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FROM: D J WATKINS
US CENT SEC
DATE: 30 SEPTEMBER 1992

CC: PS/Mr Mates (DFP,B&L) - B
PS/Mr Atkins (DOE,DED&L) - B
PS/Lord Arran (DANI,DHSS&L) - B
PS/PUS (B&L) - B
PS/Mr Fell - B
Mr Ledlie - B
Mr Thomas - B
Mr Elliott
Mr Murray
Mr Semple
Mr Blackwell - B
Mr Lyon - B
Mr Hunter, DHSS
Mr Wood (B&L) - B
Mr Wylie, SSA
Mr Robinson
Mr Maccabe - B
Mr McConnell - B

*cc Mr. Blackwell.
Mrs. Madden
Mr. Robinson*

*I had not (writing) seen the
prepared in 1986 which I
assume has now been implemented.
In effect, the NIO is his friend
in all cases. I am sure arguments
are of no account. This is not a
comfortable result. I assume it is
legit.*

PS/Secretary of State (B&L) - B

NEWTOWNBREA EXPLOSION

Introduction

1. Thank you for your minute of yesterday. In response a group representing DOE, Housing Executive (HE), Compensation Agency (CA), DHSS, Social Security Agency (SSA), DFP, PAB and Central Secretariat met last night to check progress on the ground and identify scope for possible further action. This note reports the outcome and recommendations of the group.

Sitrep

2. Housing: 735 houses damaged, 50 private sector, 250 owner occupied (former NIHE properties) and 435 NIHE tenanted properties; none needs demolition; all basically weatherproofed and some full repairs complete; 12 mobile

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homes available by end of week; £650K expected to be spent on all this by the Executive alone;

Social Security: 60 claims lodged for grant/loans through the Social Fund; 35 grants and 20 loans paid totalling some £6,000; demand for new assistance is likely to be over a protracted period;

Compensation: 500 enquiries handled; 180 notices of intention to claim lodged; 10 loss adjusters on site since Thursday; geared up to make interim payments as soon as possible;

Health and Social Services: the EHSSB Crisis Support Unit remains active in dealing with medical and personal welfare issues on the ground;

Information: the Borough Council drew up a composite information leaflet last Thursday setting out the public services available (Tab A).

3. Remaining Problems

- (1) Political: there is clearly a conflict between John Taylor MP and Peter Robinson MP (representing Castlereagh Borough Council). More does need to be done, but we should be alert to the risk of our actions being unreasonably driven by their rivalry. But there is genuine political concern, not confined to Newtownbreda, about Government responses to civil damage from terrorism, echoed today by the Presbyterian Moderator; a note of concerns expressed to officials this afternoon is at Tab B.
- (2) Speed of Interim Payments by CA: the Agency is statute-bound to go through certain steps prior to interim payment. We propose action below.

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(3) Social Security: some categories of people fall through the SSA and HE net (no quantification available yet). HE tenants have full cost of building restoration paid for by HE; but contents are his/her responsibility. So, eg, if tenant is employed (so no entitlement to Social Fund grants), has no private insurance cover on contents and suffers up to £200 damage, in addition to restoration of the house, he may be eligible for Social Fund Crisis Loan (not compensation because of operation of CA's £200 threshold). Pensioners who are HE tenants, have no insurance cover and suffer up to £200 loss would similarly be entitled only to Social Fund Loan, unless they are receiving income support. If the tenant is on income support, has no insurance cover and suffers up to £200 damage, he is eligible for Social Fund grant. If he is employed, has no insurance cover and suffers £1,000 contents damage, he will in principle receive £800 compensation from CA in due course but may be eligible for a Social Fund loan. The likelihood is, with a presumption of a relatively low incidence of unemployment and high numbers of pensioners in that area, many may fall into the "ineligibility trap"; there may also be some reluctance to accept social security (but this is mere surmise) which would not necessarily preclude criticism of the Government. Although further action on the information front is planned - see para 4(3) below - the restricted availability of the Social Fund in this case is functioning in exactly the way it was designed to. So while Ministers can say that availability of Social Fund finance is not a constraint, there appears to be no other discretion to be offered.

(4) Payment of Contractors before work commences. Steps proposed below.

(5) Availability of Advice/Information: Steps proposed below.

4. Further Action

(1) Political: PAB and Mr McConnell are this afternoon in discussion with Mr Harper (Deputy Mayor of Castlereagh) (Mrs Robinson, Mayor, was unavailable) to see whether they have more accurate information on needs. We will shortly meet with the Mayor and Mr Harper to probe whether a wider meeting between officials plus some other interested local parties might help take further heat out of the situation.

(2) CA Interim Payments: before consideration can be given to an interim payment the minimum documentation required from an applicant is a Notice of Intention to claim and a formal application. Both the Notice of Intention and the application are prescribed forms which have to be served within a specified time. Title is clearly an important check against fraud in respect of claims where structural damage is involved. No general foolproof way of short-cutting the system has been found by the Agency or its legal advisers. However, in the particular circumstances of Belvoir, the Agency would be prepared to release interims, where structural damage is involved, on foot of written confirmation from the applicant's solicitor that he/she has clear title. The Agency feels that the risk to public funds in this instance is likely to be minimal.

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For those homes now privately owned but formerly owned by the HE, the CA could agree to allow the owner to assign his compensation rights to the HE or DOE in return for the HE doing the restoration work. Since these houses would be in the estate where the HE would already be doing work on its own houses, there might be (indirectly) cost savings for the CA. But the problem is that under the 1977 Criminal Damage order a deduction of £200 must be made from the applicant's compensation (except in the case of a second or subsequent claim for the same property occurring during any period of 12 months). It follows that compensation payments to HE or DOE, on foot of the applicant's assignment, would have to be reduced by £200 in cases where the applicant did not also have a claim for, eg, contents from which the statutory deduction could otherwise be made. It might mean in a small number of cases (30 maximum) that HE or DOE would not recoup their full costs from CA (say, £6,000). Officials believe that any actual losses are likely to be offset by lower restoration costs and that this would take most of the heat out of the situation, not least on the criticism that nothing was being done to enable these owner occupiers to commission work from contractors without down-payment. For occupiers of houses never in HE ownership, the position is more complex. People in this category could be offered (a) advice from the Housing Executive as to reputable builders, contracts, etc, and (b) the facility to assign their rights to compensation to the HE as in the last category. We estimate the maximum risk to public funds would be less than £4,000. (This assumes that 10% may not have a claim for contents from which the statutory deduction could otherwise be made.) If Ministers authorised this use of public funds as

justified by the circumstances, it could be done, thus by-passing, at least in some cases, the problems of timing of CA payments. Up-take of this facility is, officials believe, likely to be limited. For those owner occupiers in the latter category who do not wish to assign their compensation to the HE or DOE, the CA can proceed to early interim payments depending on applicants having the minimum documentation lodged with the Agency. The Agency has instructed its loss adjusters to work with all speed to provide interim payment recommendations and will ensure there are no administrative delays in processing them.

- (3) Advice/Information: the CA will have a full-time official until further notice in the local Activity Centre to advise on the Agency's compensation procedures and will now also act as a signpost to HE and SSA services to ensure action where necessary. The SSA itself will now visit homes in the area with whom they have had no contact to ensure that the occupants know fully of their entitlements (and will be ready to pass on any other problems to agencies which might be able to help). They will issue the leaflet at Tab C to these homes. For those who have temporarily left their homes, the availability of an advice point in the Activity Centre will be publicised, through the attached press release.

Discussion

5. The previous paragraph, especially (2), suggested some possible solutions, but they are possible only on Ministerial authorisation. The advantages are clear. The downside is (a) risk of limited loss of public funds; (b) consuming the CA's budget at a faster rate than anticipated when this is already a major PE issue (CA can

expect in that case to have spent the full £5m estimated cost of the incident this year); (c) setting a precedent, though large-scale damage to domestic property as in this case is uncommon; and (d) provoking criticism from other victims of explosions, eg, Lurgan (though a distinction can be drawn based on (1) the extent of damage to (2) domestic property).

6. There is also a particular problem in using the HE as proposed above. This arises from the point that under statute the CA could reimburse the HE for agreed costs less £200 in each case. The question is then whether individuals should be pursued for the balance (the sum which on the conventional means the individual would not receive from the Agency). If Ministers were to instruct the HE not to seek this reimbursement from individuals, then the HE will act as described, though this action could be construed as de facto setting aside the statutory threshold obligation and indirectly create a precedent. The cost to public funds would be some £10,000 foregone, and a PE transfer from NIO to the HE would be necessary (this can be done). Alternatively, the DOE could pursue individuals for repayment of £200. Failure to achieve repayment in every case would require a subsequent write-off, and it would still be necessary to compensate the HE with a PE transfer from NIO. This seems a workable solution, and preferable to pressurising HE into pursuing repayment (which they would certainly be reluctant to do).
7. This experience has also highlighted a number of medium-term policy issues which we should consider in any case: eg, should the CA revert to the pre-1988 facility of having reinstatement work done through the HE? Central Secretariat proposes to maintain an inter-departmental group to examine this for the medium-term.

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Conclusions

8. Is the SofS content to authorise the special action at para 4(2)?
9. Does he wish to issue a press release? Draft at Tab D.
10. Does he wish to write to Mrs Robinson and Mr Taylor? Drafts are in preparation.
11. I plan to keep an inter-departmental group together, meeting on a regular basis over the next 2-3 weeks, and reporting progress and developments to Ministers. We will clearly also want to maintain our contacts on the ground.

[Signed DJW]

D J WATKINS

PS: A late thought: the Council have established a £10,000 fund from their own resources (plus private donations) for urgent distress relief. It would doubtless go down well if HMG matched this £ for £. We are pursuing this idea (budget cover, availability) urgently. Again, there is also a (?small) risk of precedent.

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A VIEW FROM BELVOIR ACTIVITY CENTRE

John McConnell, Ken Lindsay and Alan McVeigh visited Belvoir Estate today and spoke to Councillor Ernie Harper (Deputy Mayor), Councillor Chambers, Jim White (Town Clerk) and Joan McCoy, Community Services Co-ordinator, all Castlereagh Borough Council.

The following points were made in relation to the Government response to the bomb:-

- there was nothing but praise for the staff of the Compensation Agency (CA) and SSA in the Activity Centre and they were unstinting in their praise for NIHE and other organisations who were operating on the ground;
- CA staff were unable to issue any forms following the incident (notices of intention or claims) but referred enquiries to a police station or solicitor. The Council staff obtained forms later in the week, "under the counter", from solicitors;
- the Law Society was asked by the Council to provide solicitors at the Centre;
- people who had damage which they thought might be less than £200 did not go to a solicitor in case they had to pay legal fees;
- some householders, particularly old people, were under the impression that a claim had been lodged when a police officer called to take particulars of damage (an information sheet issued to everyone states that "a team of uniformed officers are in the

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area taking all the particulars necessary for the processing of damage claims");

- the priority now is for interim payments to be made (some insurance companies have already made interim payments and the Council fund is paying out in 3/4 days);

- local people frustrated with the delay in obtaining interim payments were planning a silent protest at the NIFSL site but were talked out of it by Council staff. They may well take such action if there is no quick response from Government;

- Castlereagh Council is to compile a report on their handling of the emergency and how all other agencies have reacted.

The Compensation Agency are aware of the points raised in this minute but have had no opportunity to respond as yet. A further minute will be issued tomorrow from the Agency which should be read in conjunction with this minute.

official is manning the local Activity Centre full time to deal promptly with enquiries for advice and action from the Compensation Agency, Housing Executive and Social Security Agency. The Social Security Agency are visiting the houses of those affected by the explosion who have not yet been in touch with the Agency to ensure that everyone fully understands his or her entitlements. Anyone from the area who may need help but who has temporarily left home should seek advice at the Activity Centre in the first instance. In this way we want to ensure that cases of real hardship are given every available help from the Government.

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DRAFT PRESS RELEASE

The Secretary of State, Rt Hon Sir Patrick Mayhew, MP QC, today emphasised his concern for those who suffered through the Provisional IRA's attack at Newtownbreda last Wednesday.

"The damage wrought to many people's lives and property is enormous. So has been the immediate response by all those involved in the public services as well as by individuals, groups and organisations. All homes damaged have been weatherproofed and the Housing Executive has now started full restoration of houses in its ownership at no cost to tenants. Compensation Agency loss-adjusters have been busy on the ground since last Thursday clearing the way for payments to be made. The Social Security Agency and Health Services have been meeting immediate needs and claims. And I warmly acknowledge the sterling work of the Castlereagh Borough Council in helping those in distress. I am personally monitoring our actions and response very carefully.

"But we are now entering the second phase of action. An official is manning the local Activity Centre full time to deal promptly with enquiries for advice and action from the Compensation Agency, Housing Executive and Social Security Agency. The Social Security Agency are visiting the homes of those affected by the explosion who have not yet been in touch with the Agency to ensure that everyone fully understands his or her entitlements. Anyone from the area who may need help but who has temporarily left home should seek advice at the Activity Centre in the first instance. In this way we want to ensure that cases of real hardship are given every available help from the Government.

"I fully understand the need for prompt payment of compensation. I have therefore decided that, in the exceptional circumstances of the large numbers of domestic

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homes affected by this explosion, special arrangements will be made to enable the Housing Executive to undertake full restoration repairs in return for an assignment of the owner's right to compensation to the Executive. I have also authorised exceptional measures to accelerate payment where owners prefer to appoint their own contractors, and the Housing Executive will also be ready to advise on contracting, etc, for those in this category. I am doing this to help alleviate the exceptional individual domestic disruption at Newtownbreda.

"I sincerely hope that these steps will really help speedily complete the process of restoring a community so grievously afflicted. Again I praise all those involved in the rebuilding work. But I must point out," Sir Patrick emphasised, "that the blame for this terrible loss and disruption to family life has to be laid at the door of the IRA who continue to seem oblivious to the personal misery their futile actions cause and the damage their actions do to the creation of a fair and healthy society at peace with itself. The rest of us are working for that: the terrorist is holding back that better society for everyone in NI."

Note for Editors

1. The Activity Centre phone number for further advice is [].
2. The Housing Executive should be contacted by people seeking further help and action on []; the Compensation Agency on [] and the Social Security Agency on [].

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