office. This committee is at present mainly engaged on formulating service and civil defence requirements for atomic tests.

11. Technical and production policy in the atomic project is settled, subject to ministerial control, by the Atomic Energy Board (previously “Council,” see paragraph 8), of which the Paymaster-General is Chairman and the Controller of Atomic Energy is Vice-Chairman. Members are the Director of Harwell, the Deputy Controller of Atomic Energy (Production), the Director, A.W.R.E., together with the Under-Secretary, Atomic Energy Division, Ministry of Supply, and an Assistant Secretary of that Division. The Atomic Energy Board is advised by a Technical Committee which includes, in addition to five official members, seven outside members drawn from the Universities and from industry.
12. The atomic project has never been given an overall directive. At the start the aim was merely to give the United Kingdom an atomic energy programme and to produce quantities of fissile material which could eventually be used either for weapons or as fuel for power reactors. The first concrete objective inevitably became the production of an atomic weapon since it was known from war-time American experience that an atomic weapon could be produced, whereas the technical foundation for the building of an industrial reactor had not yet been laid. Nevertheless, from the beginning experimental work was undertaken on the generation of useful heat in reactors. This work bore fruit in June 1952 when the Government were able to approve the first civil reactor programme, which included a small natural uranium reactor which would produce some heat capable of conversion to electricity and also a fast neutron breeder reactor. As a result of a demand by the C.O.S. for an increase in plutonium production, the natural uranium reactor was increased in size and converted into a plant primarily designed for plutonium production. Nevertheless, the plant, on which work was started at Calder Hall in May 1953, is expected to yield heat capable of generating some 30 mW of electricity. This project therefore raised for the first time the question of how the production of electricity from atomic energy was to be worked into the country's economy. Legally there are two irreconcilable monopolies—the Minister of Supply's monopoly of the development of atomic energy and the monopoly of the British Electricity Authority and the North of Scotland Hydro-Electric Board for the generation of commercial electricity. There are therefore two possible solutions, namely, that all electricity produced by atomic energy should be generated and fed into the grid by the atomic energy project; the other, that all reactors capable of generating electricity should be run by the British Electricity Authority. In between these extremes there are a number of different solutions depending on whether the reactors proposed are committed primarily or secondarily to the production of military fissile material. The determination of this matter does not fall within our terms of reference, although we were consulted on one aspect by the Paymaster-General. The issue has, however, arisen at an opportune moment during our discussions and has had some influence on our recommendations.

13. The Government's policy on the biological aspects of atomic energy has so far been primarily directed to ensuring that the operations of the project do not result in any radiations dangerous to project workers or to the general public. No legal responsibility for ensuring safety in accordance with the Radioactive Substances Act exists, as no "appropriate Minister" has been designated for the purpose by Order in Council under the Act. The giving of advice to the project on radiation matters is a responsibility of the Medical Research Council which works largely through the Radiobiological Unit at Harwell, which is an integral part of Harwell though it is recruited and paid by the M.R.C. The Ministry of Health and the Thames Conservancy Board have been closely associated with the control of effluent allowed to pass into the Thames and the Ministry of Agriculture and Fisheries have been concerned with the discharge of effluent into the sea from Windscale Works.

Headquarters Organisation in the Ministry of Supply

14. The H.Q. Organisation in the Ministry of Supply is divided between the Controller's staff and a Secretariat. The Controller of Atomic Energy is responsible for the Research, Production and Weapons Establishments. He reports direct to the Paymaster-General or, through the Permanent Secretary, to the Minister of Supply, according to their various responsibilities. The Under-Secretary, Atomic Energy Division, reports to the Permanent Secretary of the Ministry of Supply as Accounting Officer of the Ministry, to the Minister of Supply (through the Permanent Secretary) or to the Paymaster-General, according to the division of functions between them. The Atomic Energy Division deals with administrative and financial questions as distinct from questions of production and weapons. A special part of this work is concerned with uranium supplies. It is responsible for handling, in accordance with directions given by the Official Committee, all relations with the Combined Development Agency (the Joint Anglo-American Uranium Purchasing Organisation) and with managing the considerable overseas capital and investment programme which the United Kingdom's membership of this Agency involves. For this purpose two officers of the Ministry are attached to the United States Atomic Energy Commission.

15. The Controller's staff and the Atomic Energy Division are housed together for security purposes within a wire "cage" at St. Giles Court. Also within the
“cage” are the Controller’s R.A.F. Liaison staff; a part of the Establishments Division of the Ministry of Supply; a small Patents Branch; and an Intelligence Branch which is part of the main Government Intelligence Organisation.

**Atomic Energy Establishments**

16. The Atomic Energy Establishments employed at 1st January, 1953, 14,149* staff composed of 8,639 industrials and 5,510 non-industrials (including 129 staff at H.Q.). The Establishments form three groups:

(a) **The Research Establishment** at Harwell which employs 3,500 staff (1,726 industrial and 1,774 non-industrial). The distribution of effort† at Harwell at 1st January, 1953, was:

<table>
<thead>
<tr>
<th>Per cent.</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term Research</td>
<td>16</td>
</tr>
<tr>
<td>Applied Research for the A.E. Project</td>
<td>22</td>
</tr>
<tr>
<td>Experimental Reactors</td>
<td>25</td>
</tr>
<tr>
<td>Isotopes</td>
<td>10</td>
</tr>
<tr>
<td>Radiation Protection</td>
<td>6</td>
</tr>
<tr>
<td>Defence and Intelligence</td>
<td>6</td>
</tr>
<tr>
<td>General Technical Services</td>
<td>14</td>
</tr>
</tbody>
</table>

The Radio Chemical Centre, Amersham, which is an outpost of Harwell, is responsible for the supply of natural radioactive substances to National Health Service institutions; it also processes and sells labelled compounds and artificial radioactive substances produced in the piles for research, medical and industrial purposes in the United Kingdom and abroad. It is the one part of the atomic project which is on a normal commercial footing.

(b) **The Production Division**, whose H.Q. comprising the administrative and design staff, is at Risley, near Warrington, Lancashire. The total staff of the production Division is 7,719 (5,281 industrial and 2,438 non-industrial). The Production Establishments are:

(i) **Springfields**, which extracts uranium from imported concentrates and turns it into metal for the piles or hexafluoride for the diffusion plant.

(ii) **Windscale**. Here are the two plutonium piles; the chemical separation plant for extracting plutonium from irradiated uranium rods; and the plutonium finishing plant which produces plutonium metal for delivery to the Weapons Establishments.

(iii) **Calder Works** (see paragraph 12 above).

(iv) **Capenhurst**, the gaseous diffusion plant (see paragraph 7 above).

(v) **Research and Development Laboratories**, Culcheth.

(c) **Weapons Division** (Atomic Weapons Research Establishment). The H.Q. of this division is at Aldermaston and there are outstations at Woolwich, Woolwich Common, Fort Halstead and Shoeburyness. At Woolwich and Fort Halstead, A.W.R.E. is closely intermingled with the Armaments Research establishment of the Ministry of Supply. The joint establishments at Woolwich will continue until later this year. At Fort Halstead it must continue until 1955, when the building of Aldermaston is completed.

A.W.R.E. is, as its name implies, primarily a research establishment whose main task is the development of complete explosive fissile trains for atomic weapons, i.e., the design of a fissile material core together with the associated parts of conventional high explosive with electronic detonating devices. A.W.R.E. has however two other tasks:

(i) The production of fissile cores for incorporation in production weapons.

The production responsibility is not co-extensive with the research responsibility in that it does not cover the production of conventional high explosive parts which are at present being made at the Royal Ordnance Factory (R.O.F.), Chorley. This work is being transferred to R.O.F., Burghfield which will, apart from a small storage commitment, be entirely devoted to work for atomic weapons.

* It is to this figure (less H.Q. staff) that “Salaries and Wages at Establishments” (paragraph 18) correspond. If the whole of the Inspectorate and the Risley Contracts Staff (see paras. 19(a) and (b)) are included, the total would be 15,191.

† Measured in terms of the “White Paper” staff only i.e., scientists, experimental officers and engineers.

‡ It is important from the point of view of subsequent administrative and financial discussions to realise that a complete atomic weapon never exists until it is assembled for operational purposes.
(ii) A.W.R.E. is at present involved to a small extent in certain work which does not concern the explosive fissile train at all. This work, which employs conventional weapon techniques, is concerned with research and development on firing and fuzing mechanisms. Also, although the Royal Aircraft Establishment (R.A.E.), Farnborough deals with the structural members which hold the fissile train, with the ballistic case attached thereto, and with the associated aircraft instrumentation, there has hitherto been no sharp dividing line between the responsibilities of R.A.E. and those of A.W.R.E.: A.W.R.E. has been closely concerned with airfield dropping trials of the ballistic cases and the cost of these trials has been charged to the atomic energy vote.

The Pre-production unit at Woolwich Common has also been responsible for producing certain parts of the weapon which are not part of the explosive fissile train.

The total staff of A.W.R.E. is 2,801 (1,632 industrial and 1,169 non-industrial). The distribution of work (based on the allocation of White Paper staff) has been:—

<table>
<thead>
<tr>
<th>Work Type</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theory of atomic explosions</td>
<td>10</td>
</tr>
<tr>
<td>Fissile materials</td>
<td>23</td>
</tr>
<tr>
<td>Conventional explosives</td>
<td>11</td>
</tr>
<tr>
<td>Weapons development and production</td>
<td>8</td>
</tr>
<tr>
<td>Trials and instrumentation</td>
<td>25</td>
</tr>
<tr>
<td>Engineering</td>
<td>16</td>
</tr>
<tr>
<td>Central direction</td>
<td>54</td>
</tr>
</tbody>
</table>

Weapon development includes the work mentioned at (ii) above. The heavy allocation of effort to trials will be noticed. Conventional explosive trials and component flight tests are held in the United Kingdom but atomic explosion trials have to take place in Australia. No effort is specifically allocated to long-term research.

Atomic Energy Expenditure

17. The tables below give the estimated capital and current costs of the atomic project. The figures do not include any expenditure involved in further programmes still to be approved which may be started before 1956.

18. It will be seen that the annual budget, excluding the purchase of uranium, is expected to rise from some £40 millions in 1953-54 to £51 millions in 1955-56. The total capital investment is likely to double during the three years to March 1956.

Estimated Atomic Energy Budget, 1953-54 and 1955-56

<table>
<thead>
<tr>
<th></th>
<th>1953-54</th>
<th>1955-56</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stores and Materials</td>
<td>£7,663</td>
<td>£8,765</td>
</tr>
<tr>
<td>Research, Development—</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>£2,156</td>
<td>£1,606</td>
</tr>
<tr>
<td>Universities</td>
<td>£151</td>
<td>£149</td>
</tr>
<tr>
<td>Works Services</td>
<td>£13,609</td>
<td>£9,514</td>
</tr>
<tr>
<td>Plant and Machinery</td>
<td>£5,785</td>
<td>£17,446</td>
</tr>
<tr>
<td>Fuel, Water, &amp;c.</td>
<td>£2,390</td>
<td>£3,804</td>
</tr>
<tr>
<td>Housing and Hostels†</td>
<td>£932</td>
<td>£626</td>
</tr>
<tr>
<td>Salaries and Wages at Establishments</td>
<td>£7,968</td>
<td>£9,226</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>£40,654</td>
<td>£51,136</td>
</tr>
<tr>
<td><strong>Less Appropriations-in-Aid</strong></td>
<td>£750</td>
<td>£205</td>
</tr>
<tr>
<td><strong>Grand Total‡</strong></td>
<td>£39,904</td>
<td>£50,931</td>
</tr>
</tbody>
</table>

* The cost of uranium ore is not included in the figures above. The price of the 1952/53 allocation of ore to the United Kingdom was about £3 millions. The total current capital budget is therefore about £66 millions. In the Ministry of Supply estimate for 1953-54, however, the total included for atomic energy (other than items mentioned in Note 2) is £47·1 millions. The difference is accounted for mainly by investment in uranium production abroad.

† Nothing is included in respect of Ministry of Supply common services except housing and hostels which is readily identifiable. The figure for salaries and wages does not include any H.Q. salaries and other expenses.

‡ The breakdown of the Grand Total for 1953-54 in respect of the three establishments is: Harwell £7·6 millions; Production Division £22·0 millions; A.W.R.E. £10·3 millions.
Estimated Capital Investment: * Current Level and Level in March 1956

<table>
<thead>
<tr>
<th></th>
<th>Total to March 1953 £000</th>
<th>Estimated total to March 1956 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harwell and Amersham</td>
<td>18,075</td>
<td>29,669</td>
</tr>
<tr>
<td>Aldermaston</td>
<td>9,629</td>
<td>21,057</td>
</tr>
<tr>
<td>Production Division</td>
<td>43,347</td>
<td>94,947</td>
</tr>
<tr>
<td></td>
<td><strong>71,051</strong></td>
<td><strong>145,673</strong></td>
</tr>
</tbody>
</table>

Ministry of Supply Common Services

19. The Atomic Energy H.Q. in the Ministry of Supply and the Atomic Energy Establishments are not self-contained; they depend upon a wide range of common services provided by other Ministry of Supply branches which work not only for the atomic energy establishments, but for all other parts of the Ministry of Supply as well:

(a) The atomic energy establishments make use of the Armaments Inspectorate, the Electrical and Mechanical Inspectorate and the Chemical Inspectorate, for which a special division has been set up whose members work whole time on the atomic energy project. The total whole time inspectorate staff is 988.

(b) The main bulk of the atomic energy contracts work carried out by the Contracts Division is for the Production Division, most of this being done by an outpost at Risley (staff of 34). The branch is nominally under Ministry of Supply H.Q. but is in fact a part of the Production Organisation. Some questions are, however, referred to the Contracts Division at H.Q., which also deals with all contracts work for Harwell and A.W.R.E.

(c) The General and Labour Division of the Ministry of Supply is responsible for broad questions of policy on wages and also for dealings with the Joint Industrial Council and negotiations with national unions. Management of local industrial labour is, however, the responsibility of the Establishments themselves.

(d) The General and Labour Division is also responsible for housing, hostels and canteens.

(e) The Establishment Division does all the establishment and security work which is not done by the special establishment branch in the "cage."

(f) Transport is provided partly by the Ministry of Supply H.Q. and partly by the Ministry of Works.

(g) The Ministry of Supply Finance Division is responsible for central finance and accounting.

(h) Aircraft for flight tests are provided by the Controller of Supplies (Air).

(i) Assistance with the placing of orders is given by the Engineering Industries Division, the Machine Tools Division and also by the Electronic Production Capacity Committee, whose biggest users are Harwell and A.W.R.E.

(j) The Royal Ordnance Factories provide a variety of services, the principal being the manufacture of all H.E. components of the weapon. As mentioned above, however, this work is now being taken over by R.O.F., Burghfield.

(k) R.A.E. is responsible for providing the weapon case—see 16 (c)(ii) above.

(l) Among the miscellaneous services provided by the Ministry of Supply H.Q. are those relating to equipment and storage; legal arrangements; lands; public relations; office accommodation; and overseas travel.

Services outside the Ministry of Supply

20. (a) The Ministry of Works are responsible for new building work and for some of the maintenance in all the atomic energy establishments. The Ministry of Works employ about 950 people in the professional and supervisory grades on this.

* All figures on first cost basis without depreciation. No allowance made for value of existing Government assets taken over.
Responsibility for survey work on uranium and thorium rests with a small branch (of about 15) of the Geological Survey. Field work is carried out through the Colonial Geological Survey, mining companies and private prospectors, to whom the United Kingdom Geological Survey gives advice and assistance.

A branch of the Chemical Research Laboratory (staff 35), situated at Teddington, undertakes research into the treatment of dressed ores (in conjunction with the ore-dressing laboratory at Harwell) required to make them suitable for use at Springfields.

The project has the services of two officers of the United Kingdom Scientific Mission in Washington (D.S.I.R.).

PART II.—WHAT SHOULD BE TRANSFERRED?

Introduction

21. Our terms of reference call on us to devise a “plan for the transfer of responsibility for atomic energy from the Ministry of Supply to a non-departmental type of organisation.” We are thus not required to examine the reasons which have led the Government to decide that such a transfer is desirable. We have assumed, however, that the main reason is that in the Government’s view a Civil Service type of organisation is not suited to carrying on a large pioneering industrial undertaking; and that such an undertaking ought to have the maximum practicable freedom and scope for initiative.

22. A “non-departmental” type of organisation could of course cover many kinds of body. New scientific and economic needs, to whose handling a standard Civil Service administration could not readily be adapted, have in recent years called into existence a wide variety of executive agencies under the Crown. We became, however, at an early stage, convinced that none of the Councils or Commissions, which now carry on so much semi-Government business, offers a pattern suitable to the task to which our attention has been directed. In our view there is no alternative to the creation of a statutory Corporation with an executive Board similar to, although, as will be seen, differing in certain respects from, that usual in the other nationalised industries. We therefore refer throughout our report to the body which is to be created as “The Corporation.”

A.W.R.E.

23. The first question which we had to pose in our enquiry was “What is it for which responsibility should be transferred to a Corporation?” Most of the problems raised by this question are matters of detail, but we found that there was one major issue calling for decision. In view of our terms of reference, which make no distinction between one part of the A.E. Organisation and another, we originally supposed that it was the Government’s intention that at least all those establishments directly controlled by the A.E. Board should be transferred. We discovered, however, that it was still considered to be a matter of controversy whether the Weapons Organisation (A.W.R.E.) should be transferred or whether it should remain in the Ministry of Supply.

24. Evidence was given to us by the Ministry of Supply, which was supported by the Treasury, that A.W.R.E. should remain a Ministry of Supply establishment. The Ministry of Defence did not regard themselves as directly concerned either with the precise form of the Corporation or whether the atomic weapon establishments were in the Corporation or the Ministry of Supply. Their concern was that they should be in a position to exercise general control of the work done by these establishments; in particular, they would not wish any change in organisation to slow down weapons work or to make it impossible fully to satisfy the requirements of security. The reasons advanced by the Ministry of Supply for their view may be summarised as follows:

(i) Political Considerations and Ministerial Responsibility

(a) The Government ought to keep close control over “weapons of mass destruction.”

(b) If A.W.R.E. were transferred to the Corporation, the Government would have to keep a tighter grip over the Corporation than would otherwise be necessary.
(c) The less responsibility the Corporation is given for weapons, the easier it would be to present the case for transfer.
(d) The Minister of Supply would not be able to ensure that military work was not neglected by the Corporation.

(ii) Security

It would be easier for the Government to impose the necessary secrecy in weapons work than it would be for the Corporation, which would be mainly engaged on less secret work.

(iii) The Weapons System: Design and Production Considerations

The Ministry of Supply are responsible for nearly all fields of weapon research, development and production, other than those exclusively for the Navy. They ought not to be cut off from a field of weapon development of rapidly growing importance. If they were there would be no one who could put up a uniform view to the Defence Committee on weapons policy or who could see as a whole a development problem which involved both atomic and other techniques. It is all very well to say that the Ministry of Defence and Chiefs of Staff could state their requirements to the Corporation, but to state a requirement one needs to be able to estimate the possibilities. This is the value of the Ministry of Supply: they combine the functions of advising on policy and then, when policy is settled, of executing it.

(iv) Administrative Considerations

(a) The difficulties confronting scientists if A.W.R.E. were separate from the Corporation would be less than the corresponding difficulties of administrators if A.W.R.E. were removed from the Ministry of Supply.
(b) The allocation of scientific effort in accordance with Government directives as between the military and civil applications would be better achieved if the two sides were under different management.
(c) Finally, it was suggested that if it appeared eventually that a mistake had been made in leaving A.W.R.E. in the Ministry, it would be easier to transfer it to the Corporation than to bring it back to the Ministry of Supply if it had once been separated.

25. We have given close attention to these submissions and have discussed them at length with the officials concerned. We have as a result reached the view that it would be quite wrong to try to split the atomic project into two parts and to set up a specialist organisation without responsibility for the military aspects—which will long continue a major, though not perhaps in the future a dominant, part of the entire United Kingdom project. It is in our view desirable that there should be more and not less cohesion in the atomic project. Separation of the civil and military aspects would we think be wasteful in man-power and effort. Further, since the optimum conditions for the generation of power and production of fissile material are not the same, the Corporation would, if it had no direct weapons responsibility, inevitably tend to give priority to the power requirements. This would lead to continuous disputes which might be disastrous to the military effort.

26. Our observations on the specific arguments advanced on behalf of retaining A.W.R.E. in the Ministry of Supply are as follows:—

(i) Political

The political arguments in favour of maintaining close Government control over this peculiarly important weapon: we are not perhaps called upon within our terms of reference to consider the political aspects which should weigh with the Government in presenting their case but we doubt whether there is really much substance in the points made. There is little distinction between control of the working of fissile material into its final shape for insertion in the weapon and control over the previous stages of production of the material. Close Government control must in any case be retained in respect of the policy to be carried out by the Organisation as a whole, and as public funds are involved Ministers must be satisfied that the Corporation is not neglecting any part of its work, either military or civil; moreover decisions as to the type and numbers of weapon parts which are to be produced will be reserved entirely to the Government and not delegated to the Corporation.
(ii) Security

While the average level of information in A.W.R.E. is doubtless of a more secret nature than that in the production and research divisions, a great deal of the work of these divisions itself will in present circumstances remain "top secret" for some time and the Corporation will require throughout all its branches a highly efficient security organisation. Any suggestion that the Corporation will need to be less security conscious than the Ministry of Supply must be firmly resisted.

(iii) Weapons system

Admittedly A.W.R.E. has linkages not only with nuclear energy but with many conventional weapons establishments and the proposed transfer of A.W.R.E. might complicate to some extent relations with these establishments. But the linkages with nuclear energy are far more important and intricate. Coordination with the conventional weapons establishment can be achieved without much difficulty by normal administrative methods and so far as the Ministry of Supply are concerned this is a problem which would have to be faced even if A.W.R.E. were not transferred.

27. A.W.R.E. does not in any case produce a complete weapon: only a nuclear device. We suppose that the Chiefs of Staff would after discussion of possibilities with representatives of the Corporation indicate a requirement for a certain weapon with a certain power. These discussions would not be affected by the fact that the scientists concerned were employees of the Corporation and not officials of the Ministry of Supply. The C.O.S. or Service Department requirement, in so far as it related to the nuclear device, would be put to the Corporation at the same time as the armament requirement as a whole was stated to the Ministry of Supply. The Corporation and the Ministry of Supply would then separately and jointly consider how the requirement would be met. The Ministry of Supply, having responsibility only for the "conventional" components, would not be concerned with the working of the nuclear device nor with how the fissile material was used or how it was detonated. They would only need to know that it had a given power, physical dimensions, weight, acceleration, tolerance and that it required certain linkages with the rest of the weapon. Given these facts which will of course be themselves governed by the nature of the rest of the weapon, the Ministry of Supply will proceed with their part of the work.

(iv) Administrative considerations

We did not find these arguments very substantial. The military effort is, as we have said, dependent on the industrial and cannot be satisfactorily separated from it.

28. We have therefore concluded on all counts that A.W.R.E. ought to be transferred to the Corporation. This recommendation covers the whole of A.W.R.E.'s research work on the complete explosive fissile train. We found all witnesses, irrespective of their views as to whether A.W.R.E. should be transferred or not, agreed that there can be no question of splitting A.W.R.E.'s research responsibility between work on the fissile core itself and work on the other parts of the explosive fissile train. It also means that the Corporation should be responsible for the production of fissile weapon cores (at present carried out at A.W.R.E.—see paragraph 16 (c)).

29. We do not, however, recommend that the whole of the work at present done by A.W.R.E. should continue to be done by it. As explained in paragraph 16 (c), A.W.R.E. has acquired somewhat by accident certain work on conventional weapon parts, e.g., fuses. Also, although it is accepted that in theory R.A.E. is responsible for the ballistic cases, and for the associated ballistic trials, it appears (see paragraph 16 (c)) that A.W.R.E. has come to play a leading part in these. We recommend, therefore, that in principle the responsibility for all parts of any atomic weapon outside the explosive fissile train should remain with the Ministry of Supply. This division should not be carried to the point of affecting the transfer of the whole of Aldermaston to the Corporation. It may, however, affect part of the work now being carried on at Fort Halstead and Woolwich which would otherwise have been moved eventually to Aldermaston: and it may be necessary to consider separately whether the Pre-Production Unit at Woolwich Common should not remain with the Ministry of Supply; and where responsibility for the firing circuit should rest.
R.O.F., Burghfield

30. As explained in paragraph 16 (c), A.W.R.E. is not responsible for the production of the conventional high explosive element of the explosive fissile train. It was suggested to us in a note by the Paymaster-General's Office that it would be convenient if the Corporation had its own facilities for the shaping of high explosive and that there was a good case for transferring the R.O.F., Burghfield, to the Corporation. This would make it independent of the R.O.F.s and bring its production commitment up to the point to which its research commitment extends. This contention was not accepted by the Ministry of Supply, whose witnesses urged that, whether or not A.W.R.E. was transferred to the Corporation, Burghfield should remain with the Ministry of Supply. As it is near to Aldermaston it would be easy for those working on production and development to remain in close touch with each other. In our view, any tendency to carry the responsibility of the Corporation into fields not strictly connected with nuclear energy problems should be resisted. The work to be done at Burghfield, while calling for closer tolerances than is usual in conventional high explosive work, is of a conventional character. We therefore recommend that Burghfield should remain with the Ministry of Supply.

Uranium and Thorium

31. A considerable part of the work of the Atomic Energy Secretariat in the Ministry of Supply (see paragraph 14) is devoted to the procurement of uranium and thorium. There are reasons to suppose that a much greater effort in uranium procurement may be required in the future and that the present arrangements for that purpose may have to be reshaped. An adequate supply of uranium and thorium is essential to the future of the project and considerable effort may have to be devoted to this. The work, however, which extends into the field of geology and mining as well as procurement effort, is not directly connected with the carrying on of an atomic project in this country and the acquisition of uranium and thorium outside the United Kingdom raises questions of a diplomatic, Colonial and foreign exchange character. We do not therefore think that this should be primarily the business of the Corporation: it should, in our view, remain a direct responsibility of the Government and it should be the task of the designated Minister (see paragraph 35) to establish a vigorous organisation for this purpose.

Intelligence

32. We do not consider it appropriate that the Atomic Energy Intelligence Organisation should be transferred to the Corporation. While the Corporation would have to carry out certain work on behalf of the Organisation, this should itself continue to be a direct Government responsibility.

Common Services

33. As explained in paragraph 19, the atomic energy project is at present dependent upon a wide range of common services provided by Divisions of the Ministry of Supply for those and other establishments. It would be necessary for the Corporation to be a viable entity and for this purpose it must have its own ancillary services covering the range of activities set out in paragraph 19 (a)-(g), (i) and possibly (l). This problem will have to be tackled well before the vesting date of the Corporation and forms one of the main tasks to be undertaken in the interim period (see paragraph 86).

34. This recommendation about the Ministry of Supply common services does not apply to the building services provided for the Atomic Energy Establishments by the Ministry of Works. A decision whether or not to use the Ministry of Works as an agent should be left to the Corporation when established. It is conceivable that the Corporation would decide that it wishes to go on using the Ministry of Works as an agent. Whether or not this proves to be the case, it would be undesirable to have to build up a works department in the project in advance of the vesting date, thus adding to the many problems which would have to be faced in that period. We should perhaps place it on record that we understand that it is the view of the Ministry of Works that the Corporation would have to choose between relying wholly on the Ministry for building services or dispensing with the services of the Ministry entirely.
PART III.-GOVERNMENT ORGANISATION

Designated Minister

35. It is clear that it will be necessary to designate a Minister responsible to Parliament for the monies voted for the Corporation and for the policy directions given to the Corporation. It is, therefore, a major question to decide who this Minister should be. The choice lies between the Minister of Supply, as at present, the Minister of Fuel and Power, the Minister of Defence, the holder of one of the sinecure offices, or a special Minister for atomic energy. It is clear that it would be quite wrong to add this specific responsibility to the many general responsibilities which the Prime Minister has.

36. Our approach to this problem has been that the main task of the designated Minister will be to ensure the well-being and efficiency of the Corporation as a whole and to keep continually under review the balance between the use of atomic energy for defence, for power and, to an increasing extent, in the biological applications. In order to do this it is in our view essential that he should have no departmental bias towards either weapons or power.

37. This view rules out the Minister of Defence and the Minister of Supply on the one hand, and the Minister of Fuel and Power on the other; it narrows the choice to the holder of one of the sinecure offices or to a special Minister for atomic energy. We found, however, that this analysis was not accepted by the Treasury or by the Ministry of Supply. Neither of these argued for the selection of the Ministry of Defence on the ground, we understand, that this was a co-ordinating Ministry only which is not adapted to the undertaking of direct administrative responsibilities. Both the Treasury and the Ministry of Supply, however, held that the designated Minister should be the Minister of Supply. This argument was directed to the suggested transfer of A.W.R.E. to the Corporation: we gathered that had we proposed to recommend that A.W.R.E. should be retained in the Ministry of Supply, this view would not have been urged so strongly.

38. What the Treasury and the Ministry of Supply disliked was the introduction of a new Minister into the field of weapons policy. They argued that if A.W.R.E. was part of the Corporation, then the designated Minister must have a weapons responsibility and the result would be to create a sixth Defence Department having a part interest only in defence. The Minister would become another claimant on the total resources available for defence research development and production. Hitherto, it was argued, there had been little difficulty in adjudicating on competing claims in these fields; but as the defence budget was now subject to an overall maximum which was likely soon to include atomic energy, an increase of expenditure on atomic weapons would mean a reduction in the amount to be spent on conventional weapons. The designated Minister was bound to become the champion of expenditure on atomic weapons and his championship would lead him to argue for a reduction in the allocation of resources to the Ministry of Supply. It would be much better if any conflict of this nature were resolved within the Ministry of Supply.

39. We have not been able to accept these arguments. They appear to us to attribute to the Ministry of Supply a role in the formulation of overall weapons policy which belongs to the Ministry of Defence as the department specially created for the co-ordination of all aspects of the military effort including weapons policy. They appear also to overlook that it has in fact been the Ministry of Defence which have undertaken the integration of atomic weapons with the general weapons programme. We do not consider that the introduction of a Minister other than the Minister of Supply will impede in any way the execution by the Ministry of Defence of this task; nor were any representations to this effect made to us by the Ministry of Defence.

40. Moreover, we see no reason why the designated Minister should appear as a defence Minister competing for a share of the available defence resources. On the military side he would only say that if a particular addition to the current programme was desired it would have certain consequences, i.e., a need for an increase in the total budget of the Corporation or a switch over from the civil side. He would normally regard himself as limited to ensuring that the Corporation's point of view was given full consideration before a decision was reached; only if

* Central Organisation of Defence, 1946. Cmd. 6923, Paragraphs 26 and 32.
seriously worried about the balance between civil and military effort in the Corporation would he intervene in a discussion about the allocation of defence resources. He could not, of course, be excluded from making representations, but if there were a serious conflict this ought to be settled by Ministers collectively: the balance has to be struck in some forum, and there seems no ground for arguing that it ought to be settled within one Ministry where full weight might not be given to the civil applications. One must recognise that, with the advent of atomic energy, defence research and development can no longer be considered in isolation: what happens now affects the civil uses of atomic energy. It would, in our view, be far less difficult for the existing Ministers concerned with defence if the designated Minister had a definite responsibility for A.W.R.E. than if he were solely interested in the civil side and was continually pressing its claims regardless of the defence interest—which would happen if A.W.R.E. were left in the Ministry of Supply and the designated Minister had no responsibility for it.

41. For these reasons the choice must in our view fall on the holder of one of the sinecure offices or on a special Minister for atomic energy. We do not recommend the latter. The extent of the Minister’s responsibilities would not justify the creation of a special Ministerial office and we consider that the issues which do arise will be such as should engage the attention of a senior Minister and not of a relatively junior one, as an ad hoc Minister of atomic energy would necessarily be. We therefore recommend that the Minister responsible to Parliament for the Corporation should be one of the existing Ministers of high Cabinet rank, who has no departmental responsibilities which encroach upon the field of atomic energy. The most suitable Minister seems to be the Lord President of the Council. We do not, however, make a specific recommendation that he should be designated since there might be advantage in leaving it open to the Government of the day to consider which of the holders of the sinecure offices should be charged with this special and of necessity rather personal responsibility.

Ministerial Committee

42. The balance in the affairs of the Corporation between weapons, power and the biological applications will be governed by the collective decisions of Ministers and may be subject to modification from time to time. This is a strong argument for the establishment of a Ministerial Committee which should have as members, in particular, the Foreign Secretary, the Chancellor of the Exchequer, Lord President, Secretary of State for Commonwealth Relations and the Ministers of Defence, Fuel and Power, and Supply. The designated Minister should be the Chairman of the Committee.

Staff of the Parent Department

43. The designated Minister will require a small group of officials to assist him. We stress that this should be a small group since they will be concerned with broad policy only and should not become competitive with the Corporation or try to encroach on its proper functions. These officials should constitute a small department responsible solely to him and should not owe allegiance to any of the Departments having a particular interest in the applications of atomic energy. We have given some consideration, in consultation with the Treasury, to the status of the head of this office. We agree that an officer of Permanent Secretary status might be under-employed if he were used solely on atomic energy work and that he might well have other responsibilities not connected with atomic energy. Whether this will be possible may depend on whether the designated Minister has any other functions on which the officer could be engaged. We agree with the Treasury that it would be easier to find additional employment for a Deputy Secretary and that it would be difficult to go back if a Permanent Secretary were appointed and this were found to be an unsatisfactory or wasteful arrangement. We therefore recommend that it would be better to start off by making this officer a Deputy Secretary. He would have to be carefully selected in view of what we say in the succeeding paragraph.

Official Committee

44. An Official Committee representative of all the departments concerned with atomic energy will be required as at present. It would be appropriate that the official head of the designated Minister’s department should take the chair of
this Committee. The constitution of the Committee should be such as to permit
the attendance of Permanent Secretaries but to allow them to send substitutes if
desired. In our view the Corporation should be directly represented on this
Committee.

45. One of the main tasks of the Official Committee will be, as at present,
to keep a constant watch on the international and Commonwealth aspects of the
United Kingdom atomic energy effort. In a memorandum forwarded to us by
the Foreign Office it was submitted that: —

(a) The Corporation should on all matters of external policy be obliged to
consult an Official Committee on which the Foreign Office would be
represented; and
(b) The channel of communication for agreed decisions on matters of policy
should be through the Foreign Office and Her Majesty's Mission in the
capital concerned to the foreign Government or authority.

A similar memorandum by the Commonwealth Relations Office urged that all policy
matters concerning Commonwealth countries should be channelled through the
Official Committee. Both the Foreign Office and the Commonwealth Relations
Office agree that where valuable scientific contacts exist or in routine matters, it
would not be necessary to channel all contacts through the Official Committee; and
the Commonwealth Relations Office were anxious that the closest possible
contacts at all levels should be developed between the Corporation and the
authorities concerned in Canada, Australia, New Zealand and South Africa. We
fully agree with these suggestions and recommend that a suitable directive should be
given to the Corporation at the outset:

46. Weapons matters will, as at present, be excluded from the purview of the
Official Committee. We fully agree with the submission of the Ministry of Defence
that the Ministry must remain generally responsible after the Corporation is set
up for the allocation of effort for defence purposes between atomic energy and
conventional armaments and for the distribution of effort between the development
and production of atomic weapons; and that in particular: —

(a) it should be for the Ministry to specify the number, type and performance
of weapons, and
(b) programme of research and development on atomic weapons should be
brought within the Defence Research Policy Committee's purview.

It is indeed one of the less satisfactory features of the present situation that the
main committee charged with giving the Government overall advice on defence
research policy should not deal with atomic weapons. We expect that as soon as
this matter has been put right, suitable arrangements will be made to invite repre­
sentatives of the Corporation to attend the Defence Research Policy Committee
as necessary.

Residual responsibility of the Ministry of Supply

47. The Ministry of Supply will naturally continue to be responsible for all
those components of atomic weapons in respect of which research, development or
production responsibility is not transferred to the Corporation (see para­
graphs 28-30).

48. We are ourselves inclined to agree with the view of the Ministry of
Defence that the organisation for atomic weapons should in these circumstances
be brought closely into line with that for conventional weapons. That is to say
the research development and production authority for a complete bomb should be
the Controller of Supplies (Air) (CS (A)); for a mine or shell the Controller of
Supplies (Munition) (CS (M)); for guided weapon the Controller, Guided Weapons
and Electronics (CGWE).

49. On the other hand the Ministry of Supply represented to us that they
would need a Controller of Atomic Weapons who would be responsible for pro­
gramming the Ministry of Supply and Corporation components and that this
Controller would deal with all atomic weapons whether they were bomb, mine, shell
or guided weapon.
50. We have considered this suggestion. We would hope that on mature consideration the view would prevail that this appointment would be unnecessary. As we understand the position, a Controller implies an executive development and production authority. We cannot suppose that it is intended to take away responsibility, e.g., for Burghfield from the R.O.F. organisation under CS (M) on the ground that it is permanently engaged in work connected with atomic weapons; or that responsibility for the bomb casing should be taken away from R.A.E. under CS (A) because a special section of Farnborough will be permanently devoted to such work. Moreover there appears to us to be a danger in this argument that it might lead directly to a demand that such a Controller should have on his staff experts in nuclear explosions in order that he should be capable of understanding what A.W.R.E. was talking about. For the reasons which we have given in paragraph 27 we are more than doubtful whether it will be necessary for the Ministry of Supply to concern themselves with the working of the nuclear device as distinct from those of its characteristics which determine certain of the requirements of the conventional parts of the weapon. Any unnecessary demands for nuclear physicists and engineers, who are in very short supply, should in our view be resisted.

51. We do however concede that there will be a case for maintaining a special directorate in the Ministry of Supply to undertake the overall progressing of research, development and production of all work in hand either by the Corporation or by any of the three Controllers of the Ministry of Supply on atomic weapons so as to ensure that the programme for each weapon is kept in balance. There does not at present seem to be any one authority responsible for progressing atomic and conventional components alike. Considerable responsibility seems to be undertaken for this at A.W.R.E. but this could hardly remain there after the transfer to the Corporation. The need for a clear pattern of responsibility will be even more important in future in view of our recommendation that requirements should be put separately and jointly to the Corporation and to the Ministry of Supply (see paragraph 27) and not in the first place exclusively by the Service Departments to the Ministry of Supply. This directorate will also be the authority for Service Approval of Ministry of Supply components. It will no doubt be considered desirable to create a separate Service Approval authority in the Corporation but in that case special arrangements will have to be made for it to act in the closest liaison with the Ministry of Supply directorate in order to ensure that user requirements are safeguarded in respect of the weapon as a whole. Should any disagreement arise, appeal would be made to the Service Department concerned.

52. It naturally follows from this that we do not envisage that the Ministry of Supply would place a contract direct with A.W.R.E. or that the Ministry of Supply would have any direct relation with A.W.R.E. such as would put them in a position of customer to contractor. Contracts of this sort would in any case appear to be ruled out by the security requirements since money paid under such contracts would have to appear as a receipt in the Vote of the designated Ministry and would thus reveal the extent of the weapons programme (see paragraph 54).

PART IV.—FINANCE

53.—General.—It is impossible to estimate with any degree of accuracy what the annual cost of the Corporation would be: there is inevitably much uncertainty about future developments and requirements, military and civil, in the atomic energy field, and while certain expenditures (e.g., on conventional components of atomic weapons) now included in the Estimate of about £47 million for 1953-54 would continue to be met by the Ministry of Supply, others (e.g., Common Services expenditures) not included would have to be met by the Corporation. As it is, however, clear that for at least many years to come expenditure will be very heavy and receipts small (see paragraphs 18 and 62) we consider, and it has been accepted by all those appearing before us who are concerned with the financing of the new organisation, that the money required would have to be voted annually by Parliament to the designated Ministry. We think too that, as the Corporation would have to work on general lines laid down by the Government and the sums involved are very large, the amount provided each year should be in the form of a grant, unspent money being surrendered at the end of the year, and not a grant-in-aid.
54. **Form of the Estimate and the Defence Budget.**—It would in normal circumstances be desirable that the annual estimate presented to Parliament should be in such a form as to show clearly the main heads of expenditure, separating military expenditure from civil and capital from current. There might also be advantage in recovering from the Defence Departments the cost, including research and development costs, of atomic weapons, since this would bring home to the Defence Departments, and to Parliament, the total defence bill. Apart, however, from the difficulty that allocation of much of the expenditure, particularly on research, between military and civil purposes would have to be somewhat arbitrary, the Ministry of Defence witnesses represented very strongly that no information should be published which would make it possible to assess expenditure on atomic energy weapon research and production. They put forward instead the suggestion that for ordinary administrative purposes a figure could be arrived at which represented the proportion of the Corporation's expenditure devoted to defence and this figure could be taken into account in determining the Defence Budget, though it would not be published in the defence White Paper or elsewhere. We note in this connection that in the United States the relevant Appropriation Acts for the Atomic Energy Commission give only a total, without details. If the objections put forward by the Ministry of Defence are accepted there can be no accounting between Departments and no division of the published figure into military and civil.

55. **Accounting Officer.**—It has been suggested to us that the annual grants by Parliament should be accounted for by a member of the Corporation and not by the Permanent Secretary to the designated Minister as this latter arrangement would tend to involve acceptance of responsibility by the Minister in Parliament for all acts of the Corporation, however unimportant, and to rob the Board of the Corporation of the power of quick decisions on matters of detail. We consider, however, that the large sums which would have to be provided from public funds must be at the disposal of a Minister whose Accounting Officer would ensure that the conditions attached by Parliament were observed, and we agree with the view of the Treasury witnesses that there should in practice be no insuperable difficulty about making arrangements to ensure that the Minister and his Accounting Officer are not required to answer for all the detail of the Corporation's financial arrangements.

56. It was also suggested to us by the Ministry of Supply representatives that, if the designated Minister was to be responsible for an organisation which included A.W.R.E., there would be an awkward division of responsibility between the Accounting Officer of the designated Minister on the one hand and the Accounting Officer of the Minister of Supply on the other. We do not think this difficulty will arise. As we have explained elsewhere the requirements of the Service Departments for fissile cores will be stated directly to the Corporation and the Corporation will make direct deliveries to the Services.

57. **Delegation of Financial Authority to the Corporation.**—In most respects we should not expect arrangements for ensuring adequate financial control by Parliament and the Treasury to differ widely from the normal departmental pattern for obtaining approval of the Estimate and, subsequently, of individual items of expenditure. It would, however, be essential to ensure that these arrangements give the Corporation freedom to conduct its day to day affairs, including the execution of large capital projects, in a businesslike way. We think it best to leave the detailed arrangements for discussion between the Corporation, the parent department and the Treasury at the appropriate time. But if the Corporation is to conduct its work with efficiency and despatch we think that rather more flexibility and discretion than usual is necessary for projects involving capital expenditure. We understand that the normal arrangements for the Defence Departments give them delegated powers to spend amounts varying from £10,000 to £30,000 on Works Services: we do not wish to suggest a definite figure but we consider that the Corporation should be allowed to proceed, after the annual Estimate has been approved, within a higher figure than £30,000 without further reference to the parent department or the Treasury. Where the capital expenditure involved is in excess of this higher figure we think it would help the project forward if arrangements similar to those made during the last war were adopted and the Corporation's proposals were discussed and settled by a committee representing the Treasury, the designated department and the Corporation.
58. Audit.—Though the nationalised industries have their accounts audited by commercial auditors they are, generally speaking, financially independent whereas the Corporation would be for many years to come almost wholly dependent on monies voted by Parliament. For this reason we consider audit by the Comptroller and Auditor General appropriate; we feel sure that Parliament would not in any case accept any other arrangement. We presume that in the exercise of his powers the Comptroller and Auditor General would have regard to the special arrangements for delegation of financial authority to the Corporation as suggested in the foregoing paragraph.

PART V.—THE CORPORATION

The Tasks of the Corporation

59. The task of the Corporation will be to carry forward the United Kingdom atomic energy programme in accordance with policy directions given by the Government. In doing so it will have to satisfy the designated Minister's department that it is both carrying out specific directives and maintaining a proper balance between weapons, power and the biological applications. We have already dealt with the weapons side. The achievement of a proper balance on the power side may prove more difficult because the practical problems posed by the development of atomic power are only beginning to crystallise (see paragraph 12), and because the effort to be put into the development of power is less susceptible to exact measurement than is effort on the weapons side. One form in which a precise issue will arise for Government decision is the allocation of fissile material once produced between the two purposes.

60. There is one aspect of the power problem on which it is already becoming possible to form a view. There has been in some quarters a tendency to hope that an atomic energy undertaking in this country might eventually become in large measure self-supporting because of the revenue to be derived from the generation of electricity from atomic power. This would clearly involve, as time went on, the acceptance of the Corporation as a competitor with the British Electricity Authority and the North of Scotland Hydro-Electric Board.

61. The Ministry of Fuel and Power told us that they were opposed to such a development. In their view the B.E.A. should continue to be responsible for generating electricity and the Corporation should be responsible only for the supply of the fuel elements and for the withdrawal and subsequent handling of irradiated elements. The development of power reactors to the point at which they were technically and economically satisfactory would remain the responsibility of the Corporation.

62. This view of the Ministry of Fuel and Power as put to us rested upon two assumptions:—

(a) that it will be possible to generate power economically from atomic energy without regard to the military demand for plutonium;

(b) that the Government would not require the reactors, or a large proportion of them, to be run for the production of military fissile material.

Provided that these assumptions are valid we agree with the Ministry of Fuel and Power. It is not desirable either in its own interest or those of the nation that the Corporation should become a large-scale competitor of B.E.A. in the production of electrical power. We would certainly expect that the Corporation would find its dealings with the B.E.A. profitable whatever the net accounting between them turns out to be—and this must depend on whether it is decided that the B.E.A.'s payments should include an element for royalties. But the Corporation's profit...
must be small in relation to its total turnover, and it would still be largely and in perpetuity dependent on Government funds, i.e., its expenditure on the research side would not be to any large extent offset by receipts and certainly not to the extent of making any contribution at all towards the cost of its military expenditure on behalf of the Government. This conclusion is a significant one when considering the nature of the Corporation's relations to the Government in the long term.

63. Paradoxically, if either of the Ministry of Fuel and Power's assumptions is falsified, the relative financial position of the Corporation may become somewhat stronger. If it is found that the generation of electrical power continues to be uneconomic except after the value of fissile material for military purposes has been credited, or if it is decided by the Government that all or most of the reactors must in any case be run primarily for military purposes, then it may well be found that such reactors ought to remain under the direct operation of the Corporation which will then be generating a limited amount of electrical power which the B.E.A. would be expected to buy for the grid. Even, however, if such a pessimistic view of the technical and international outlook should prove to be justified, it would not greatly affect the degree of dependence of the Corporation upon Government funds.

Medical and Biological

64. So far the biological applications of atomic energy have mainly received attention from two points of view. The first is that of radiation protection of the workers and of the public (see paragraph 13), and the second is the development of the production of isotopes and their utilisation in medicine, industry and agriculture. Hitherto the initiative in biological research has come from the Medical Research Council. We were told on behalf of the Council that they had not been sufficiently consulted in the past, and that this had resulted in an unnecessarily cautious view being taken of the radiation risks. The Medical Research Council hope that there will be close consultation between them and the Corporation at the design stage of all future projects. They recognise that one must distinguish between:

(i) the health physics work in the plants which enforces standards laid down elsewhere. This must be a responsibility of the Corporation; and,
(ii) the research service which has to establish the correct standards to be enforced.

The Council hope that the Corporation will have staff of sufficient calibre to ensure that the health physics workers in the plants get all the assistance they need. They consider, however, that the main responsibility for research must continue to be undertaken by the M.R.C., since research on human exposure to radiation has to be linked with clinical work, e.g., in connection with cancer therapy; and also because the M.R.C. is in a specially favourable position in some respects to recruit good biologists and biochemists.

65. We certainly agree that there ought to be the closest possible consultation with the M.R.C. We are not, however, satisfied that the stationing of M.R.C. units at project plants, in the way that the Radio-biological Research Unit is stationed at Harwell, is sufficient. The Corporation ought to have a responsibility for the whole field of nuclear energy so that it can aim at securing a proper balance in its activities. It ought not to be relegated to carrying out technical directives given from outside. There should, therefore, be scope for research within the Corporation on the biological and biochemical aspects of atomic energy; at the same time only experience can show how responsibility for these fields of research can be distributed between the Corporation and the M.R.C.

Internal Organisation of the Corporation

66. In approaching the internal organisation of the Corporation we have one paramount consideration in mind: it is that the present organisation for atomic energy is too loosely knit. The efforts of the first Controller of Atomic Energy (see paragraph 8) resulted in effecting a limited measure of co-ordination between the various establishments concerned and this process has been carried somewhat further by the present device of an Atomic Energy Board presided over by a Cabinet Minister. The project remains, however, an association of three sets of establishments rather than one integrated organisation. H.Q. control is weak; this is hardly surprising since there is no technical staff at H.Q. Largely because of this weakness, but partly in a praiseworthy effort to emancipate the scientists and
engineers from Civil Service routine, delegation of authority to establishments seems to have gone so far that considerable changes of policy can be decided on at establishments without H.Q. being informed. When the technical directors do meet, they come together as heads of establishments conferring one with the other rather than as a collectively responsible Board. This is a feature in the present system which should not be carried over into the new.

The Board

67. The first need of the Corporation will therefore be a strong Board. It must be a mainly functional Board, for the main task will be of technical policy. We do not conceive of the Board as consisting of persons with general experience in business, labour relations, finance, &c, if only for the reason that the matters of broad policy, with which such persons would be specially qualified to deal, will in practice be reserved to the Government.

68. The key appointment will be that of Chairman of the Board, who should, in our opinion, perform the functions of a General Manager.

We cannot stress too much the need for getting a man of wide sympathies and outstanding ability to fill this post.

69. There should then be four functional directors: one for engineering and production; one for weapons; one for research; and one for administration and finance.

In principle, the first three of these, i.e., the technical functional directors, ought to be distinct from the heads of the various establishments, i.e., of the Production Division of A.W.R.E., and of Harwell. It will be impossible at the outset to carry out this proper separation between the H.Q. functional directors and the heads of establishments. This is because the present heads of the three establishments are the obvious choice as technical directors of the Board and because we believe there are no replacements or deputies immediately in view to take their place as heads of establishments. It will, if our recommendation is accepted, be necessary for the three technical directors at the outset to do double jobs as Members of the Board and as Heads of Establishments. This arrangement may have to carry on for some time, but there should be no avoidable delay in making appropriate consequential arrangements.

70. Finally, we recommend the appointment of two part-time members of the Board in order that the Corporation should not become too inbred and that it should be kept in touch with the outside world. We recommend that these part-time members should not have separate technical functions. It has, for instance, been suggested to us that there should be a military member of the Board in addition to the weapons director; and we understand that the Medical Research Council would have welcomed the appointment of a member with a special interest in the biological field. We do not accept these suggestions because we feel that the appointment of members with special interests is undesirable. The achievement of an overall balance in this work is the responsibility of the Corporation as a whole, which must satisfy the designated Minister that it is succeeding in maintaining such a balance. The Weapons Director, for instance, would be in a position to bring to the notice of the designated Minister any respect on which he felt that the defence requirements of the Government were not being implemented. Nevertheless, we think that such representations would be rare. The main safeguard is to ensure that the separation between the responsibilities of functional directors and the responsibilities of heads of establishments is carried out. Once this is done we see no reason to fear that the Board will not develop a truly collective attitude towards its responsibilities. We would only add that we attach great importance to restricting the size of the Board to the numbers we have suggested.

Co-ordination within the Corporation

71. We do not propose to make any detailed recommendations as to the way in which the Corporation should carry out its work. It may be useful, however, to mention one or two of the minor criticisms of the present organisation which have been made to us: for example, that those responsible for the engineering work carried out for Harwell and Aldermaston are not closely in touch with those engaged in engineering work for the production division; again that there is inadequate co-ordination of the research work done at Harwell and at Risley respectively; and that the production and research work at Aldermaston is left too much in isolation.
72. We consider that our proposals for the central direction of the project by a largely functional Board would remedy most of these weaknesses, so far as they exist. Even at the outset, when the three heads of establishments are doubling jobs as functional directors, they should sit on the Board as directors of research, of engineering and production and of weapons—and not as heads of establishments. The research director would therefore be responsible for pure and applied research both at Harwell and in the Risley organisation, while the engineering director would be responsible for engineering work carried out, not only at Risley but also at Harwell and Aldermaston.

Future of the Production Division

73. There were two other criticisms of the present production organisation which were made to us:—

(1) That the organisation is over-strained at the top and that the whole top level organisation and the salaries received are inadequate when compared with those of industrial concerns undertaking capital development, much of it repeat work, of comparable size.

(2) That the production division is in danger of becoming unwieldy and that it ought to be split into two parts, the one handling new design and construction work and the other handling current factory operations.

74. Both these criticisms are of course a symptom of the same cause: the enormous burdens placed upon the whole organisation by the United Kingdom’s determination to carry forward single handed and with the greatest possible speed a considerable atomic energy programme. The one criticism, however, is directed towards securing a large-scale infusion of brains from outside industry; the other tries to make the problem more manageable by splitting it into two, though without necessarily increasing the resources available for either. We have every hope that the setting up of a Corporation will enable the production division to attract the additional top-level support which it needs and that it will in other ways give the division the freedom to develop which has hitherto not been afforded to it. We do not wish to record any view as to whether the difficulties of the production division would become less if it were split between factory work and design work. We think it would certainly be a great mistake to undertake such an operation in advance of the setting up of the Corporation. The interim period will be full of problems and no unnecessary changes should be introduced during that time. When the Corporation is set up it will, no doubt, undertake a thoroughgoing enquiry into the future of the production division.

Salaries and Conditions of Service

75. The need to pay salaries on an industrial scale will not necessarily be limited to the production division. Special arrangements will be required to enable the Corporation to compete with industry for men for all its top-level posts. Below the top, however, all reasonable steps must be taken to avoid standards which are widely divergent from those in the Civil Service. We fully agree with the representations made to us on behalf of the Treasury and of the Ministries of Supply and Defence that the general salary-levels in the Corporation must not be such as to spread discontent or lead to undue loss of staff from other Government establishments.

76. Provided that there is a general understanding to this effect between the Corporation and the designated Minister, we think that the Corporation should not be subject to specific direction in this matter of salaries. We understand that precedent will require that the salaries and conditions of service of the members of the Board itself should have Government approval. But apart from this, we do not think that the designated Minister ought to have detailed responsibility for conditions of service since this might be thought to render him answerable to Parliament to an undesirable extent for matters of detail. We were advised by the Treasury that there was no point in putting a general injunction about salaries into the legislation since experience had shown that such an injunction was difficult to police.
Security

77. The problem of security always bulks large in connection with any atomic energy undertaking carried on in present circumstances. There seem to be two views about the standard of security in the present project. All those who have had responsibility for advice or enforcement consider that the arrangements are satisfactory. On the other hand, some of those who have had no such responsibility feel that security in the project is not satisfactory and that it is difficult to make it so within the Civil Service rules. Those who hold this view hope that security in the Corporation will be stricter than at present. The staff unions and associations, however, have represented most strongly that the standard of security enforcement need not and should not be more stringent than it is at present, and that there should not be any increase in what is regarded as interference with peoples' private lives.

78. We do not propose to make any recommendations about the standards or methods of security to be applied by the Corporation. In our view the Corporation should start off by applying those standards which are at present in force. If it is later felt that any change is desired, this should be discussed with the staff unions during the secondment period (see paragraph 85). Before the end of this period, we hope the process of “positive vetting” of the existing staff should be complete and the security problem may thereafter seem somewhat simpler.

79. It must, however, be clear whether responsibility for the enforcement of security rests with the Corporation or with the designated Minister. The Ministry of Supply told us that in their view a public onus of decision should be on the Board, which would be assisted by a panel similar to the “three advisers” who function in Civil Service cases. This would be preferable to an appeal to the designated Minister since this would detract from the status of the Corporation: nevertheless, the Corporation could not be left entirely free to make its own decisions in security cases subject only to a general directive to observe Civil Service standards. A Board of a Corporation might on occasion find it difficult to weigh its need for a particular man against his security background, especially as the Board could not always be given full information by the Security Service. The Government must, therefore, retain the right to direct the Corporation to dispense with a particular man or to move him on to other work. It was suggested that direction might be welcomed by the Board in difficult cases. Such a procedure in fact operates in the case of the Ministry of Supply contractors at present: in all contracts on secret work there is a clause which enables the Minister to direct that the contractor remove a particular employee from work on contract. In such cases the Minister goes to great pains to reach the correct decision, but there is no open appeal to him. The Ministry of Supply agreed that it would not be easy to marry such a system where the real decision was reached privately by the Minister to a system where there was apparently a genuine appeal, but the appellant body was in fact bound by a decision reached elsewhere. In one respect the Corporation would, like Government contractors, be in a better position than a Government Department when dispensing with an employee’s service, i.e., it would be able (or might when breaking a contract which was in terms of years) to pay compensation, which a Department cannot do even when they consider the hardship is caused by their decision. On the other hand, the Government can transfer a worker with a doubtful security background to a non-secret Government post.

80. As to this last point, the Staff Side specially submitted to us that the right to be considered for such a transfer should be retained even after the Corporation is formed. We do not see how this would be possible to arrange once the secondment period is over and the staff have accepted contracts giving employment on Corporation terms.

81. We do not think it possible or desirable to attempt to settle these difficult matters in advance. We recommend that security should be primarily the responsibility of the Corporation but that it should be recognised that the designated Minister may from time to time or as occasion may arise require to satisfy himself as to the working of the security arrangements. We assume for the rest that care will be taken to see that the necessary security resources are placed at the disposal of the Corporation and that where necessary, as in the case of the War Department Constabulary, legislation will cover the use of such resources by the Corporation.
PART VI.—TRANSFER PROBLEMS

Transfer of Staff

82. If the Atomic Energy project is to be transferred to a Corporation without any setback to the present programme, it will be necessary to ensure that the great majority of Civil Servants now working in the project go over to the new Corporation. For this reason, although the Prime Minister had already given an assurance in the House of Commons (on the 28th April) that, whatever changes might be decided upon, the rights and interests of existing staff would be fully respected and consultation with staff representatives would take place at the appropriate time, we thought it right to accede to the request of the staff representatives that they should be given a chance to apprise us of the points at which, in their opinion, their interests would be affected by the proposed transfer.

83. Both the Trade Union side and the Staff side emphasised that it was essential that they should be given at the earliest possible date all available information on future conditions of service; that there should be full and timely consultation on the problems which were bound to arise out of the proposed transfer; that the Corporation should “recognise” the appropriate Unions and Staff Associations and make provision for joint consultation between employees and the management on the general lines of the Whitley system. The Trade Union side also underlined the great importance it attached to preserving access to Ministers, at the national level, on matters of general importance on which agreement could not be reached with the “management;” for example, wages and conditions of service generally, and the manner in which security measures were applied in particular: it did not want the new Corporation to be placed in the same position as the National Coal Board, where the sponsoring Minister, the Minister of Fuel and Power, had no direct responsibility.

84. Apart from these general interests the particular points to which the staff representatives attached importance were:

(a) Trade Union Side
   (i) Establishment prospects of non-established industrials.—At present under an agreement reached with the Official Side, industrials, after three years service (the qualifying period) have a reasonable expectation of establishment. In accordance with this agreement, the established complement is limited to those normally determined by seniority who “can reasonably be expected to be employed . . . permanently.” But it so happens that the Atomic Energy establishments are due for an increase in establishment complements, and this means that a number of men who have completed, or are about to complete, three years service can reasonably expect to be established in the near future. Once established, previous service counts, for pension purposes under the Superannuation Acts, in full from June 1949, and as to one half before that date. The Trade Unions therefore suggested that those with establishment prospects should not lose them as a result of a Government decision to transfer responsibility for establishments set up by the Government to a non-departmental organisation, whatever the position might be on the wider question of supplementary pensions in the nationalised industries.
   (ii) Maintenance of other conditions of service.—Such as the Code of Industrial Travelling Rules; Transfer Rules; Paid Sick Leave; and Leave for Trade Union and certain other purposes.

(b) Staff Side
   (i) Tenure of Appointments.—The Staff side hoped that the Corporation would make an early statement on the permanency of its established staff, for example, that established staff would have the same degree of permanency as is enjoyed at present by established Civil Servants. They also hoped that encouragement would be given to transfers of technical and scientific staff between the Corporation and the Civil Service.
Pensions.—The Staff Side assumed that the Corporation would wish to set up its own pension scheme. It was hoped, however, that before any new pension scheme was introduced by the Corporation it would be discussed either with the National Whitley Council or with any central consultative body analogous to that Council which might be set up in the Corporation. More immediately nothing should be done to prejudice the position of staff to whom an option had been recently given to transfer from F.S.S.U. to the normal Superannuation Acts scheme. Temporary staff after seven year’s service had a virtual right to a gratuity on leaving the Service and this right of the existing entitled staff should be safeguarded.

Security arrangements.—The staff should be told before they have to transfer if any changes were contemplated, as a reduction in existing safeguards would be regarded as a serious matter.

85. The general impression we formed from the evidence given by the staff representatives and in discussion with representatives of the Treasury and the Official side of the Ministry of Supply was that most staff would be ready to transfer if they were satisfied that conditions of service would be at least as good as those they now enjoyed, but that a transitional period of at least one, and possibly two years would be necessary to give staff sufficient experience of the working of the new Corporation before they had to take a final decision to transfer or not. We have little doubt that the new Corporation would be able to offer conditions of service which in general be sufficiently attractive to induce the great majority of the existing staff to transfer and the discussions we had with Treasury representatives, and the written evidence they submitted, made it clear to us that, in general, an interim period during which the Civil Servants concerned maintained their present status unimpaired should not present much difficulty. With regard to the specific points made by the staff representatives we made it clear to them that we could only undertake to bring these to the attention of the Government as we have now done; we assume, however, that there will be adequate consultation with representatives of the staff at the appropriate time.

**Interim Period**

86. As soon as a definite Government decision to set up a Corporation has been taken it will be necessary to:

(i) draft the necessary legislation;
(ii) prepare the way for setting up the Corporation as a separate administrative entity, i.e., providing it with its share of the common services (see paragraph 33).

We think that there is a strong case for transferring the responsibility forthwith to the designated Ministry. It seems to us better that the legislation should be drafted and carried through by a Minister—and officials—who would bear responsibility for its future successful working, rather than by those who would have no future concern with it. An immediate transfer would also have two other advantages:

Firstly, the necessary administrative and personnel changes would be spread over a period rather than concentrated all at one time which might lead to a sudden disruption throughout the project. There would be two gradual changes—one to the new department and then to the Corporation.

Secondly, it would perhaps be easier for those responsible for initiating the project if, during the separating out of the common services of the Ministry of Supply, which would raise awkward staff transfer problems, they were able on occasion to appeal to a Minister who would be generally responsible for the successful working of the Corporation.

87. We therefore recommend that when the Government announce their decision to set up a Corporation they should also announce their intention to transfer responsibility at once, by Order in Council under the Ministers of the Crown (Transfer of Functions Act) to the designated Ministry.

88. We have been admirably served by our Secretaries. Their task has not been easy or light and they have discharged it to our entire satisfaction.
SUMMARY

Transfer of Responsibility

1. We recommend that an Atomic Energy Corporation should be established. This should be a statutory Corporation with an executive Board.

2. There should be transferred to this Corporation from the Ministry of Supply the responsibility for the establishments at present controlled by the Atomic Energy Research Establishment (Harwell); by the Production Division; and by the Atomic Weapons Research Establishment.

3. The Ministry of Supply should continue to be responsible for the conventional components of atomic weapons.

4. Well in advance of the vesting date, action should be taken to provide, in a form suitable for transfer to the Corporation, the majority of the common services provided at present by the Headquarters Divisions of the Ministry of Supply jointly for the Atomic Energy and other Establishments of that Ministry.

5. The question whether or not to use the Ministry of Works as an Agent for building services should be left for decision until the Corporation is established.

The designated Minister

6. There should be designated a Minister responsible to Parliament for monies provided for the Corporation and for the policy directions given to the Corporation. The main task of this Minister will be to ensure the well being and efficiency of the Corporation as a whole and the maintenance of a balance between the use of atomic energy for defence, for power and to an increasing extent in the biological applications, in conformity with policy laid down from time to time by Ministers collectively. This Minister should be one of the existing Ministers of high Cabinet rank who has no departmental responsibilities which encroach upon the field of atomic energy. The most suitable Minister seems to be the Lord President of the Council. We do not, however, make a specific recommendation that he should be designated since there might be advantage in leaving it open to the Government of the day to consider which of the holders of the sinecure offices should be charged with this special and rather personal responsibility.

7. The procurement of uranium and thorium should be the task of the designated Minister; this responsibility should not be transferred to the Corporation.

8. There should be a Ministerial Committee representative of all the Ministers whose Departments are concerned with the various aspects of atomic energy. The designated Minister should be the Chairman of this Committee.

9. The designated Minister would require a small group of officials to assist him. These officials should constitute a small department responsible solely to him and should not owe allegiance to any of the Departments having a particular interest in the applications of atomic energy.

10. An official Committee representative of all the Departments concerned with atomic energy will be required as at present.

11. The Corporation should at the outset be given a directive requiring it to consult the official Committee on all matters of external policy. The channel of communications for agreed decisions on such matters of policy should be through the Foreign Office or the Commonwealth Relations Office as the case may be.

12. The Ministry of Defence should remain generally responsible, after the Corporation is set up, for the allocation of resources available for defence purposes between atomic weapons and conventional arms and for the distribution of effort between the research, development and production of atomic weapons.

Finance

13. The Corporation’s expenditure will be very heavy and at least for many years to come its receipts will be relatively small. We recommend that the money required should be voted annually by Parliament to the designated Ministry in the form of a grant, unspent money being surrendered at the end of the year.
14. We recommend that responsibility for securing observance of the conditions attached by Parliament to this yearly grant should rest, subject to the designated Minister, with an Accounting Officer who should be the official head of that Minister's Department. There should be no insuperable difficulty about making arrangements to ensure that the Minister and his Accounting Officer are not required to answer for all the detail of the Corporation's financial arrangements.

15. We should not expect the arrangements for ensuring adequate financial control, as normally exercised by Parliament and the Treasury, to differ widely from the usual departmental pattern for obtaining approval of the annual estimate and subsequently of individual items of expenditure. It would however be essential to ensure that these arrangements give the Corporation freedom to conduct its affairs, including the execution of large capital projects, in a businesslike way. The detailed arrangements should be left for discussion between the Corporation, the designated Minister's Department and the Treasury at the appropriate time.

16. The Corporation should be allowed rather more flexibility and discretion in respect of capital expenditure than is usual with Government Departments; it should be allowed to proceed, after the annual estimate has been approved, and without further reference to the designated Department or the Treasury, with projects up to a higher figure than is permitted to Departments.

17. Audit by the Comptroller and Auditor-General will be appropriate. We presume that in the exercise of his powers the Comptroller and Auditor-General would have regard to the special arrangements for delegation of financial authority to the Corporation.

The Corporation

18. The Chairman of the Board of the Corporation should discharge the functions of a General Manager. The Board should include four whole-time functional directors: one for engineering and production; one for weapons; one for research and one for administration and finance. In addition, we recommend the appointment of two part-time members without a separate technical function.

19. Special arrangements will be required in respect of salaries and conditions of service, to enable the Corporation to compete with industry for men for all its top level posts; below the top, however, all reasonable steps must be taken to avoid standards widely divergent from those in the Civil Service.

20. Security should be primarily the responsibility of the Corporation; but that it should be recognised that the designated Minister may from time to time or as occasion may require, satisfy himself as to the working of the security arrangements.

Transfer Problems

21. Special consideration should be given to safeguarding, so far as possible, the interests of existing Civil Servants working in the atomic energy undertakings when responsibility for these is transferred to the Corporation. The following points (on which, however, we do not feel called upon to make any specific recommendation) were particularly mentioned to us by the Trade Union side of the Joint Industrial Council and the Staff side of the Ministry of Supply Administrative Whitley Council:

(a) Information on future conditions of service should be made available to the staff at the earliest possible moment;

(b) There should be full and timely consultation on problems arising out of the transfer;

(c) The Corporation should recognise the appropriate Unions and Staff Associations, and make provision for joint consultation between employees and management on the general lines of the Whitley system;

(d) Safeguards should be provided for the establishment prospects of the present non-established industrials; for the virtual right of temporary staff after seven years' service to a gratuity; and for other conditions of service such as the Code of Industrial Travelling rules; transfer rules; paid sick leave; and leave for Trade Union and certain other purposes.

(e) Before any new pension scheme is introduced by the Corporation, it should be discussed with Staff representatives.
22. The staff of the atomic energy undertakings should be seconded at the vesting date by the Civil Service to the Corporation for an initial period. During the transitional period, which might have to extend to two years, the staff would maintain their Civil Service status unimpaired. Before the end of this interim period we should expect the Corporation to offer individuals employment on Corporation terms, and individuals would have to decide whether to accept those terms or not.

23. After the Government's decision to set up a Corporation has been taken, it will be necessary to draft the necessary legislation and prepare the way for making the Corporation a separate administrative entity. These tasks should be undertaken by those who will bear responsibility for the Corporation's successful working. We therefore recommend that when the Government announce their decision to set up a Corporation they should also announce their intention to transfer responsibility at once to the designated Minister.

E. J. S. Clarke  
J. J. S. Shaw  
Joint Secretaries.

23rd July, 1953.
INTERNATIONAL CONVENTION ON GENOCIDE

Memorandum by the Lord President of the Council

The Cabinet have before them a memorandum by the Home Secretary (C. (53) 203) covering the draft of a Bill to enable effect to be given to the International Convention on Genocide. On a balance of argument I recommend that the Cabinet should decide to accede to the Convention as soon as the necessary legislation has been enacted.

2. The principal objection to accession is that it implies in respect of crimes of genocide a partial surrender of the traditional right of political asylum. The crime of genocide as defined in the International Convention is, however, of a very repugnant character and I imagine that no Government in this country would be likely to wish to refuse extradition in the case of persons who really appeared prima facie to have been guilty of it. A sufficient safeguard against the possibility that foreign States might seek to abuse their right to demand extradition resides in the undoubted right of the Home Secretary to refuse extradition in cases where he is not convinced of the bona fides of the charge. The Government is moreover morally bound to Parliament to accede to the Convention, provided that the legal difficulties which have been explained to Parliament can be overcome. The draft Bill now circulated by the Home Secretary shows that this can be done and further delay in reaching a decision to accede to the Convention could not be easily explained in Parliament and would certainly cause us difficulty in the United Nations.

3. It is important that we should not accede to the Convention until we are in a position to carry it out in the spirit and in the letter. Accordingly, I recommend that the Cabinet should now decide to accede to the Convention as soon as the necessary legislation can be enacted and that this position should be announced to Parliament. In doing this I should hope that time might be found for this Bill during the next session, but if this proves impossible I should hope that it could be taken without fail in the succeeding session.

S.

Foreign Office, S. W. 1.

23RD JULY, 1953.