



THE FUTURE ORGANISATION OF THE UNITED KINGDOM ATOMIC ENERGY PROJECT

*Presented by the Prime Minister to Parliament
by Command of Her Majesty
November 1953*

In the United States to take advantage of the scientific development of atomic energy, and to employ the most advanced and most reliable methods of production which might be available. When the large industrial concerns in the United Kingdom which might be available, have been approached, it has been found that the atomic energy industry found their resources fully committed to the production of atomic weapons to peace-time production in order to meet the increased demand for the marketing of our exports.

In these circumstances, only a Government-sponsored establishment could provide the financial and other resources necessary for a new corporation and its establishments which research and development would require. The choice lay between an ordinary Government Department and some form of semi-governmental organisation, and in the autumn of 1946 the Government of the day decided that the latter was the better way.

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1. From the time the present Government came into office, it has thought that atomic energy development in this country has reached a stage which might require a change in the nature of the controlling organisation.

2. On 15th November, 1951, the Prime Minister informed the House of Commons (Col. 1162) that he was considering what adjustments should be made in the existing statutory responsibilities of the Minister of Supply for atomic energy questions. On 24th March, 1952 (Col. 22), he informed the House that in view of important experiments to be made in the autumn (the atomic weapon test at Monte Bello in October 1952) it was not the appropriate moment to make radical changes in the existing arrangements or to create a new organisation on a long-term basis.

3. Immediately after the successful completion of the Monte Bello test a review of the existing arrangements was put in hand, and on 28th April, 1953 (Cols. 1966-1972), the Prime Minister informed the House that the Government had decided in principle that responsibility for atomic energy should be transferred from the Ministry of Supply to a non-Departmental organisation, and had appointed a Committee consisting of Lord Waverley (Chairman), Sir Wallace Akers and Sir John Woods, with the following reference:—

“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.”

4. During the war, work on atomic energy was entrusted to a special directorate under the Department of Scientific and Industrial Research. At the end of the war, the position of the United Kingdom in atomic energy work was such that an almost completely fresh start had to be made. Most of our leading scientists in this field had been transferred to the United States in 1943, when it was decided that the production of atomic bombs must be concentrated on the other side of the Atlantic,* and with their departure most of the work in progress here had to be closed down. Moreover, British industry inevitably had much more limited opportunities than its counterpart in the United States to take an active part in the war-time development of the completely novel techniques which had to be employed. When the war ended, large industrial concerns in the United Kingdom which might, in other circumstances, have been able and willing to undertake major tasks in the field of atomic energy found their resources fully committed to the task of reconversion to peace-time production in order to meet the overriding need for the rebuilding of our exports.

5. In these circumstances only a Government-sponsored organisation could provide the financial and other resources needed for the novel, complicated and costly establishments which research and development would require. The choice lay between an ordinary Government Department and some form of non-Departmental organisation; and in the autumn of 1945 the Government of the day decided that the task should be entrusted to the Ministry of Supply which, owing to the contraction of its war-time responsibilities, had at its disposal a wide range of surplus facilities and resources, and much war-time experience of quasi-industrial problems. The new arrangements were given statutory form in the Atomic Energy Act, 1946.

6. From the outset it was necessary to design and construct very large factories to be run on industrial lines, for the production of fissile material,

* The United Kingdom's contribution to the Anglo-American war-time effort is described in "Statements relating to the atomic bomb". (H.M.S.O., 1945.)

but for some years the keynote of the project was essentially research. As time went on, however, the massive size of the enterprise, and the growing importance of weapons production and the industrial applications, began to mark it out as something quite exceptional in the range of Departmental activities.

7. Although it was realised from the beginning that atomic energy had both civil and military possibilities, the latter represented for some time the only concrete objective, for, while it had been demonstrated that an atomic bomb could be made, the technical foundation for the building of a nuclear power reactor had not yet been laid. By June 1952, enough progress had been made for the Government to be able to approve the first civil reactor programme; and the Monte Bello test in October 1952, brought the production of atomic weapons, as well as research and development, into the project's field of activity.

8. It is, as the Minister of Supply stated in the House of Commons on 26th January, 1953 (Col. 674), "too early to say with any precision how soon electricity generated from atomic energy will be available on a significant scale for industrial purposes." Even if the experimental work at present in hand shows that industrial power can be generated successfully and economically the great magnitude of the investment required must mean that it will be decades before a large proportion of the country's electricity can be generated by nuclear reactors. It is characteristic of all great innovations—steam, electricity, internal combustion engines, aircraft—that there is a considerable interval between the first demonstration that the idea is practicable and the time when the new invention becomes a common feature of everyday life. But however crude and primitive our first nuclear power reactors may appear to future generations, we can look forward with confidence to the time when industrial power from the atom will be a major factor in the world's economy. Indeed, it is not too much to say that the exploitation of nuclear energy may come to be regarded as the most important step taken by man in the mastery of nature since the discovery of fire.

9. But there is still a long way to go and much work to be done. Thanks to its pioneer work, this country is well placed to play a leading part in these developments; and because of our strained resources, and the rising cost, of power from the sources which have been used hitherto it is particularly important that we should not be left behind in a race on which our industrial future may depend.

10. An enterprise of this kind, requiring the development of many entirely novel techniques, which in turn depend on many kinds of research, physical, chemical, metallurgical and engineering, on the very frontiers of knowledge, needs all the imagination and drive which we, as a nation, can provide; above all it calls for flexibility and for rapidity of decision.

11. As the industrial uses of atomic energy become relatively more prominent, the case for a form of control of the project which is more akin to the structure of a big industrial organisation than to that of a Government department becomes increasingly strong; and it will, in the Government's view, become stronger with the increase in the need for closer contact and co-operation with industry, including the nationalised industries, and the widening application of atomic techniques.

12. It is considerations such as these which have led the Government to conclude that the most rapid and economical development in this field will be secured by transferring responsibility from the Ministry of Supply to a non-Departmental organisation with the necessary executive power, within the framework of an approved policy and under a financial ceiling, to settle day-

to-day problems. They believe that the necessary flexibility and speed of decision can best be obtained from the Board of an organisation run on industrial lines, and with no responsibility outside the field of atomic energy. They have noted that all the other countries working in this field have adopted some special form of organisation, outside the normal framework of an ordinary Government department.

13. The Government recognised, however, that the transfer of responsibility from the Ministry of Supply to a non-Departmental organisation would present difficulties which would require careful study and which ought to be thoroughly explored before a final decision could be reached. It was also clear that, because of the need for close control of policy by the Government, and the dependence of the organisation on public funds, the form of the non-Departmental organisation would be bound to differ from that of any now in existence. The Committee under Lord Waverley's Chairmanship was therefore appointed. That Committee has considered the matter in detail, and has produced a comprehensive report which deals with many matters which, for reasons of security, cannot be disclosed. The report cannot therefore be published in full; but a summary of the Committee's main recommendations is contained in Appendix I to this Memorandum.

14. All these recommendations have been accepted by the Government. The Minister responsible to Parliament for the future Corporation will be the Lord President of the Council (paragraph 6 of Appendix I). The following additional arrangements should also be mentioned :—

- (a) The Ministry of Supply will be responsible to the Services for the provision of complete atomic weapons (paragraph 3 of Appendix I). It will place contracts with the Corporation for the production of the nuclear components of such weapons and for research in relation to specific Service requirements.
- (b) The salaries offered by the Corporation should not be seriously out of scale with those paid by other public corporations (paragraph 18 of Appendix I).

15. The necessary administrative preparations for giving effect to the Committee's recommendations are now being made. An Order in Council under the Ministers of the Crown (Transfer of Functions) Act, 1946, in the form shown in Appendix II to this memorandum, will shortly be laid before Parliament. This Order will transfer responsibility for atomic energy from the Minister of Supply to the Lord President of the Council as from 1st January, 1954. The transfer will include financial responsibility, but will involve little or no net additional expenditure. Spring Supplementary Estimates will be presented to effect the necessary adjustments, for the remaining three months of the financial year, between the Votes accounted for by the Ministry of Supply and by the Lord President's Office.

16. Later, a Bill will be introduced to provide for the setting up of the Corporation.

17. In conclusion, it is desired to stress two points to which the Prime Minister drew attention in his statement announcing the setting up of Lord Waverley's Committee. First, overall policy will remain firmly in the hands of the Government. While the Corporation will be given freedom in the day-to-day management of its affairs, including its finances, its operations must be governed by Government directives which will lay down its objectives and direct its policy. Second, the rights and interests of the existing staff will be fully respected, and consultation with staff representatives will take place at the appropriate time.

APPENDIX I

Summary of the Main Recommendations of Lord Waverley's Committee

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; 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. 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.
8. 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.
9. An Official Committee representative of all the Departments concerned with atomic energy will be required as at present.
10. 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.

11. 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

12. 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.

13. 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.

14. 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.

15. 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.

16. 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

17. 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.

18. 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.

19. Security should be primarily the responsibility of the Corporation; but 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

20. 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.
- (f) Access to Ministers on matters of general importance, at present enjoyed by staff organisations, should be preserved.
- (g) An early statement should be made on security of tenure under the Corporation.

21. 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.

22. 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.

APPENDIX II

DRAFT STATUTORY INSTRUMENTS

MINISTERS OF THE CROWN (TRANSFER OF FUNCTIONS)

The Transfer of Functions (Atomic Energy and Radioactive Substances) Order, 1953

Made - - - - - , 1953
Laid before Parliament - - - - - , 1953
Coming into Operation - - - - - 1st January, 1954

At the Court at Buckingham Palace, the day of , 1953.

Present,

The Queen's Most Excellent Majesty in Council

Her Majesty, in pursuance of the Ministers of the Crown (Transfer of Functions) Act, 1946⁽¹⁾, is pleased, by and with the advice of Her Privy Council, to order, and it is hereby ordered, as follows—

1.—(1) This Order may be cited as the Transfer of Functions (Atomic Energy and Radioactive Substances) Order, 1953.

(2) This Order shall come into operation on the first day of January, 1954.

(3) The Interpretation Act, 1889⁽²⁾, applies for the interpretation of this Order as it applies for the interpretation of an Act of Parliament.

2.—(1) The functions of the Minister of Supply under the Atomic Energy Act, 1946⁽³⁾, and the Radioactive Substances Act, 1948⁽⁴⁾, are hereby transferred to the Lord President of the Council.

(2) With the said functions there are also hereby transferred to the Lord President of the Council the property held by the Minister of Supply for the purposes of those functions and the rights and liabilities enjoyed by, or incumbent on, the Minister of Supply in connection with those functions.

3.—(1) Any Act of Parliament or instrument shall, so far as may be necessary for or in consequence of the transfers affected by this Order, have effect as if references to, or which are to be construed as references to, the Minister of Supply or the Ministry of Supply were, or, as the case may require, included, references to the Lord President of the Council and to any department or organisation maintained by the Lord President of the Council for the purposes of the functions transferred by this Order, respectively.

(2) In particular and without prejudice to the generality of paragraph (1) of this Article, in the Atomic Energy Act, 1946, and the Radioactive Substances Act, 1948, and, in relation to the functions transferred by this Order, in the following provisions, that is to say—

- (a) subsection (5) of section fifteen of the Ministry of Supply Act, 1939⁽⁵⁾;
- (b) Articles 5 and 6 of, and the First and Second Schedules to, the Ministry of Supply (Transfer of Powers) (No. 1) Order, 1939⁽⁶⁾;

⁽¹⁾ 9 & 10 Geo. 6. c. 31. ⁽²⁾ 52 & 53 Vict. c. 63. ⁽³⁾ 9 & 10 Geo. 6. c. 80.

⁽⁴⁾ 11 & 12 Geo. 6. c. 37. ⁽⁵⁾ 2 & 3 Geo. 6. c. 38. ⁽⁶⁾ S.R. & O. 1939/877; Rev. XV. p. 192; 1939 II p. 3103.

- (c) the provisions in the Second Schedule to the Emergency Laws (Miscellaneous Provisions) Act, 1947⁽⁷⁾, relating to special constables;
- (d) paragraph 8 of the First Schedule to the Emergency Laws (Miscellaneous Provisions) Act, 1953⁽⁸⁾;
- (e) subsection (4) of section one of the Allotments Act, 1922⁽⁹⁾, as amended by section eight of the Allotments Act, 1950⁽¹⁰⁾; and
- (f) subsection (4) of section one of the Allotments (Scotland) Act, 1922⁽¹¹⁾, as amended by section eight of the Allotments (Scotland) Act, 1950⁽¹²⁾,

the references to the Minister of Supply and the Ministry of Supply shall be deemed to be references to the Lord President of the Council and to any department or organisation maintained by the Lord President of the Council for the purposes of the functions transferred by this Order.

(3) Subject to any contrary intention which appears from the instrument, paragraph (1) of this Article extends to instruments executed, made or given after the making or coming into operation of this Order:

Provided that nothing in this paragraph shall be construed as extending the said paragraph (1) to any Act of Parliament passed after the making of this Order.

(4) In this Article "instrument" (without prejudice to the generality of that expression) includes in particular Orders in Council, Letters Patent, judgments, decrees, orders, rules, regulations, byelaws, awards, contracts, certificates and other documents.

4.—(1) Nothing done by or in relation to the Minister of Supply which has been completed before the coming into operation of this Order shall be invalidated by the coming into operation thereof.

(2) Anything in process of being done by or in relation to the Minister of Supply at the time of the coming into operation of this Order (and, in particular, legal proceedings then pending to which the Minister of Supply is a party) may, if it relates wholly or partly to any functions, property, rights or liabilities transferred by this Order, be continued by or in relation to the Lord President of the Council or by or in relation to the Lord President of the Council and the Minister of Supply jointly, as the case may be.

(3) Authorities and appointments given or made by the Minister of Supply for the purposes of the functions transferred by this Order shall on the coming into operation of this Order, continue in force as if made or given by the Lord President of the Council:

Provided that nothing in this paragraph shall prevent any authority or appointment being terminated as from the coming into operation of this Order.

EXPLANATORY NOTE

(This Note is not part of the Order, but is intended to indicate its general purport.)

This Order in Council, made under the Ministers of the Crown (Transfer of Functions) Act, 1946, makes provision for the transfer to the Lord President of the Council the functions hitherto performed by the Minister of Supply under the Atomic Energy Act, 1946, and the Radioactive Substances Act, 1948.

(7) 11 & 12 Geo. 6. c. 10. (8) 1 & 2 Eliz. 2. c. 47. (9) 12 & 13 Geo. 5. c. 51.

(10) 14 Geo. 6. c. 31. (11) 12 & 13 Geo. 5. c. 52. (12) 14 Geo. 6. c. 38.