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31st
Conclusions

COPY NO 80

CABINET

CONCLUSIONS of a Meeting of the Cabinet
held at 10 Downing Street on

THURSDAY 31 JULY 1980

at 9.30 am

PRESENT

The Rt Hon Margaret Thatcher MP
Prime Minister

The Rt Hon William Whitelaw MP
Secretary of State for the Home Department

The Rt Hon Lord Hailsham
Lord Chancellor

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer

The Rt Hon Sir Keith Joseph MP
Secretary of State for Industry

The Rt Hon Francis Pym MP
Secretary of State for Defence

The Rt Hon Lord Soames
Lord President of the Council

The Rt Hon James Prior MP
Secretary of State for Employment

The Rt Hon Sir Ian Gilmour MP
Lord Privy Seal (Items 1-4)

The Rt Hon Peter Walker MP
Minister of Agriculture, Fisheries and Food

The Rt Hon Michael Heseltine MP
Secretary of State for the Environment

The Rt Hon George Younger MP
Secretary of State for Scotland

The Rt Hon Nicholas Edwards MP
Secretary of State for Wales

The Rt Hon Humphrey Atkins MP
Secretary of State for Northern Ireland

The Rt Hon Patrick Jenkin MP
Secretary of State for Social Services

The Rt Hon Norman St John-Stevas MP
Chancellor of the Duchy of Lancaster

The Rt Hon John Nott MP
Secretary of State for Trade

The Rt Hon David Howell MP
Secretary of State for Energy

The Rt Hon Mark Carlisle QC MP
Secretary of State for Education and Science

The Rt Hon John Biffen MP
Chief Secretary, Treasury

The Rt Hon Angus Maude MP
Paymaster General

SECRET

THE FOLLOWING WERE ALSO PRESENT

The Rt Hon Sir Michael Havers QC MP
Attorney General (Item 4)

The Rt Hon Norman Fowler MP
Minister of Transport

The Rt Hon Michael Jopling MP
Parliamentary Secretary, Treasury

SECRETARIAT

Sir Robert Armstrong
Mr M D M Franklin (Item 2)
Mr P Le Cheminant (Items 3-6)
Mr R L Wade-Gery (Item 2)
Mr W N Hyde (Item 1)
Mr D J L Moore (Items 4-6)
Mr G D Miles (Item 3)
Mr L J Harris (Item 1)

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PARLIAMENTARY
AFFAIRS

1. The Cabinet were informed of the business to be taken in the House of Commons during the following week.

House of Commons
Procedure

Previous
reference:
(190) 30th
Sessions
Date 3

THE CHANCELLOR OF THE DUCHY OF LANCASTER said that, in accordance with the conclusions reached by the Cabinet at their last meeting, he intended to table later that day, for debate on Thursday, 7 August, the necessary motions on the outstanding recommendations of the First Report from the Select Committee on Procedure, Session 1977-78. He had received assurances from the Chairman of the 1922 Committee that the Government's supporters would not table amendments to the motion about a new public bill procedure, and he was confident that, with their support, combined with arrangements being made by the Chief Whip to ensure that as many Ministers as possible were available to vote, there would be comfortable majorities for the Government at the end of the debate. He was less certain that all the motions would be carried without amendment if for any reason it was now decided to defer moving them until after the Summer Recess.

In discussion, it was noted that there were already indications that amendments would be tabled which if carried would defeat the Government's intention to confine the proposed new public Bill procedure to a strictly limited experiment with not more than three Bills which would not be controversial in party terms. If the procedure were introduced on a wider basis, it could put the whole of the Government's legislative programme for the next Session at risk, and if there were any doubt of securing a majority for all the Government motions, it might be preferable not to move them at the end of the debate.

THE PRIME MINISTER, summing up the discussion, said that, although the Cabinet noted that the Chancellor of the Duchy of Lancaster was confident that the Government motions on procedure could be carried, considerable doubts had been expressed about whether sufficient Government supporters could be relied upon to attend and support the motions on a free vote on 7 August. In view of the importance for the Government's legislative programme of ensuring a majority, the Cabinet would prefer to defer a decision on whether or not the motions should be moved before the Recess until it was clear what amendments would be put down, and what degree of support there was likely to be for them. The Chancellor of the Duchy of Lancaster, in consultation with the Chief Whip, should review the position in the light of developments over the course of the next week, and should report to her in time for a final decision to be taken before the debate. This could if necessary be reviewed at next week's meeting of the Cabinet.

The Cabinet -

1. Invited the Chancellor of the Duchy of Lancaster, in consultation with the Chief Whip, to review the prospects for obtaining a majority for the Government motions on procedure, as indicated in the Prime Minister's summing up, and to report his conclusions to her not later than Wednesday, 6 August.

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that 270 amendments, most of them put down by the Government, had been made to the Housing Bill in the House of Lords. These would be considered by the House of Commons on Tuesday 5 August. The only amendments likely to be seriously controversial were the five carried against the Government during the Lords Report Stage. The Cabinet had already agreed to concede the amendment extending the option mortgage scheme to give the equivalent of tax relief to older people who raised mortgages in order to purchase annuities and, after consultation with the Lord President of the Council, he had decided to provide for the removal of the 10-year limitation on the power of local authorities to repurchase houses specially adapted to the needs of the elderly. This would bring the Bill into line with the corresponding provisions of the Tenants' Rights, Etc. (Scotland) Bill, and with these concessions he hoped that it would be possible, as he had indicated to the Cabinet the previous week, to secure the rejection of the amendments which limited tenants' rights to buy without further serious opposition from the House of Lords.

THE LORD PRESIDENT OF THE COUNCIL said that, although it was extremely difficult in present circumstances to guarantee a Government majority in the House of Lords, his assessment was that it was likely that the House would accept the decision of the Commons on the amendments to the Housing Bill referred to by the Secretary of State for the Environment. Some members of the House of Lords were also likely to complain that there had been insufficient time for proper examination of the motions on the Horticulture and Agriculture Grant Orders to be moved in the following week, and would support Lord Sandford's attempt to secure postponement of consideration for three months, but he was nevertheless reasonably confident that the motions could be carried.

The Cabinet -

2. Took note.

quire to the
Chamber of the
House of Lords

THE SECRETARY OF STATE FOR THE ENVIRONMENT said that one of the 40 bosses in the roof of the Chamber of the House of Lords had recently fallen during a sitting. A preliminary examination of the roof had revealed that the glue by which the bosses were held on had weakened over the years, and that the whole ceiling was in a precarious state. As an immediate measure, he was arranging for scaffolding to be erected to support a temporary ceiling at a cost of about £150,000. In the longer term it might be necessary to rebuild the entire ceiling at a cost of between £1 and £2 million; this course could prove to be more economical than carrying out further repairs.

THE PRIME MINISTER, summing up a brief discussion, said that the present arrangements for holding House of Lords sittings in the Royal Gallery were clearly very unsatisfactory, and the Cabinet agreed that everything possible should be done in order to make the Chamber usable with safety by the time the House of Lords reassembled on 6 October after the Summer Recess. The Secretary of State for the Environment should in any case ensure that the necessary temporary work was completed in time for the State Opening of Parliament, which had been provisionally fixed for 11 November.

The Cabinet -

3. Invited the Secretary of State for the Environment to make arrangements to ensure that the work to erect a temporary ceiling in the House of Lords Chamber was completed, if possible, by 6 October, and in any event in time for the State Opening of the next Session of Parliament.

FOREIGN
AFFAIRS
...
Vanuatu
...
Previous
reference:
(10) 30th
conclusions
date 4

2. THE LORD PRIVY SEAL said that the New Hebrides Condominium had been brought to independence, as the Republic of Vanuatu, on the planned date of 30 July. But the situation on the island of Santo remained unsatisfactory. At the request of the Prime Minister, Father Lini, the British and French Governments had agreed to keep their troops there for one week after independence. Father Lini had now asked for this period to be extended to three weeks. The French Government was expected to agree, and he himself would be considering with colleagues directly concerned whether the British Government could do the same. He would also be arranging for consultations with the French about ways in which the underlying situation on Santo might be improved.

Saudi Arabia
...
Previous
reference:
(10) 17th
conclusions
date 2

THE LORD PRIVY SEAL said that the Minister of State, Foreign and Commonwealth Office, Mr Hurd, had paid a successful visit to Saudi Arabia and had agreed with the Government there on the restoration of normal Anglo-Saudi relations. The way was therefore open for the resumption of contacts at all levels, including the reinstatement of the proposed visit by the Secretary of State for Social Services.

Zimbabwe
...
Previous
reference:
(10) 30th
conclusions
date 4

THE LORD PRIVY SEAL said that the Prime Minister, Mr Mugabe, had decided to seek a successor to General Walls from outside Zimbabwe. It was not yet known whether he would select one of the three possible British candidates who had been suggested to him.

The Cabinet -

Took note.

PAY, PENSIONS
AND
ALLOWANCES OF
MEMBERS OF
PARLIAMENT

Previous
reference:
C(80) 30th
conclusions
Date 2

3. The Cabinet considered a note by the Secretary of the Cabinet (C(80) 50) covering a report by officials on the financial implications of the Motion on Parliamentary Pay, Pensions and Allowances passed by the House of Commons on 21 July.

THE PRIME MINISTER said that it was clear that the effect of the House of Commons Motion, if implemented, would be a substantial increase in public expenditure. The addition to secretarial allowances would cost about £400,000 per year. An increase in the notional salary of Members of Parliament (MPs) for pension purposes to £13,750 would have only a small direct cost, but would almost certainly have to be matched by a similar concession for the other groups covered by the Top Salaries Review Body (TSRB), and the Assistant Secretaries, Senior Principals, and related groups in the Civil Service, whose salaries had been held below the levels suggested by the pay research evidence. Such an extension would cost about £1½ million a year in 1980-81 and 1981-82, and £600,000 in 1982-83, with a gradually diminishing commitment thereafter. The proposals for a more rapid accrual rate for MPs' pensions could have very widespread and expensive repercussions indeed.

In general discussion it was suggested that, although the various items covered by the Motions had been passed by the House without an adequate knowledge of the facts, the votes taken were in a sense a quid pro quo for the reduction in MPs' salary increase. The Government would not be able to carry a Motion which did not go a considerable way to meeting the various points raised.

In further discussion the following main points were made -

a. If the notional salary for pension purposes for MPs were to be raised to £13,750 per annum it would be desirable so to arrange matters that the House was also required to vote at the same time on the consequential changes in the pension entitlement of other public servants. This would ensure that MPs faced up to the full consequences of their decision; and it would make it clear that the House, and not the Government, were responsible for the change in policy.

b. The proposal that MPs' pensions should accrue at a rate of one-fortieth of final salary for each year of service presented severe problems. If Members were themselves to bear the full cost, the necessary contribution would amount initially to about 33 per cent of salary on average. This was clearly untenable and would call in question the availability of tax relief for the whole of MPs' pension contributions. If instead of increasing Members' contributions the Exchequer

contribution was increased, the scheme would become exceptionally generous, and would lead to widespread pressure from other public sector schemes for comparable treatment to bring them into line with the Parliamentary scheme. In any event the number of Members who had difficulty in acquiring a suitable pension was probably quite small, bearing in mind the possibility of transferring pension rights earned in other employment. Rather than consider new schemes based on improved accrual rates therefore much the best course would be to seek minor improvements in the present scheme which would provide easement for the hardest cases eg. by improvements in the rules governing the transfer of the pension rights into the Parliamentary scheme and possibly some relaxation of the time limits on which this could be done. There might also be further scope for facilitating the purchase of "added years" of pension entitlement by lump sum payments, although some Members might not have access to the necessary capital amounts and be able to acquire "added years" only through some form of periodic contributions.

c. The question of linkage of MPs' salaries to "a specified grade in the public service" also presented considerable difficulty. Further consultation would be necessary before any conclusions could be reached.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet were prepared to accept the increase in secretarial allowances voted for by the House but had very considerable doubts about the two improvements sought to pensions entitlement and the linkage of salary to that of a suitable grade in the public service. In these matters the House should be made fully aware of the implications of the proposals they had made before any substantive vote was taken. A factual report should be prepared as soon as possible and made available to Members. If, when all the facts were known, the House still wished to vote for an increase in notional salary rates of MPs for pension purposes, they should also be invited to vote on the Government's recommendation that such a step must in equity be extended to the other TSRB groups, and Civil Service groups, similarly affected. The Chancellor of the Duchy of Lancaster should make a statement to the House next week, explaining the Government's attitude and promising a further debate when the House returned in the autumn. In addition to circulating the proposed factual note, which would deal with linkage as well as pensions, to individual Members, the Chancellor of the Duchy of Lancaster and the Chief Whip should also pursue consultations through the usual channels.

The Cabinet -

1. Took note, with approval, of the summing up of their discussion by the Prime Minister.
2. Invited the Chancellor of the Duchy of Lancaster to circulate for comment a draft of his proposed statement to be made next week.
3. Instructed the Secretary of the Cabinet to arrange for the preparation of a factual paper suitable for publication to MPs, discussing the implications of the various elements in the House of Commons Motions carried on 21 July.
4. Invited the Chancellor of the Duchy of Lancaster and the Chief Whip to pursue consultation on the question of linkage of MPs' salaries through the usual channels, and with the Parliamentary Parties.

TEACHERS' PAY

Previous
reference:
1180) 16th
conclusions
para 4

4. The Cabinet had ~~before them~~ minutes about teachers' pay to the Prime Minister of 28 July from the Secretary of State for Education and Science; of 29 and 30 July from the Chancellor of the Exchequer; of 29 July from the Chancellor of the Duchy of Lancaster; and of 30 July from the Secretary of State for Scotland; and also letters of 9 and 25 July from the Attorney General to the Secretary of State for Education and Science.

The Cabinet's discussion and the conclusions reached are recorded separately.

EDUCATION
LOCAL
AUTHORITY
CURRENT
EXPENDITURE
1981-82

Previous
Reference:
Cmnd 30th
discussions
para 7

5. The Cabinet considered a memorandum by the Chief Secretary, Treasury (C(80) 48) on his proposals for savings in local authority current expenditure, and the education programme in particular, in 1981-82.

THE CHIEF SECRETARY, TREASURY said that the Cabinet had already agreed to keep total public expenditure for 1981-82 within the total announced in the last Public Expenditure White Paper, Cmnd 7841, as reduced by the European Community receipts, and to announce a 2 per cent reduction in total local authority current expenditure between 1980-81 and 1981-82. To achieve the first objective, he recommended a cut of £87 million in the total education programme in England, which would be equivalent to £50 million net allowing for the loss of savings on school transport. Within that, to achieve the second objective, he recommended gross savings of £67 million on local authority current expenditure on education in England and Wales. Of the gross savings of £45 million now offered by the Secretary of State for Education and Science, only £15 million were on local authority current expenditure. If no more savings were made, this would mean an overall net reduction in local authority current expenditure of only 1.6 per cent rather than the 2 per cent approved by the Cabinet. He recommended that the Cabinet should now agree to his proposals for further savings on the education programme or, failing that, find them from all local authority services except law and order.

THE SECRETARY OF STATE FOR EDUCATION AND SCIENCE said that he had increased his proposals for savings from £20 million-£25 million to £45 million, with most of the increased savings coming on expenditure on polytechnics and higher education as suggested by the Cabinet when this issue had first been discussed. He could not make further savings on current expenditure without reducing the standard of provision in schools and so reneging on the Government's commitment to maintain and improve the quality of education.

In discussion it was argued that it should be possible to make the proposed further savings on education without necessarily reducing the quality of teaching. The further increases required to make up the Chief Secretary's proposed total were only 1.2 per cent of total schools expenditure. Even with these savings, unit costs would still be higher than in 1978-79. About 40 per cent of the staff covered by the education budget were not teachers.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet had agreed at their last meeting that the Government should announce before the Recess that the total of the local authorities current expenditure in 1981-82 should be 2 per cent below the

Government's planned figure for 1980-81. They now agreed that the balance of the savings necessary to achieve this objective should be found from the education programme as proposed by the Chief Secretary, Treasury.

The Cabinet -

1. Agreed that the total education programme in England in 1981-82 should be reduced by £87 million gross.
2. Agreed that, within that figure, local authority current expenditure on education in England and Wales in 1981-82 should be reduced by £67 million gross.

COMPENSATION
PRIVATISATION
SHIPBUILDING

6. The Cabinet considered a memorandum by the Secretary of State for Industry (C(80) 49) on compensation for the nationalised shipbuilding and aircraft companies and on the introduction of private sector capital into the shipbuilding and shiprepair industries.

THE SECRETARY OF STATE FOR INDUSTRY said that problems about compensation arose because under the Aircraft and Shipbuilding Industries Act 1977 compensation payments were based on notional stock market value in a six months reference period ending on 28 February 1974. The fourteen companies whose values had fallen between then and vesting day had settled. Six other companies, whose values had risen substantially after vesting day were strongly pressing the Government to change the terms of compensation. Although the provisions of the 1977 Act were highly unsatisfactory, he could not recommend that they should now be changed. To do so would involve retrospective legislation. The grievance felt by shareholders in the companies whose values had risen after vesting day had to be balanced against the resentment that would be felt, if the compensation terms were changed retrospectively, by the thousands who had sold their shares in some of the companies on the basis of the original compensation terms. It would cost the Government at least £130 million. He had considered the possibility of offering the warship yards back to their previous owners at either compensation or market values. This would have an immediate adverse effect on the Public Sector Borrowing Requirement (PSBR) of about £50 million, because progress payments to the warship yards would have to be repaid; there could be further costs from disruption in the yards of British Shipbuilders (BS) in protest against the sales; privatisation at this

stage, although not later, would be strongly against the advice of the new Chairman of BS; and it would not deal with the problems of the former owners of the British Aircraft Corporation. He recommended therefore that an announcement should be made before the Recess that there could be no change in the present compensation provisions, and that the Government has decided to defer the introduction of private sector capital into the shipbuilding and shiprepair yards.

In discussion it was suggested that the present compensation terms represented a policy of confiscation of property. It was true that the policy was that of a previous Government; but the responsibility for administering the policy now rested with the present Government. A solution worth considering might be to offer the former owners (where it was still practicable to do so) a choice between accepting compensation on the present terms and the return of their former property to them. This course would require legislation; and would have other possible disadvantages: that many former owners of shares had now sold them; that it could lead to industrial action in BS; and that there would be a cost to the PSBR. But it should be examined.

THE PRIME MINISTER, summing up a short discussion, said that it was not possible to reach conclusions on this matter without further consideration. The Cabinet would resume their discussion of this issue at their next meeting with a view to authorising the Secretary of State for Industry to make an announcement on compensation and on the privatisation of British Shipbuilders before the Recess.

The Cabinet -

Invited the Secretary of State for Industry, in consultation with the Secretary of State for the Environment and other Ministers as necessary, to circulate in time for discussion at their next meeting a further memorandum setting out and analysing the advantages and disadvantages of the options available to the Government, including the proposal suggested in discussion.

Cabinet Office

31 July 1980

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CABINET

LIMITED CIRCULATION ANNEX

CC(80) 31st Conclusions, Minute 4

Thursday 31 July 1980 at 9.30 am

TEACHERS' PAY

previous
reference:
CC(80) 16th
conclusions
Minute 4

The Cabinet had before them minutes about teachers' pay to the Prime Minister of 28 July from the Secretary of State for Education and Science; of 29 and 30 July from the Chancellor of the Exchequer; of 29 July from the Chancellor of the Duchy of Lancaster; and of 30 July from the Secretary of State for Scotland; and also letters of 9 and 25 July from the Attorney General to the Secretary of State for Education and Science.

THE SECRETARY OF STATE FOR EDUCATION AND SCIENCE said that the arbitral body appointed to consider the pay of teachers in schools and further education in England and Wales had recommended increases from 1 April 1980 costing about 14.6 per cent in a full year and, allowing for some staging, 13.5 per cent in 1980-81. This increase was on a base which made no allowance for the error by the Standing Commission on Pay Comparability in their recommendations for pay increases for 1979. Before this error was discovered the Management Panel, of which the Government formed part, had offered a 13 per cent increase from April 1980, corresponding to the 13 per cent allowed for pay and price increases in the Rate Support Grant cash limit. They had subsequently amended this to 9.26 per cent to allow for the Clegg error of about 3.7 per cent. In making their recommendations the arbitral body claimed to have taken account of the cost of this error, but it was not apparent how they had done so. It seemed that they had been primarily influenced by their judgment of what the employers were able to pay; and on that they had relied on the previous offer of 13 per cent. Under the 1965 Remuneration of Teachers Act the Government had either to accept the awards or to satisfy both Houses of Parliament, under the Affirmative Resolution procedure, that 'national economic circumstances required that effect should not be given to the recommendations'. In his view the Government could not make such a case. The proposed awards were lower than those

given to other comparable public sector groups from April 1980, and it would be pointed out that the Government had offered at one stage to pay 13 per cent. In these circumstances, although the award was higher than he would have wished, he had to recommend that it should be accepted.

In discussion the following points were made -

a. Whatever the arguments for setting aside the award, the Resolutions which would be required both in the House of Commons and in the House of Lords would be highly contentious. Their introduction before the Recess would seriously disrupt the Parliamentary programme and put the Government's legislative programme for the session at new risk. It was by no means certain that the Government could command a majority for such Resolutions. It seemed likely that the application of the Edmund-Davies formula would produce an increase of over 20 per cent for the police in September; but, even if the police and the armed forces could be regarded as exceptional, it was not clear on what basis national economic circumstances permitted pay increases of 16 to 18½ per cent for other public service groups, including the industrial and non-industrial Civil Service, and National Health Service doctors and dentists, but could be argued as requiring a reduction in the pay increase for teachers from 14½ to 9½ per cent.

b. There was a strong case for inviting Parliament to override the award, and for offering no more than the 9.3 per cent proposed by the Management Panel. Otherwise the £130 million cost of the original error would be compounded; the Government would have lost an opportunity to influence other public sector pay negotiations which would be starting shortly; and the local authorities could complain that the Government had failed to back them on this issue at a time when it was requiring them to make cuts on their expenditure elsewhere.

c. Under the terms of the 1965 Act, the case for overriding the awards would have to be based firmly on national economic circumstances, rather than on the failure to take account of the Standing Commission's error. While it would be possible to point to a major deterioration in the general economic situation since April, and in particular to the problems of controlling public expenditure, it would also be necessary to convince Parliament that these were sufficient grounds for reducing the settlement for the teachers when

other comparable groups had received higher settlements in respect of the same period. It could be argued that, even though the local authorities might have made sufficient provision to pay for the awards in full, a lower settlement would allow for smaller rate increases in the coming year.

d. It was very important that the Government should not be defeated on Resolutions to reduce the awards. This could be more damaging than accepting them now. An attempt to rush Resolutions through before the Recess could add to the risk of defeat; and economic developments during the Recess might well strengthen rather than weaken the case for reducing the amount of the increase.

e. The awards by the arbitral body dealing with the Scottish teachers would not be made for two or three weeks. As the Management Side had offered 14 per cent, they were likely to be at least that amount. If it were then decided to override them, in line with decisions taken for England and Wales, it would not be possible to move the necessary Resolutions until Parliament resumed at the end of October. Failure to take action on the awards in the intervening period would almost certainly lead to widespread strike action by Scottish teachers.

f. It might be possible to publish the reports now and to move the Resolutions in October. This would allow the Government to consider the awards for England and Wales and for Scotland together. Teachers would, however, be unwilling to wait until then for the implementation of awards due with effect from April. There was a risk that they could take Court action against the Secretaries of State. To deal with this, one possibility might be to give them an interim award in line with whatever the Government intended to recommend to Parliament as an acceptable settlement.

THE PRIME MINISTER, summing up the discussion, said that the Cabinet agreed on balance that the Government should seek to override the awards and to substitute increases in the order of 9.3 per cent as recommended by the Management Panel. There were however considerable difficulties in finding time to debate the Resolutions before the Recess. The Cabinet therefore wished to consider further the possibility of delaying the Resolutions until after the Recess. The Attorney General, in consultation with the Lord Advocate, should prepare urgently a memorandum on the legal position. He should advise whether it would be possible to publish the reports of the arbitral bodies now and to indicate before the Recess that the Government would put forward Resolutions in the

autumn to override them, and whether the Government could also indicate now what would be the award which it would then recommend. He should further advise whether it would be possible to pay an interim settlement at the level recommended by the Government, on the understanding that this would be increased to the level of the awards if Parliament subsequently rejected the Resolutions. The Secretary of State for Education and Science, in consultation with the Secretary of State for Scotland and the aforesaid Law Officers, should assess the risks of the teachers taking Court action against the Government if the Resolutions were deferred until the autumn. He should also advise, in consultation with the Chancellor of the Exchequer, on how the case for offsetting the cost of the error by the Standing Commission, in their recommendations for the 1979 pay award, could be deployed in Resolutions which would have to be based primarily on the need to reduce the present awards in the light of national economic circumstances.

The Cabinet -

1. Invited the Secretary of State for Education and Science to publish forthwith the reports of the arbitral body on the pay of teachers in England and Wales, and to state that the Government had not yet taken decisions on them.
2. Invited the Attorney General, in consultation with the Lord Advocate and with the Secretaries of State for Education and Science and for Scotland, to circulate urgently a memorandum advising on the legal implications of delaying until after the Parliamentary Recess the statutory procedures necessary to reduce the awards.
3. Invited the Secretary of State for Education and Science, in consultation with the Secretary of State for Scotland, the Attorney General and the Lord Advocate, to assess the risks of the teachers taking Court action if the Resolutions were delayed; and, in consultation with the Chancellor of the Exchequer, to advise on how the case for requiring the award to be set aside on account of national economic circumstances could best be deployed.

Cabinet Office

1 August 1980