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Agree method of dealing
with report. Proposed
answer does not take in
criticisms, which are seriously
enough. ref.

PRIME MINISTER

Security Commission: Wagstaff

The Security Commission submitted their report on the Wagstaff case to you on 2 April, and you wrote to Lord Diplock and his colleagues on the Commission thanking them for the report on 9 April. I did not trouble you with the report at that time because we were then waiting for substantive advice on it.

This advice has now arrived in the form of the attached minute from Sir Ian Bancroft (Flag A). The report itself is at Flag B.

As the report makes clear, it is most unlikely that Wagstaff was engaged in spying. Rather, this is a case of serious lapses in security procedures, and the publication of the Security Commission's report is bound to cause the MOD considerable embarrassment and rightly so.

The normal procedure for dealing with Security Commission reports of this kind is for you to publish the report and at the same time to announce the Government's reaction to it by means of a written Answer to an arranged Question from the Leader of the Opposition. I have spoken to Mr. McCaffrey in Mr. Foot's office and he is confident that Mr. Foot will be ready to put down such a Question. Sir Ian Bancroft has submitted with his minute below a draft letter for you to send to Mr. Foot, together with a draft Answer, and I have had the letter typed in the hope that you will be ready to sign it (attached below).

The report has already been printed. After consulting Bernard Ingham and Nick Sanders, I suggest that we publish it and you give your Answer to Mr. Foot's Question on Friday 8 May.

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This will give Mr. Foot ample time to receive your letter and to study the report and your Answer.

Are you content to proceed in this way?

John.

1 May 1981

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