<table>
<thead>
<tr>
<th>No.</th>
<th>Topic</th>
<th>Author</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Questions of Procedure for Ministers</td>
<td>Note by the Prime Minister</td>
</tr>
<tr>
<td>2.</td>
<td>Mineral Rights in Northern Rhodesia</td>
<td>Memorandum by the Secretary of State for Commonwealth Relations</td>
</tr>
<tr>
<td>3.</td>
<td>The Queen's Speech on the Opening of Parliament</td>
<td>Note by the Lord President of the Council</td>
</tr>
<tr>
<td>4.</td>
<td>Public Expenditure</td>
<td>Note by the Chancellor of the Exchequer</td>
</tr>
<tr>
<td>5.</td>
<td>Iron and Steel Nationalisation</td>
<td>Memorandum by the Minister of Power</td>
</tr>
<tr>
<td>6.</td>
<td>The Queen's Speech on the Opening of Parliament</td>
<td>Note by the Lord President of the Council</td>
</tr>
<tr>
<td>7.</td>
<td>Queen's Speech: Public Expenditure</td>
<td>Memorandum by the Chancellor of the Exchequer</td>
</tr>
<tr>
<td>8.</td>
<td>Proposals for Expenditure: An Increase in Social Security Benefits</td>
<td>Memorandum by the Minister of Pensions and National Insurance</td>
</tr>
<tr>
<td>9.</td>
<td>The Queen's Speech on the Opening of Parliament</td>
<td>Note by the Secretary of the Cabinet</td>
</tr>
<tr>
<td>10.</td>
<td>Control of Office Building</td>
<td>Memorandum by the First Secretary of State and Secretary of State for Economic Affairs</td>
</tr>
<tr>
<td>11.</td>
<td>Commonwealth Immigration: Consultation with other Governments</td>
<td>Memorandum by the Secretary of State for the Home Department and the Secretary of State for Commonwealth Relations</td>
</tr>
<tr>
<td>12.</td>
<td>Remuneration of Ministers and Members of Parliament</td>
<td>Memorandum by the Prime Minister</td>
</tr>
<tr>
<td>13.</td>
<td>Crown Privilege</td>
<td>Memorandum by the Prime Minister</td>
</tr>
<tr>
<td>14.</td>
<td>Remuneration of Ministers and Members of Parliament</td>
<td>Memorandum by the Lord President of the Council</td>
</tr>
<tr>
<td>15.</td>
<td>The Threatened Dock Strike</td>
<td>Memorandum by the Secretary of State for the Home Department</td>
</tr>
<tr>
<td>16.</td>
<td>Legislative Programme 1964-65</td>
<td>Memorandum by the Lord President of the Council</td>
</tr>
<tr>
<td>17.</td>
<td>Pensions of Ministers and Members of Parliament and Other Matters</td>
<td>Memorandum by the Lord President of the Council</td>
</tr>
<tr>
<td>18.</td>
<td>Possibility of Advancing Date of Payment of National Insurance Pensions</td>
<td>Memorandum by the Minister of Pensions and National Insurance</td>
</tr>
<tr>
<td>19.</td>
<td>Timing of Increased National Insurance and Assistance Benefits</td>
<td>Memorandum by the Chancellor of the Exchequer</td>
</tr>
</tbody>
</table>
20 - Children's Service in Greater London. Memorandum by the Lord President of the Council

21 - General Grants to Local Authorities. Memorandum by the Minister of Housing and Local Government

22 - General Grants to Local Authorities. Memorandum by the Chief Secretary to the Treasury

23 - Burma - War Damage Claims. Memorandum by the Chancellor of the Exchequer

24 - 700th Anniversary of Parliament. Memorandum by the Lord President of the Council

25 - Southern Rhodesia: Mission of Privy Councillors. Memorandum by the Secretary of State for Commonwealth Relations

26 - Salaries of the Higher Judiciary. Memorandum by the Lord Chancellor

27 - Establishment of Law Commissions for England and Wales and for Scotland. Memorandum by the Chancellor of the Duchy of Lancaster

28 - Co-operation between the Department of Economic Affairs and the Treasury. Note by the Secretary of the Cabinet

29 - Trade Disputes Bill (Rookes v. Barnard) and an Inquiry into Trade Unions and Employers' Associations. Memorandum by the Minister of Labour

30 - Rent Bill. Memorandum by the Minister of Housing and Local Government

31 - Christmas, 1964. Note by the Prime Minister
CABINET

QUESTIONS OF PROCEDURE FOR MINISTERS

NOTE BY THE PRIME MINISTER

I attach a memorandum on Questions of Procedure which deals with various questions of procedure affecting Ministers. This codifies the general principles of Ministerial conduct as they have evolved over many years and through successive Administrations. I ask all Ministers to be guided by it.

H. W.

10 Downing Street, S.W. 1,
19th October, 1964.
QUESTIONS OF PROCEDURE FOR MINISTERS

I.—Cabinet Procedure

Preparation of Business for the Cabinet

1. The business of the Cabinet consists, in the main, of:
   (i) Questions which engage the collective responsibility of the Government, either because they raise major issues of policy or because they are likely to occasion public comment or criticism.
   (ii) Questions on which there is an unresolved conflict of interest between Departments.

All questions involving more than one Department should be examined inter-departmentally, before submission to Cabinet, so that the decisions required may be clearly defined. When there is a conflict of interest between Departments, it should not be referred to the Cabinet until all other means of resolving it have been exhausted, including personal correspondence or discussion between the Ministers concerned.

2. Proposals which involve expenditure or affect general financial policy should be discussed with the Treasury—and, if agreement cannot be reached between officials, with Treasury Ministers before they are submitted to the Cabinet or to a Ministerial Committee; and the results of those discussions, together with the best possible estimate (or estimates, if the Department's figures cannot be reconciled with the Treasury's) of the cost to the Exchequer, should be indicated in the memorandum. The Cabinet Office will not normally accept a memorandum for circulation to the Cabinet or to a Ministerial Committee unless this has been done.

3. Matters which fall wholly within the Departmental responsibility of a single Minister and do not engage the collective responsibility of the Government need not be brought to Cabinet at all. A precise definition of such matters cannot be given, and in borderline cases a Minister is well advised to bring the matter before his colleagues.

4. These rules do not limit the right of Ministers to submit to the Cabinet memoranda setting out their views on general issues of policy.

5. When a Minister wishes to raise a matter orally at the Cabinet, the Prime Minister's consent should be sought through the Secretary of the Cabinet.

6. Memoranda for the Cabinet should be as brief and as clear as possible. Time spent in making a memorandum short and clear will be saved many times over in reading and in discussion; and it is the duty of Ministers to ensure that this is done by personal scrutiny and, where necessary, revision of memoranda submitted to them by their officials.

The model memorandum explains at the outset what the problem is, indicates briefly the relevant considerations, and concludes with a precise statement of the decisions sought. It is sometimes useful to include a summary of the main points brought out in the body of the memorandum, but such a summary should never exceed a few lines. Prefatory covering notes should be avoided. To facilitate reference in discussion, paragraphs should be numbered.

If it is necessary to refer repeatedly to a body with a long title, an abbreviated version may be used if on the first mention the full title is given and the abbreviation added in brackets, e.g., "The North Atlantic Treaty Organisation (NATO)".

7. Normally, the Cabinet Office should be given seven days' notice of any business which a Minister wishes to bring before the Cabinet; and, save with the Prime Minister's permission (which will be granted only for reasons of extreme urgency) a memorandum may not be set down on the Agenda for discussion by the Cabinet until two working days after it was circulated.

8. Cabinet memoranda (as distinct from memoranda for Cabinet Committees) are normally reproduced by the Cabinet Office, the text being sent by the originating Department to the Cabinet Office for the purpose. If for any reason a Cabinet memorandum is reproduced by the originating Department, all copies should be sent to the Cabinet Office, and application should be made to the Cabinet Office for any additional copies required by the reproducing Department. The same rule applies to memoranda reproduced by Departments for consideration by Cabinet.

CONFIDENTIAL

4822
QUESTIONS OF PROCEDURE FOR MINISTERS

I.—Cabinet Procedure

Preparation of Business for the Cabinet

1. The business of the Cabinet consists, in the main, of:

   (i) Questions which engage the collective responsibility of the Government, either because they raise major issues of policy or because they are likely to occasion public comment or criticism.

   (ii) Questions on which there is an unresolved conflict of interest between Departments.

   All questions involving more than one Department should be examined inter-departmentally, before submission to Cabinet, so that the decisions required may be clearly defined. When there is a conflict of interest between Departments, it should not be referred to the Cabinet until all other means of resolving it have been exhausted, including personal correspondence or discussion between the Ministers concerned.

2. Proposals which involve expenditure or affect general financial policy should be discussed with the Treasury—and, if agreement cannot be reached between officials, with Treasury Ministers before they are submitted to the Cabinet or to a Ministerial Committee; and the results of those discussions, together with the best possible estimate (or estimates, if the Department's figures cannot be reconciled with the Treasury's) of the cost to the Exchequer, should be indicated in the memorandum. The Cabinet Office will not normally accept a memorandum for circulation to the Cabinet or to a Ministerial Committee unless this has been done.

3. Matters which fall wholly within the Departmental responsibility of a single Minister and do not engage the collective responsibility of the Government need not be brought to Cabinet at all. A precise definition of such matters cannot be given, and in borderline cases a Minister is well advised to bring the matter before his colleagues.

4. These rules do not limit the right of Ministers to submit to the Cabinet memoranda setting out their views on general issues of policy.

5. When a Minister wishes to raise a matter orally at the Cabinet, the Prime Minister's consent should be sought through the Secretary of the Cabinet.

6. Memoranda for the Cabinet should be as brief and as clear as possible. Time spent in making a memorandum short and clear will be saved many times over in reading and in discussion; and it is the duty of Ministers to ensure that this is done by personal scrutiny and, where necessary, revision of memoranda submitted to them by their officials.

   The model memorandum explains at the outset what the problem is, indicates briefly the relevant considerations, and concludes with a precise statement of the decisions sought. It is sometimes useful to include a summary of the main points brought out in the body of the memorandum, but such a summary should never exceed a few lines. Prefatory covering notes should be avoided. To facilitate reference in discussion, paragraphs should be numbered.

   If it is necessary to refer repeatedly to a body with a long title, an abbreviated version may be used if on the first mention the full title is given and the abbreviation added in brackets, e.g., "The North Atlantic Treaty Organisation (NATO)."

7. Normally, the Cabinet Office should be given seven days' notice of any business which a Minister wishes to bring before the Cabinet; and, save with the Prime Minister's permission (which will be granted only for reasons of extreme urgency) a memorandum may not be set down on the Agenda for discussion by the Cabinet until two working days after it was circulated.

8. Cabinet memoranda (as distinct from memoranda for Cabinet Committees) are normally reproduced by the Cabinet Office, the text being sent by the originating Department to the Cabinet Office for the purpose. If for any reason a Cabinet memorandum is reproduced by the originating Department, all copies should be sent to the Cabinet Office, and application should be made to the Cabinet Office for any additional copies required by the reproducing Department. The same rule applies to memoranda reproduced by Departments for consideration by Cabinet
Committees: all copies made should be sent to the Cabinet Office for circulation. If an originating Department so wishes, a standing arrangement may be made whereby the Cabinet Office will automatically supply for its use a fixed number of additional copies of memoranda.

9. In no circumstances, other than those mentioned in the preceding paragraph, are Cabinet memoranda to be reproduced or copied in Departments. If a Department requires additional copies of a memorandum, application must in every case be made to the Cabinet Office.

Attendance at Cabinet

10. Cabinet meetings take precedence over all other business. If a member of the Cabinet, or a Minister summoned for a particular item, is unable for any reason to be present at a Cabinet meeting, he should notify the Secretary, who will inform the Prime Minister and will also consider whether any rearrangement of business is required.

11. Ministers’ private secretaries can help the Secretary of the Cabinet by indicating, when asking for a subject to be placed on the Cabinet’s Agenda, which Ministers other than members of the Cabinet are likely to be concerned, so that arrangements may be made for their attendance.

12. The Prime Minister’s Private Secretary is responsible for ensuring that the proceedings of the Cabinet are not disturbed. To assist him, Ministers should give instructions that messages are not to be sent to them while in Cabinet unless they are so urgent that they cannot wait until the end of the meeting.

13. The Secretary of the Cabinet should be informed of Ministers’ out-of-town engagements, and also of their week-end and holiday arrangements so that, if some sudden emergency arises, he may be able to inform the Prime Minister at once which Ministers are immediately available.

Cabinet Conclusions

14. The record of the Cabinet’s proceedings is limited to the decisions taken and such summary of the discussion as may be necessary for the guidance of those who have to take action on them. The Secretary is under instructions to avoid, so far as practicable, recording the opinions expressed by particular Ministers. Matters of exceptional secrecy may be recorded in a Confidential Annex.

15. Any suggestions for amendment of Cabinet Conclusions must reach the Secretary not later than the next day but one following that on which the Meeting was held. Thereafter the Conclusions will be sent to be printed.

16. Ministers are responsible for giving such instructions to their Departments as may be necessary to give effect to the Conclusions of the Cabinet, and for communicating to subordinate Departments or branches decisions of which they should be made aware. Where an urgent matter arises in Cabinet unexpectedly, and a decision is reached requiring immediate action by a Department not represented at the meeting, the Secretary will ensure that the Department concerned is notified forthwith.

17. When a Department has to take action upon, or is otherwise directly affected by, a particular Conclusion, the actual decisions of the Cabinet on that matter may be copied in the Department, together with so much of the record of the discussion as is essential to a proper understanding of them, and these extracts may be passed to responsible officers in the Department, as may be necessary. The distribution of such extracts within a Department should be limited to the occasions on which it is strictly necessary for the efficient discharge of public business, and care should be taken to see that extracts are sent only to those officers of the Department who need be acquainted with the actual terms of the decision. Where action has to be taken at once by a Department, application may be made to the Secretary for an advance copy of the relevant Conclusions.

Return of Cabinet Documents

18. Cabinet documents are the property of the Crown. Ministers relinquishing office should hand over to their successors those Cabinet documents which are required for current administration and should return all others to the Cabinet Office. A former Minister may at any time have access in the Cabinet Office to copies of Cabinet or Cabinet Committee papers issued to him while in office.

CONFIDENTIAL
To facilitate the recovery of Cabinet and Cabinet Committee papers and to ensure their safe custody Ministers are asked during their tenure of office to arrange for the regular return to the Cabinet Office (at intervals of, say, three to six months) of such Cabinet documents as are not required for current administration.

On a change of Government, the outgoing Prime Minister issues special instructions about the disposal of the Cabinet papers of his Administration. Some Ministers have thought it wise to make provision in their Wills against the improper disposal of any official or Government documents which they might have retained in their possession by oversight.

Cabinet Committees

19. The procedure outlined above applies mutatis mutandis to Ministerial Committees of the Cabinet.

While Committee meetings provide a useful forum for the discussion of policy and for enabling Ministers to ensure that their points of view are understood and to make a contribution to the formulation of policy, their prime object is the despatch of business and the making of decisions. Attendance should be restricted to the permanent members and other Ministers who have a major interest in the question under discussion.

Collective Responsibility

20. Decisions reached by the Cabinet or Cabinet Committees are normally announced and defended by the Minister concerned as his own decisions. There may be rare occasions when it is desirable to emphasise the importance of some decision by stating specifically that it is the decision of Her Majesty’s Government. This, however, should be the exception rather than the rule. The growth of any general practice whereby decisions of the Cabinet or of Cabinet Committees were announced as such would lead to the embarrassing result that some decisions of government would be regarded as less authoritative than others. Critics of a decision reached by a particular Committee could press for its review by some other Committee or by the Cabinet, and the constitutional right of individual Ministers to speak in the name of the Government as a whole would be impaired.

21. The method adopted by Ministers for discussion among themselves of questions of policy is essentially a domestic matter, and is no concern of Parliament or the public. The doctrine of collective responsibility of Ministers depends, in practice, upon the existence of opportunities for free and frank discussion between them, and such discussion is hampered if the processes by which it is carried on are laid bare. For these reasons it is also the general practice to avoid, so far as possible, disclosing the title, composition and terms of reference of Cabinet Committees and, in particular, the identity of their Chairmen.

II.—Precautions against Unauthorised Disclosures of Information

22. Disclosures in the Press of matters under discussion by the Cabinet or its Committees damage the reputation of the Government and impair the efficiency of its administration.

23. Ministers who share the collective responsibility for the Government’s programme must be kept generally aware of the development of important aspects of Government policy. But outside this narrow circle knowledge of these matters should be confined to those, whether Ministers or officials, who are assisting in the formulation or execution of the particular policy concerned, or need to know what is afoot because of its effect on other aspects of public business for which they are responsible.

24. Government policy should not be discussed with persons outside Government service unless this is necessary for the transaction of public business. Care should be taken to see that no discussions of Government policy are held in places where they may be overheard.

25. Ministers should ensure that they gather up and remove all the papers which they take to meetings, e.g., at 10 Downing Street, the House of Commons or the Cabinet Office.

26. Ministers are personally responsible for ensuring that all members of their staffs understand the need for exercising the strictest discretion, and for seeing
that the appropriate precautions are strictly observed in their Department. The following considerations should be borne in mind:

(i) While it is within the discretion of Ministers to decide which of their advisers or subordinates should be shown Cabinet papers, the normal rule is that such papers should not be seen by any save their immediate advisers concerned in the formulation of policy. In particular, Cabinet papers should not be circulated as a matter of course to Information Officers or their staffs.

(ii) A Minister who is a member of the Cabinet has responsibilities wider than those of his own Department, and will in that capacity receive some documents which are of no concern to any of his subordinates.

(iii) Documents reflecting the personal views of Ministers are in a special category, and their handling requires special care. It is contrary to the doctrine of collective responsibility to make known the attitude of individual Ministers on matters of policy.

(iv) If occasions arise on which it is necessary that any considerable number of officers should be consulted on particular issues arising out of Cabinet memoranda, this should be done by means of minutes addressed to the officers concerned, confined to the particular points on which they are required to advise, thus avoiding a wide circulation of the memoranda themselves.

(v) Experience has shown that leakages of information have often occurred as a result of the skilful piecing together, by representatives of the Press, of isolated scraps of information gathered from several sources, each in itself apparently of little importance. The only safe rule is, therefore, never to mention such matters even in the form of guarded allusions, except to those who must be informed of them for reasons of State, until the time has come when disclosure, in whole or in part, is authorised. Reasons of State may require, in appropriate cases, the confidential communication of some information to a responsible editor, lobby correspondent, etc., for purposes of guidance; but such communication is only justified where it can be assured that the confidence and the terms on which it is made are respected.

(vi) Care should be taken in referring to confidential information on the telephone. Those who are not connected to the “PICKWICK” system (i.e., a special system established to remove the danger of leakage by interception) should remember that the ordinary telephone and the “Scrambler” telephone are insecure. They should not discuss secret matters on the ordinary telephone and should only do so on the Scrambler telephone if the need for speed outweighs the need to guard against interception.

27. Secrecy cannot, however, be secured solely by rules restricting the circulation of papers. Public business cannot be transacted without a fairly wide dissemination of confidential information within Government circles, and the essential need is for the observance of a high standard of discretion by all who acquire knowledge of such information in the course of their duties—an attitude of mind which puts first the interests of the Government as a whole and subordinates everything to that end. It is the duty of Ministers to set this standard of discretion in regard to all confidential matters which come within their knowledge, to give an example to others, and to see that their example is followed.

28. When a Minister is first appointed, arrangements will be made for him to be briefed by the Security Service, who will explain the basic threat to our security and the basic system of protective security. He will also be invited to sign a declaration that he has read the relevant provisions of the Official Secrets Acts.

III.—Transmission of Classified Documents

29. Ministers find it necessary, on occasion, to have documents sent to them at addresses out of London. The rules which govern the transmission of official documents between towns are set out in the handbook “Security in Government Departments” (currently in Chapter IV, paragraph 17). It should, in particular, be
noted that secret documents may be sent between towns by the hand of a Government courier or despatch rider or, exceptionally, if this cannot be arranged, by registered post. The Post Office do not accept despatch boxes or locked pouches as registered items. But they make special arrangements for the transmission of such boxes or pouches to and from Ministers personally, and secret documents may be sent in this way. A signature acknowledging receipt of the Minister's box or pouch should be obtained when it is handed over to the Post Office; and a similar receipt should be given to the Post Office when the box or pouch is delivered. Exceptionally also, secret documents may be sent in locked pouches by passenger train, provided that they are insured (which means that hand-to-hand receipts will be obtained for them in the same way as for registered post).

30. Top secret documents may in no circumstances be sent by post or by train: they must go by the hand of a special courier or despatch rider.

IV.—Parliamentary Secretaries

31. Constitutionally, a Parliamentary Secretary is not "a Minister of the Crown"; he is appointed by the Minister whom he serves, not by The Queen. The Minister alone is answerable to Parliament for the exercise of the powers on which the administration of his Department depends. A Minister's authority may, however, be delegated, either to a Parliamentary Secretary or to an official, and it is desirable that Ministers should devolve on their Parliamentary Secretaries responsibility for a defined range of Departmental work, particularly in connection with Parliament. The assignment of duties to a Parliamentary Secretary will thus be a matter for the Minister to decide and will vary from one Department to another.

32. Although a Parliamentary Secretary may be authorised to supervise the day-to-day administration of a defined range of subjects, this arrangement cannot relieve the Permanent Secretary of his general responsibilities for the organisation and discipline of the Department or of his duty to advise on matters of policy. The Parliamentary Secretary, not being part of the official hierarchy of the Department, is not subject to the directions of the Permanent Secretary. But, equally, the Permanent Secretary is not subject to the directions of the Parliamentary Secretary. Any conflict of view between the two can only be resolved by reference to the Minister or, if he is absent and a decision cannot be postponed, by reference to the Minister deputed to take charge of the Department.

V.—Parliamentary Private Secretaries

33. Parliamentary Private Secretaries occupy a special position which is not always understood by the general public, either at home or abroad. They are not members of the Government, and should be careful to avoid being spoken of as such. They are Private Members, and should therefore be afforded as great a liberty of action as possible; but their close and confidential association with Ministers necessarily imposes certain obligations on them, and has led to the generally accepted practice set out in the following paragraph.

34. Parliamentary Private Secretaries should not make statements in the House or put Questions on matters affecting the Department with which they are connected. They should also exercise great discretion in any speeches or broadcasts which they may make outside the House, taking care not to make statements which appear to be made in an official or semi-official capacity, and bearing in mind at the same time that, however careful they may be to make it clear that they are speaking only as Private Members, they are, nevertheless, liable to be regarded as speaking with some of the authority which attaches to a member of the Government. Generally they must act with a sense of responsibility and with discretion; and they must not associate themselves with particular groups advocating special policies.

35. Since Parliamentary Private Secretaries are not members of the Government, official information given to them should be limited to what is strictly necessary for the discharge of their Parliamentary and political duties. They should not have access to secret establishments or information graded secret or above except on the personal authority of the Prime Minister.

Travelling Expenses

36. Parliamentary Private Secretaries making official visits in the United Kingdom may receive the normal Civil Service travelling and subsistence allowances.
in respect of absences on official (i.e., departmental) business, as would other M.P.'s undertaking work for Government Departments. It is for the Minister concerned to decide whether or not his Parliamentary Private Secretary, when accompanying him on a journey, is engaged on departmental business.

The same considerations apply to Parliamentary Private Secretaries making official visits abroad; but, in view of the greater expenditure involved, the Prime Minister’s Private Secretary should always be consulted.

VI.—Parliamentary Statements and Papers

**Statements after Questions**

37. When Parliament is in session important announcements of Government policy should be made, in the first instance, in Parliament. But, if too many announcements are made at the end of Questions, Parliamentary business is impeded. Furthermore if they are too frequent or too long their effect is blunted and they may not receive adequate publicity in the Press. Ministers proposing to make a statement after Questions, whether or not related to a Question on the Order Paper, or to answer a Question at the end of Questions, are therefore asked to conform with the following procedure:

(a) The earliest possible notice should be given to the Prime Minister’s Private Secretary, who will consult as necessary with the Leader of the House of Commons and with the Chief Whip. Particulars should be given of the subject matter of the proposed statement, the date on which it is desired to make it, and the grounds for making it on that date and for adopting this method of announcement. It should also be stated whether the announcement has been approved by the Cabinet or by one of its Committees.

(b) Copies of the draft statement should be sent as soon as it is available to the Prime Minister, to the Leader of the House of Commons and to the Chief Whip. These copies should arrive not later than 10 a.m. on the day on which the statement is to be made.

(c) It is usual for a copy of such a statement to be shown to the Opposition Parties shortly before it is made. For this purpose two copies of the final text should reach the office of the Chief Whip in the House of Commons as early as possible, and in any case not later than 2 p.m. on the day on which the statement is to be made.

(d) A copy of the final text should in all cases be sent to the Speaker.

(e) It may sometimes be expedient that a corresponding statement should be made simultaneously in the House of Lords. Ministers should, where necessary, consult the Leader of the House of Lords on this point.

**Publication of White Papers**

38. Similar considerations apply to the publication of White Papers and other documents of a like nature. There are, of course, some White Papers in respect of which, because they are of a routine character or of minor importance, no problem of public presentation arises. In most circumstances, however, the timing of publication is important, not least in order to avoid clashes with other Government publications, statements, or announcements. Therefore, with any White Paper or similar document the presentation of which is important, Ministers are asked to apply the procedure laid down for statements after Questions in paragraph 37 (a) above, even though publication may have been approved by the Cabinet.

39. Care must be taken to avoid any possibility of an infringement of Parliamentary privilege when publicity arrangements are made for White Papers. The accepted practice is for final revised proof copies of White Papers to be made available to Lobby correspondents somewhat in advance of their being laid in the Vote Office and for Ministers to hold a Lobby Conference if they think it desirable. The Prime Minister’s Adviser on Public Relations should be consulted if there is any question of a wider advance distribution than this. Such wider distribution—e.g., to industrial correspondents—is to be avoided save in exceptional circumstances.
Supply of Parliamentary Publications

40. A Minister in charge of an item of business in the House of Commons is responsible for arranging that reasonable numbers of copies of any document held by the Stationery Office which might be needed for the debate are placed in the Vote Office. When this document is out of print the Minister is responsible for deciding whether or not to reprint.

Where any doubt exists about the need for any document to be available for a debate, the Minister’s Private Secretary should consult the Chief Whip’s Private Secretary.

Money Resolutions

41. All Money Resolutions are placed on the Order Paper in the name of the Financial Secretary, Treasury, but he is not responsible for seeing a Resolution through the House of Commons. It has always been the practice (as for Civil Estimates) that, although Resolutions appear in the name of the Financial Secretary, the Minister having Departmental responsibility for the relevant Bill is also responsible for the Money Resolution in the House of Commons.

VII.—Committees of Enquiry, etc.

42. The Chancellor of the Exchequer should be informed before a Minister appoints any independent committee of enquiry into any aspect of public policy. In any case of doubt the Prime Minister’s decision should be sought.

43. From time to time committees have been appointed consisting partly of civil servants and partly of individuals outside the Government, with civil servants as chairmen. Any Minister who has it in mind to appoint a committee of this kind should seek the collective advice of his colleagues, e.g., by submitting the proposal to the appropriate Cabinet committee. In any case of particular doubt the Prime Minister should be consulted.

VIII.—Ministerial Speeches, Broadcasts, etc.

44. In public speeches Ministers should exercise special care in referring to subjects which are the responsibility of other Ministers. They should keep within the ambit of approved Government policy, and should not anticipate decisions not yet made public. In all cases of doubt they should consult the Minister concerned.

45. The Foreign Office should always be consulted before any mention is made of matters affecting foreign affairs or relations with foreign Powers; and Ministers wishing to refer to matters affecting our relations with self-governing Commonwealth countries, or to the political aspects of Colonial affairs (e.g., self-government in certain Colonies) and on these points should consult the Commonwealth Secretary or Colonial Secretary unless the matter to be mentioned falls wholly within their own responsibility.

46. Unless they have first obtained the agreement of the Leader of the House of Commons, Ministers should avoid saying anything which might affect the programme of Government business in Parliament. Thus, they should not without his agreement promise White Papers, the publication of which might result in a demand for a special debate; and legislation should never be promised without the express approval of the Cabinet or the Legislation Committee.

Official Occasions

47. Ministers should use official machinery for distributing texts of Ministerial speeches only when such speeches are made on official occasions. Ministers should refrain from party controversy when making speeches on such occasions, though they may, and should, explain Government policy where appropriate.

By-Elections and Local Government Elections

48. Members of the Cabinet should not normally speak at by-elections; but other Ministers, including those of Cabinet rank, may do so. As a general rule Ministers above the rank of Parliamentary Secretary should not speak at local government elections. There may, however, be occasions on which a Minister may feel obliged to do so for special reasons, particularly in his own constituency.
Broadcasting Arrangements

49. The following notes on broadcasts by Ministers have to be read against the background that the decision whether a person is to broadcast rests with the broadcasting authorities. There is no legal sanction or formal agreement or anything else which requires them to accept a particular broadcaster. Strictly speaking, therefore, there must be an invitation. It can, of course, take the form of a favourable response to a request, an acquiescence in a suggestion, or an actual invitation by the broadcasting authority on its own initiative. Whatever the form, it is in essence an invitation by the broadcasting authority.

50. Broadcasting by Ministers is, in large part, subject to agreements between the major political parties, which provide for:

(a) **Party Political Broadcasts** on sound and television on a quota basis. The arrangements are made by the Chief Whip on decisions made by the Prime Minister.

(b) **Budget Broadcasts** (i.e., by the Chancellor of the Exchequer, and a member of the Opposition in reply) which are to be regarded as a special series of Party Political Broadcasts. The arrangements are made by the Chancellor of the Exchequer and through the usual channels.

(c) **“Ministerial Broadcasts”**—These are now extremely rare. They are described as being “purely factual or explanatory of legislation or administrative policies approved by Parliament, or in the nature of appeals to the nation to co-operate in national policies, such as fuel economy or recruiting, which require the active participation of the public. Broadcasts on State occasions also come in the same category.” By the present practice these are made only on the services of the British Broadcasting Corporation, and the arrangements with the Corporation provide for a right of reply when the Opposition successfully claim that the Minister has been controversial. Ministers wishing to broadcast should communicate with the Minister responsible for the co-ordination of Government information services at home (referred to in the next paragraph as the co-ordinating Minister). He will be responsible for obtaining the Prime Minister’s approval.

51. The agreements referred to above do not preclude the broadcasting authorities from inviting whom they please, including Ministers, to broadcast on sound and television. Such broadcasts by Ministers fall, with few exceptions, into two categories, broadcasts in news bulletins and broadcasts in magazine and feature programmes.

(d) **Broadcasts in News Bulletins**.—It is at the discretion of each Minister to decide whether he should accept an invitation to be interviewed on a “news” occasion. But care is necessary to ensure that such interviews are, in fact, no more than news reports and do not develop into statements or arguments which would justify a “right to reply”. Ministers who accept such invitations should notify the co-ordinating Minister. If a Minister is in doubt whether a proposed broadcast would constitute a news report or something more, he should consult the co-ordinating Minister.

(e) **Magazine and Feature Programmes**.—The object of these programmes (especially on television) is as much to entertain as to inform, and entertainment value is often sought by stimulating a clash of personality and opinions. A Minister will rarely appear in a setting of his own choosing, and indeed the programme may be introduced in a manner which weights the scales against him. He may well be only one participant of a number, with the flow of argument and discussion directed to ensure liveliness. Moreover, it is in principle undesirable that Ministers should be involved too often in debating important matters of policy in this kind of forum: the proper place for such debates is Parliament. On the other hand, circumstances may arise which make it desirable for a Minister to take part. Because of the difficulties involved in this kind of broadcast, Ministers should not
accept invitations to take part until they have consulted the co-ordinating Minister. He will be responsible for obtaining the Prime Minister’s approval in cases of doubt.

9 There are occasions on which Ministers are invited to take part in broadcasts in a private and not a Ministerial capacity. Nevertheless, the Prime Minister’s prior approval should be obtained before such invitations are accepted. It should be sought directly from the Prime Minister or through his Private Secretary.

52. Broadcasting by sound and by television is a useful instrument for conveying the British point of view to people in other countries. But before Ministers commit themselves to making broadcasts outside the United Kingdom they should first consult the Foreign Secretary (or the Commonwealth Secretary) and any other Minister who may be concerned with the subject of the broadcast. They should then seek the permission of the Prime Minister.

If Ministers are invited to broadcast while on a visit to another country they should seek the advice of Her Majesty’s representative in that country.

53. Ministers should not accept payment for broadcasts by sound or television unless it is clear, and will be clear to the audience, that they are speaking in a private capacity on subjects which have no connexion with their Ministerial duties. If Ministers have any doubt about the propriety of accepting payment for any particular broadcast, they may consult the Prime Minister’s Private Secretary.

IX.—Press Conferences, Articles and Interviews by Ministers

Press Conferences

54. In order to explain policies or to announce new policies a Minister may decide to hold a Press conference, using the machinery of the Information Branch of his Department. If this is an open Press conference, any remarks will inevitably be on the record (i.e., usable and attributable). Where, however, a Minister has access to an organised group of correspondents (e.g., Industrial, Defence, Education, etc.), either by his or their invitation, he may sometimes find it desirable to hold the conference on a non-attributable basis (i.e., material is usable on the correspondent’s own responsibility but may not be attributed in any way to official sources).

Press Articles

55. Ministers are precluded from the practice of journalism in any form; but this prohibition does not extend to authorship or to writings of a literary, historical, scientific, philosophical or romantic character. For these there are numerous and respectable precedents.

56. This rule need not be interpreted as debarring a Minister from contributing an article or a letter to a newspaper, on occasion, for the purpose of supplementing other means of informing the public about the work of his Department. In deciding whether to write an article, a Minister should bear in mind his obligations to Parliament: for example, he should not discuss a Bill before it has received its Second Reading in the House of Commons. Ministers should not accept payment for such articles. While a Minister may occasionally write a letter to a newspaper, it is not in general desirable that Ministers should engage in controversy in the correspondence columns of the Press. A Minister should not in any event do so without first obtaining the Prime Minister’s authority.

57. This rule governs dealings with the foreign as well as the home Press.

Party Publications

58. The rule in paragraph 55 does not debar Ministers from contributing to the publications of the political organisations with which they are associated. Payment should not be accepted for such articles.

Interviews

59. A Minister may decide in his discretion whether he should grant special interviews to individual Press representatives, bearing in mind that an interview granted to a representative of a single newspaper or agency may arouse jealousy in the rest of the Press. As a general rule, the same considerations apply to interviews as to written articles (see paragraph 56 above).
X.—Ministers' Visits Abroad

60. Any member of the Cabinet or Minister in charge of a Department who wishes to be absent from the United Kingdom, whether on duty or leave, should take the following steps:

(i) The Foreign Secretary, Commonwealth Secretary or Colonial Secretary (as appropriate) should be consulted. Concurrently the Prime Minister's Private Secretary should be informed that a visit is under consideration.

(ii) The Prime Minister's approval should then be obtained. No arrangements, even of an informal character, should be entered into until the Prime Minister's approval in principle has been received.

(iii) After the Prime Minister's approval has been obtained, the Minister should seek The Queen's permission to leave the country. At the same time Her Majesty should be informed of the arrangements made for the administration of the Minister's Office during his absence.

Other Ministers who propose to leave the United Kingdom, whether on duty or on leave, need not obtain The Queen's permission to do so. They should, however, after obtaining the consent of their own Minister, take the action at (i) and (ii) above.

61. When a Minister is to be away from London, his Parliamentary Secretary will normally take Ministerial charge of the Department. On some occasions, however, it may be desirable that arrangements should be made for another Minister of Cabinet rank to hold himself available to give political guidance to officials of the Department and to represent the Department's interests in discussions in Cabinet or Cabinet Committees. Any such arrangements, if not initiated by the Prime Minister, should have his prior approval.

When one Minister of Cabinet rank is acting in this way on behalf of another, special care must be taken over the exercise of statutory powers. With some exceptions the powers of a Secretary of State can be exercised by another Secretary of State; and the powers of a Board or Council may be exercisable in the absence of its principal member. But for the most part the powers of a Minister cannot be exercised by a Minister in charge of another Department; and a Minister who is acting for an absent colleague should be careful to avoid appearing formally to exercise powers which are expressed by statute as exercisable by his colleague.

There is no similar difficulty about submissions to Her Majesty. Submissions made in the absence of a Minister should be made by his Parliamentary Secretary if he is a Privy Counsellor; if he is not, they may be made by another Minister of Cabinet rank. Submissions on behalf of an absent Secretary of State must be made by another Secretary of State.

Air Travel

62. Ministers on official visits should normally travel by scheduled flights of British airlines, that is, the publicly-owned Air Corporations (BOAC and B.E.A.) or, where the facilities exist, by British independent companies. When a Minister's route or the timing of his journey makes this impossible, a scheduled flight on a foreign airline may be available. Where this is not available or is unsuitable, a Minister may have resort to the Queen's Flight (if he is entitled to use it), the Civil Aviation Flying Unit or an aircraft chartered from a British airline. Arrangements for charter are in all instances made by the Ministry of Aviation: the cost is borne on the Vote of the travelling Minister's own Department, and the Financial Secretary to the Treasury should be informed in advance of any flight estimated to cost more than £2,000.

Service aircraft should be used only for Service purposes, that is, broadly speaking, by Ministers engaged on business of the Defence Department. Other Ministers may be carried in Service aircraft only on journeys to military formations or to areas where the employment of civil aircraft would be unsuitable. When, for special reasons of this kind, a Minister wishes to travel by Service and not civilian aircraft, the Prime Minister's Private Secretary should be consulted, preferably after the agreement of the Minister of Aviation has been secured.

Travelling expenses of wives

63. The expenses of a Minister's wife when accompanying her husband overseas on his official duties may on special occasions be paid from public funds, provided that it is clearly in the public interest that she should accompany him and that the Prime Minister's prior assent is sought and given on each occasion.

CONFIDENTIAL
Entertainment

64. If it is thought that a Minister may need to provide official entertainment whilst overseas, the advice of the Oversea Department concerned should be sought both on the desirability and on the form of such entertainment.

Ministers recalled to vote

65. If a Minister is abroad on public duty and at the public expense, and is called home to vote and then returns to his public duty, the extra journey back and forth is chargeable to public funds.

XI.—Relations with other Governments

66. Ministers should remember the importance of sending to the Foreign Secretary or Commonwealth Secretary a note of the salient points of any discussions which they may have with representatives of foreign or Commonwealth States. This applies to private discussions as well as those held in the course of official business.

In the present international situation special care is needed in conversations at social functions at Embassies or at other functions at which foreign diplomatic representatives are present.

Visits by Commonwealth or foreign Ministers

67. Ministers should inform the Foreign Secretary or the Commonwealth Secretary (as appropriate) before extending invitations to Ministers in other Governments to pay official visits to this country; and in any case of doubt or difficulty, they should consult them.

Foreign Decorations

68. It is a well established convention that Ministers should not, while holding office, accept decorations from foreign countries.

XII.—Ministers' Visits in the United Kingdom

Visits to Scotland, Wales, Northern Ireland, the Channel Islands and Isle of Man

69. Ministers who are planning official visits to Scotland, Wales or Northern Ireland should inform the Ministers responsible for Scottish, Welsh and Northern Ireland affairs respectively. Adequate notice will help to ensure that due account is taken of local considerations in the timing and preparations for the visit.

It is normal to inform the Home Secretary of projected visits to the Channel Islands and the Isle of Man (as well as of projected visits to Northern Ireland).

Visits to Constituencies

70. It is the custom for Ministers when accepting invitations to visit constituencies to inform the Members concerned. It is particularly desirable to give as much notice as possible in the case of constituencies represented by Government supporters. Ministers cannot, of course, invite Members to accompany them; but adequate notice will enable them to ensure that they receive invitations from local organisers to functions of an official nature. It will also enable them to make suggestions to the Minister about the inclusion in his itinerary of places which it would be helpful for him to visit.

Air Travel

71. When a Minister travels by air within the United Kingdom, the same considerations apply as for air travel to places abroad (see paragraph 62 above).

XIII.—Constituency Interests

72. It is wrong in principle for any Minister to make a practice of using for constituency work facilities provided at public expense to enable him to carry out his public duties. This point of principle is reflected in the entitlement of Ministers to draw £750 of their Parliamentary salary to meet their constituency expenses. Ministers should have their constituency work done at their own expense, as they would if they were private Members of Parliament.
XIV.—Civil Servants and Political Conferences

73. Ministers should not ask civil servants to attend, still less to take part in, party political conferences. There is a standing rule in the Civil Service that civil servants in their official capacity should not accept invitations to conferences convened by, or under the aegis of, political organisations. To preserve the reputation of the Civil Service for being completely immune from Party allegiance, it is equally important that no civil servant should be in attendance at Party occasions. If a Minister wishes to have a brief to explain any of his departmental activities, there is no reason why a brief should not be provided, but neither the author of the brief nor an Information Officer should be present at the conference or meeting.

The situation is, of course, different where a Minister requires officials to be in attendance, not to be present at the conference or to take part in its business, but to enable him to carry out urgent departmental work.

XV.—Ministers’ Private Interests

74. The principles which should guide Ministers in deciding whether they may properly continue to hold Company Directorships and similar offices have been stated from time to time in the House of Commons, as by Sir Henry Campbell-Bannerman in March, 1906, and by Mr. Chamberlain in July, 1939. The conventions at present to be observed are set out below.

75. It is a principle of public life that Ministers must so order their affairs that no conflict arises, or appears to arise, between their private interests and their public duties.

Such a conflict may arise if a Minister takes an active part in any undertaking which may have contractual or other relations with a Government Department, more particularly with his own Department. It may arise, not only if the Minister has a financial interest in such an undertaking, but also if he is actively associated with any body, even of a philanthropic character, which might have negotiations or other dealings with the Government or be involved in disputes with it. Furthermore Ministers should be free to give full attention to their official duties, and they should not engage in other activities which might be thought to distract their attention from those duties.

Each Minister must decide for himself how these principles apply to him. Over much of the field, as is shown below, there are established precedents; but in any case of doubt the Prime Minister of the day must be the final judge, and Ministers should submit any such case to him for his direction.

Where it is proper for a Minister to retain any private interest, it is the rule that he should declare that interest to his colleagues if they have to discuss public business in any way affecting it, and that he should entirely detach himself from the consideration of that business.

Ministers include all members of the Government except unpaid Assistant Government Whips.

Directorships

76. Ministers must on assuming office resign any directorships which they may hold, whether in public or in private companies and whether the directorship carries remuneration or is honorary. The only exception to this rule is that directorships in private companies established for the maintenance of private family estates, and only incidentally concerned in trading, may be retained subject to this reservation—that if at any time the Minister feels that conflict is likely to arise between this private interest and his public duty, he should even in those cases divest himself of his directorship. Directorships or offices held in connection with philanthropic undertakings should also be resigned if there is any risk of conflict arising between the interests of the undertakings and the Government.
Shareholdings

77. Ministers cannot be expected, on assuming office, to dispose of all their investments. But if a Minister holds a controlling interest in any company, considerations arise which are not unlike those governing the holding of directorships; and, if there is any danger of a conflict of interest, the right course is for the Minister to divest himself of his controlling interest in the company. There may also be exceptional cases where, even though no controlling interest is involved, the actual holding of particular shares in concerns closely associated with a Minister's own Department may create the danger of a conflict of interest. Where a Minister considers this to be the case, he should divest himself of the holding.

Ministers should scrupulously avoid speculative investments in securities about which they have, or may be thought to have, early or confidential information likely to affect the price of those securities.

"Names" at Lloyd's

78. A Minister cannot properly continue to be a "name" at Lloyd's while holding office as Chancellor of the Exchequer, President of the Board of Trade or Minister of Transport: in such case he is required to suspend his underwriting activities. Other Ministers need not cause their name as an underwriter to be suspended, though Ministers should not, while holding office, establish a connection with Lloyd's without obtaining the permission of the Prime Minister.

Pension Schemes

79. A Minister while holding office may continue to participate in a firm's pension scheme in one or other of the following ways:

(a) His pension rights up to the date of assuming office could be frozen, no further contributions being payable during his tenure of office.

(b) Where his pension rights are secured by an insurance policy, the policy could be transferred to him and he could either pay future premiums himself or have the policy converted into a fully paid up policy.

(c) Provided that this can be done under the rules of the particular firm's scheme, pension contributions could continue to be paid during his tenure of office (which would then rank as pensionable employment for the purposes of the scheme) so long as they were paid either:

(i) by the Minister alone; or
(ii) by the Minister and the firm; or
(iii) by the firm alone paying both the employer and employee contributions.

Arrangements involving the continuation of pension contributions, whether under (i), (ii) or (iii) of (c) above, should not be made unless the Minister is expected to resume his former employment on ceasing to hold a Ministerial office.

It must be emphasised that whatever arrangements are made they must not go outside the terms of the particular pension scheme. There would be no objection to the alteration of the rules of a scheme so as to permit (a) or (b) above, but approval could not be given for the addition to the scheme of a special provision allowing contributions to be continued (whether by the Minister or by the firm or partly by each) during the tenure of a Ministerial office. If Ministers have any doubt about the propriety of the arrangements they intend making, the Prime Minister's Private Secretary may be consulted.

The taxation effects of arrangements of the above types vary according to the particular kind of pension concerned. The Chief Inspector of Taxes (Superannuation), Somerset House, W.C.2, would be willing to explain the effects of any particular proposal on the taxation of both the firm and the Minister, or the Minister could, if he preferred, make his enquiry through the Financial Secretary to the Treasury.

Where pension contributions are not made under (c) above, a Minister may be entitled to claim relief on premiums paid for a deferred annuity, subject to the limitations and conditions laid down in Part III of the Finance Act, 1956. The maximum relief will normally be 10 per cent of the Minister's salary (including any taxable salary as a Member of Parliament) but reduced by the amount of any annual
payments, etc., which he makes and which cannot be set against other income. A higher limit applies to those who were born before 1916 and who do not, in respect of some other employment, either receive a pension or retain a right to a future pension. The Chief Inspector of Taxes will be willing to give further information about this relief.

XVI.—Acceptance by Ministers of Gifts and Services from Commercial Undertakings and Foreign Governments

80. It is a well-established and recognised rule, which has been enunciated in answers to Parliamentary Questions (Hansard, Cols. 230–232 and 423–424 of 20th and 21st February, 1952), that no Minister or public servant should accept gifts or services which would place him under an obligation to a commercial undertaking.

81. This is primarily a matter which must be left to the good sense of Ministers. But if any Minister finds himself in doubt or difficulty over this, he may seek the Prime Minister’s guidance.

82. Somewhat different considerations may apply to gifts offered by, or on behalf of, another Government (or Government organisation). In deciding whether to accept, or to offer, gifts of this kind Ministers should be guided by the rules laid down for their officials, and should seek the Prime Minister’s view in any case of doubt.
We are faced with the need for an urgent decision, if possible before Independence Day on Saturday, 24th October, on the problem of the mineral rights held by the British South Africa Company (Chartered) in Northern Rhodesia.

2. A historical summary of the problem is annexed.

3. The Northern Rhodesia Government claim that Chartered's title to the mineral rights is invalid "ab initio", and that successive United Kingdom Governments have been morally and legally at fault in recognising the title. They therefore demand that the United Kingdom Government should take steps to relieve them of all responsibility towards Chartered before independence. Otherwise they propose to expropriate the company without compensation. They are however prepared to make a "goodwill contribution" of £2 million towards any settlement provided that the United Kingdom Government make at least an equal contribution.

4. It is out of the question for any United Kingdom Government to accept at this stage the case of legal and moral responsibility urged against it by the Northern Rhodesia Government. It is perhaps not surprising that on two occasions (1923 and 1950) successive administrations - one Conservative and one Labour - decided to reach a compromise settlement on this complicated issue "out of court" rather than test the matter judicially. The present Government's position must, in particular, have regard to the obligation under the 1950 Agreement with Chartered to ensure "so far as it is possible to do so", when they cease to be responsible for Northern Rhodesia that a successor Government continues to abide by the Agreement. If we were to accept the Northern Rhodesia arguments, Chartered would undoubtedly start litigation against us (and may well do so if no settlement is reached and they are expropriated).

5. On the other hand, it is completely out of line with modern thinking to allow a country to proceed to independence with its entire mineral wealth owned by a British commercial company; and we shall be subject to criticism throughout the world if we do not solve the problem before independence.
6. The Northern Rhodesia Government are fully resolved to terminate the rights of Chartered on independence, if a settlement is not reached; and I am satisfied that public opinion in the territory supports them to such an extent that they would have no difficulty in a referendum for an act of expropriation.

7. The latter step would be the beginning of a dangerous chain of developments:

(i) The referendum would inevitably involve anti-British propaganda, which would be exploited and permanently taint our relations with what is potentially a very well-disposed new Commonwealth country.

(ii) Two dangerous lines of development could open. Zambia's credit in the world might suffer: and other powers, Eastern or Western, might seize the initiative. In either case, the result would be detrimental to our influence and considerable commercial interests in the country. If the effect on Zambia's credit was to make it difficult for the West generally to support Zambia, it would afford a major opportunity for extension of the new Chinese "cold-war front" in Africa, to which many Zambian Ministers would be receptive.

(iii) The "bush-fire" effect could lead to popular clamour either for expropriation of the copper companies or nationalisation of mines, which would also afford an opportunity for Russian or Chinese help against repayment in copper. We obtain nearly 40 per cent of our imports of copper from Northern Rhodesia. If these supplies were withheld from us, or developments led to a Western boycott of Northern Rhodesia, copper prices would soar and there would be unemployment in Britain.

In short, if the issue is not resolved, Zambia would well be set on a political and economic course very different from what we would wish to see.

8. Our broad political interests therefore argue strongly in favour of a United Kingdom Government initiative to reach a settlement before independence. In the present situation (with Chartered willing to accept £8 million and the Northern Rhodesia Government willing to contribute £2 million and to negotiate further on a settlement based on "combined action" by the two Governments), there is the prospect of a settlement if we are willing to make some contribution towards it.

9. The main difficulties in contributing towards any settlement are:

(a) It could be held to imply acceptance of the Northern Rhodesia Government's contention that legal and moral responsibility rests on us.
It might be a dangerous precedent with wide repercussions if the United Kingdom Treasury were to pay any part of compensation to a British company expropriated by another Government.

10. Both objections (as well as possible political criticism of devoting the taxpayers' money to compensation of a company which has made a fat profit in the past) are minimised if our contribution consists of a relatively small sum devoted to "bridging the gap" in order to achieve a solution of this politically charged issue. They would be further reduced if means could be found of avoiding any direct payment from the Exchequer to Chartered.

11. Moreover, there are solid grounds for arguing that the Chartered problem is unique and that a contribution to a negotiated and agreed settlement in the special circumstances of this case could not be regarded as establishing any precedent for liability in the case of expropriation of assets by an overseas Government in other circumstances. The Northern Rhodesia Government may be expected themselves to continue to emphasise the uniqueness of the issue, and have been at pains to deny any implication that they are set on a general policy of expropriation. In the United Kingdom, there has been considerable press and financial opinion expressed against the contention that a serious precedent is involved for Her Majesty's Government.

12. It is certain that the Northern Rhodesia Government could not contemplate paying more than half of any agreed sum, since to do so would mean abandoning their position of repudiating liability for the situation. I do not think we could contemplate paying more than half, if we are to avoid the appearance of accepting liability; but I suggest we could go so far as that without risk to our position.

13. I therefore recommend a settlement on the following lines for the urgent consideration of my colleagues:

   (i) The United Kingdom Government would agree in principle to share 50-50 with the Zambia Government in a final payment to Chartered, on the understanding that our contribution was "ex-gratia" and that the Northern Rhodesia Government withdrew all claims against us and Chartered.

   (ii) We would propose to the Zambia Government that we should jointly attempt to persuade Chartered to settle for £4 million.

   (iii) Chartered's rights would be immediately transferred to the Zambia Government, but payment to Chartered of the agreed figure would be effected in Zambia by allowing Chartered to continue to draw royalties on the present basis until such time as they had received the agreed sum net of tax. (This arrangement is devised to avoid income tax difficulties which
arise. Chartered's offer is "net of tax" which would be payable either in Northern Rhodesia or in the United Kingdom on any sum received in respect of sale of their rights. It is therefore necessary to find a method of payment which involves neither amending United Kingdom tax law - which must be ruled out - nor the Northern Rhodesia Government in voting a sum which has to be inflated to take account of the tax that would be levied).

(iv) The United Kingdom Government's half contribution to the compensation payment would be made to the Northern Rhodesia Government within the framework of general financial aid for the territory.

A. B.

Commonwealth Relations Office, S. W. 1

19th October, 1964
THE HISTORY OF THE PROBLEM OF THE CHARTERED COMPANY

The British South Africa Company ("Chartered") was given a charter in 1889 to open up Central Africa. Chartered actually administered Northern (and Southern) Rhodesia until 1923. Their agents obtained mineral concessions from Lewanika, the Paramount Chief of Barotseland and from other chiefs in the Eastern part of Northern Rhodesia. The rights thus acquired by Chartered were confirmed by the British Government.

2. For nearly fifty years doubts have been expressed about the validity and extent of Chartered's original rights on the grounds that in some cases they appear to have been obtained fraudulently and that in others the jurisdiction of the Chiefs concerned did not extend over the areas claimed. In 1921, following local European representations, a committee appointed by the Colonial Secretary under Lord Buxton recommended that the whole of Chartered's claims to land and minerals, insofar as they were open to doubt, should be referred to the Privy Council. The British Government agreed and framed a precise list of questions for the Judicial Committee.

3. Following a change of government, however, instead of reference to the Judicial Committee, an omnibus compromise settlement, known as the Devonshire Agreement, was reached in 1923. The main points in it were that the British Government:

(a) terminated Chartered's administration of Southern Rhodesia and bought the Company out for £3.75 m. in that territory;

- 1 -
(b) took over administration of Northern Rhodesia from Chartered which had incurred in the previous 3½ years losses there totalling £1.7m.;
(c) recognised Chartered as "the owner" of mineral rights acquired under concessions or treaties with Chiefs in Northern Rhodesia.

4. In 1938 the Governor, Sir Hubert Young sent a despatch to the Colonial Secretary arguing that there were large areas (including about half of the Copperbelt) in which there was great doubt about the validity of the Company's title; that it had not been the British Government's intention, certainly before 1923, to recognise Chartered in such wide areas; and that Chartered had deliberately misled the British Government about the extent of their concessions. The Colonial Secretary (Mr. Malcolm MacDonald) asked the Law Officers whether the British Government could either in law or (with especial regard to the Devonshire Agreement) in good faith, challenge Chartered's rights in areas shown to be suspect. The reply was negative especially in view of the 1923 agreement. Mr. MacDonald conveyed this view to the Governor. His despatch was published but carried little conviction locally.

5. After 1945 the controversy intensified because of the steep rise in copper prices. Sir Roy (then Mr.) Welensky led the attack. In 1948 the Colonial Secretary (Mr. Creech Jones) asked Law Officers whether the British Government could properly appoint a Commission to state the position definitively. The Law Officers' answer was again in the negative, both in law and in good faith "in the light of all that has gone before". The Law Officers also said that, though the British Government could not themselves cast
doubt on Chartered’s claims, it might be in order for the local legislature to do so. In that event the British Government must not participate prejudicially to Chartered’s interest. No Commission was appointed.

6. Instead in 1950 an Agreement was concluded between the British Government, the Northern Rhodesia Government and Chartered. Chartered gave up its ownership of the rights in perpetuity; instead, these pass to the Northern Rhodesia Government in 1966; until then Northern Rhodesia Government receive 20% of the royalties. The British Government are obliged in this Agreement to secure its observance until they cease to be responsible for Northern Rhodesia when they shall "so far as it is possible to do so" ensure that the successor government continues to abide by it.

7. Abortive negotiations took place in 1963 between Chartered and the Northern Rhodesian coalition government (in which UNIP only held 3 out of 10 portfolios) for that Government to buyout Chartered. A settlement might have been reached, on a figure in the region of £35 million; but negotiations broke down, mainly because of the inability of the British Government to furnish a guarantee of the arrangements proposed.

8. At the Northern Rhodesia Independence Conference in May 1964, the British delegation were obliged to accept that the Northern Rhodesian Government would not include in the independence constitution a provision which would specifically safeguard Chartered’s rights under this Agreement. It was, however, agreed that the "Bill of Rights" in the self government constitution (which contains provision against expropriation of property without compensation) should reappear in the Independence Constitution. The Northern
Rhodesian Government have subsequently sought to persuade the British Government that Chartered's mineral rights should be excluded from this provision.

9. Although at the time of the Independence Conference, the Northern Rhodesia Government were contemplating further early talks with Chartered, they later commissioned researches by Maxwell Stamp Associates and sought the advice of leading British Counsel. Early in September, they formally requested the British Government to relieve their country of all obligations to Chartered, before Independence Day on October 24th, for the following main reasons:

(a) Chartered's right to mineral royalties derived from concessions and treaties with Chiefs in the 1890's many of which were invalid because they were fraudulently obtained or relate to areas of land not within the Chief's jurisdiction or on similar grounds. In particular these treaties and concessions did not include the present Copperbelt.

(b) Despite long standing doubts on this score, and despite the acceptance by the British Government in 1922 of the recommendation of the Buxton Commission that Chartered's claims should be submitted to the Judicial Committee of the Privy Council the conclusion of the Devonshire Agreement in 1923 amounted to a deliberate refusal on the part of the British Government to test the validity of the claims. By this action the British Government, as protecting Power, "created an irresistible moral claim against itself".

(c) It was, therefore, dishonourable of the British Government to leave the Northern Rhodesian Government to incur the odium of amending the Constitution in
order to expropriate Chartered. The British Government should themselves "extinguish" Chartered's claims before independence. The Northern Rhodesian Government would make a "goodwill contribution" but the British Government must pay the rest.

10. Discussions under the chairmanship of the Lord Chancellor (Lord Dilhorne) took place in September when the Northern Rhodesian Minister of Finance (Mr. Wina) visited London. Mr. Wina advanced the arguments set out in paragraph 9. He refused to join in any tripartite meeting with Chartered. He offered £2 million as his Government's "goodwill contribution". The British Government took the view that they could not accept that they had legal or moral responsibility for extinguishing the rights, and that in any case they could not create a precedent by accepting the burden of compensation for British assets seized by an overseas government. Without prejudice to the position of either Government, the British Government sought to ascertain Chartered's lowest figure for a settlement. Chartered initially proposed £27 millions, and then dropped to £18 million. Both Mr. Wina and Chartered were told, without commitment, that the British Government might be ready to consider bridging a narrow gap, if the other two parties could get close together. No progress however could be made and the talks ended. On the same day Dr. Kaunda presented to Parliament in Lusaka a Bill for the holding of a referendum, so that the necessary constitutional changes could be made after independence in order to withdraw from Chartered the protection of the Bill of Rights.

11. Chartered informed Dr. Kaunda on 7th October that they
would accept £8 millions sterling net of tax. The Northern Rhodesian Government told us on 10th October that they considered that the responsibility lies with us, and that they are willing to assist in a settlement by making a contribution of £2 million. They add however that, without prejudice to their position, there now seems to be prospect of a settlement through "combined action" by the British Northern Rhodesia Governments: and they therefore hope that the British Government will be ready to proceed on the latest proposal by Chartered. No decision on what should now be done was reached by the previous Government before the general election.
Note by the Lord President of the Council

The Committee on The Queen's Speech have given preliminary consideration to contents of the Speech. We have at this stage considered primarily what commitments to legislation we should undertake in the Speech.

2. There is a number of Bills which will be essential; they include measures on the machinery of Government and on the number of Ministers in the House of Commons. These essential Bills will not make great demands on Parliamentary time and it is not imperative to mention any of them in the Speech.

3. We cannot of course set out in the first Session of Parliament to carry all or even a greater part of the legislation required to implement all the policies on which we fought the election. We are agreed that in the first Session we should have legislation on rent control, land, iron and steel and leasehold enfranchisement. The draft Speech annexed refers to Bills on these subjects and also to Bills on racial discrimination, capital punishments, Law Commissioners and the Parliamentary Commissioner for the investigation of grievances. We seek at this stage our colleagues' agreement to these references in the Speech. It will be useful to us to have the Cabinet's views on the remainder of the Speech and on other Bills which should be introduced in the first Session and which would not cost money.

4. The Chancellor of the Exchequer is considering with the Ministers concerned the order of priorities we should establish among Bills which would cost money. These include, for example, the abolition of National Health Service charges, pension increases and other changes in the National Insurance system, and the Guaranteed Minimum Income. At this stage such measures are covered by sections in the draft Speech which are shown in square brackets. In the light of those discussions and of the Cabinet's views we will prepare a further draft Speech for consideration by the Cabinet.
5. We are advised that a number of relatively minor and uncontroversial Bills are in an advanced state of preparation. We shall consider shortly which of these may be taken in to occupy any Parliamentary time available in the first part of the Session; at the same time we shall ask Departmental Ministers for their other proposals for legislation and will thereafter submit a programme for legislation to the Cabinet.

H. B.

Whitehall, S. W. 1

20th October, 1964
My Lords and Members of the House of Commons,

My Husband and I look forward with pleasure to our forthcoming visits to Ethiopia and the Sudan and to the Federal Republic of Germany. We were glad to revisit Canada last month to attend the centennial celebrations commemorating the conferences held at Charlottetown and Quebec City in 1864 and to pay a further visit to Ottawa.

2. In international affairs it will be the principal purpose of My Ministers to seek to reduce East-West tension. To this end they will give renewed and more vigorous support to the United Nations in its vital role of freeing the world from the threat of war; and they will consider how this country can make a more effective contribution to the Organisation's peace-keeping capability. They will seek to encourage further progress towards disarmament and to contribute to other steps which will permit the East-East conflict to be replaced by international co-operation in promoting peace and security throughout the world.

3. My Government reaffirm their support for the basic concept of the Atlantic Alliances, and will continue to play their full part in the North Atlantic Treaty Organisation and in the other regional organisations for the defence of the free world. They will review defence policy to ensure, by relating our commitments and our resources, that My Armed Forces are able to discharge their many tasks overseas with the greatest effectiveness and economy. In particular, they will make constructive proposals for renewing the interdependence of the Atlantic Alliance in relation to nuclear weapons, in an endeavour to prevent duplication of effort and to control the dissemination of weapons of mass destruction.

4. My Ministers will endeavour to promote fresh action to reduce the disparities of wealth and opportunity between the peoples of the world, which, accentuated by racial prejudices, are one of the main causes of tension. They will seek, in co-operation with other countries and with the agencies of the United Nations, to promote the social and economic advance of the developing nations and to help them to take full advantage of the opportunities for expanding their trade.

5. My Ministers will have a special regard to the unique role of the Commonwealth, which reproduces within itself so many of the problems and opportunities of the world. They will foster the Commonwealth connection on a basis of racial equality and close consultation between Member Governments and will promote Commonwealth collaboration in trade, economic development and educational, scientific and cultural contacts and in other ways.

6. A Bill will be introduced to make provision for the independence of Gambia.

Members of the House of Commons.

7. Estimates for the public services will be laid before you.
My Lords and Members of the House of Commons.

8. The foundation of the country's influence abroad is a sound and expanding economy at home; and My Government will be concerned, above all, to maintain the strength of sterling and to promote the renewed economic growth which is essential to all their other policies. Plans are being prepared to promote economic development both centrally and regionally, and to ensure that full advantage is taken of modern developments of scientific research and applied technology.

9. My Government will initiate early action to re-establish the necessary public ownership and control of the iron and steel industry.

10. They will foster the continued technical progress of agriculture; will promote improvements in marketing and work for the integration of imported supplies with home production, both by supporting the conclusion of international commodity agreements and in other ways.

11. In co-operation with the Trade Unions and the employers' organisations My Ministers will seek the elimination of restrictive practices, on both sides of industry, which impair the development of the full potential of the economy and the competitive power of British industry. A Bill will be introduced to secure freedom of industrial negotiation.

12. With a view to ensuring to all sections of the community a fair share of the benefits of rising productivity, My Government will initiate reforms in taxation and improvements in the arrangements for local government finance; promote greater stability of prices; help men and women in employment to respond to a changing pattern of production; and seek to ensure that the growth of incomes, in all their forms, is more closely related to the growth of productivity.

13. My Government will have particular regard for those on whom age, sickness and personal misfortune impose special disabilities. As the initial steps in reconstructing the national schemes of social security they will review the existing National Insurance benefits; they will promote legislation to provide for the introduction of wage-related short-term unemployment, sickness and widows' benefits, with related changes in contributions; and they intend to ensure that benefits are supplemented, where necessary, in a manner consistent with social justice and personal dignity.

14. Vigorous action will be proposed to improve and modernise the other social services. My Ministers will take steps to enlarge educational opportunities and will give particular priority to increasing the supply of teachers. Legislation will be introduced to establish new machinery for determining teachers' pay; and a Bill will be laid before you for the governance of the teaching profession in Scotland.

15. The health and welfare services will be energetically developed. Steps will be taken to increase the number of doctors and other trained staff, and the hospital building programme will be reviewed. Prescription charges for medicines will be abolished.
16. My Government will initiate a vigorous housing policy, directed to producing more houses at lower cost. For this purpose they will establish as rapidly as possible a Crown Lands Commission, which will purchase for the community land on which building or rebuilding is to take place. They will also promote legislation to restore the control of rents. A Bill will be introduced to enable holders of long leases to buy the land on which their houses stand.

17. My Government will promote the modernisation of the construction industry; and the application of its resources to the most urgent needs of the community. In conjunction with a progressive transport policy and a system of comprehensive regional planning, these measures will be directed to providing a fresh social environment in keeping with the needs and aspirations of the times.

18. My Government will be actively concerned to improve the penal system and the arrangements for the after-care of offenders, and to make more effective the means of sustaining the family and of preventing and treating delinquency, especially among the young. You will be given an opportunity to consider the abolition of capital punishment.

19. Other measures will be laid before you.

20. In all their policies My Government will be concerned to safeguard the liberties of My subjects. They will take action to deal with racial discrimination and to promote the integration of immigrants from other countries of the Commonwealth into the community. They will propose the appointment of Law Commissioners to advance the reform of the law, and will propose new measures for the impartial investigation of individual grievances. In so doing they will be acting in the spirit which has always animated Parliament, whose seven hundredth anniversary will be recorded in this Session. In that same spirit I pray that the blessing of Almighty God may rest upon your counsels.
20th October, 1964

CABINET

PUBLIC EXPENDITURE

Note by the Chancellor of the Exchequer

I am circulating this note, following yesterday's Cabinet meeting, to set out the immediate action to be taken about public expenditure.

2. First, and most important, we are agreed that this Government will take the expenditure decisions together, and not piecemeal. Our expenditure decisions will then fit into a coherent plan.

3. Second, the commitments already entered into by the previous Government have already mortgaged the prospective increase of revenue based on a 4 per cent growth rate; so that our new proposals will have to be matched by raising additional revenue - unless of course we can get some big immediate savings.

4. We shall need to outline our expenditure policies in The Queen's Speech, and I ask my colleagues to let me have by Thursday evening estimates of the cost of their proposals in 1965-66 and in a full year. We shall need to work on a full public expenditure basis, and not simply expenditure from Votes. I will arrange a meeting early next week to sort these out, and so to give us the basis for deciding which proposals shall go forward in The Queen's Speech.

5. We shall then have to consider the 1965-66 Estimates. I shall be grateful if these can be submitted to the Treasury by 1st December. As we agreed, my colleagues, in submitting them, will distinguish between the cost of new policies and the cost of the policies already going on.

6. I know that my colleagues will go through their Estimates with great care, and cut them right down; and there may well be wasteful expenditures embarked upon by our predecessors, of low social priority, which could be eliminated straight away.

7. We shall also have to look at the longer period of expenditure commitments, covering actual expenditures in the period from 1964-65 to 1968-69. There is now a regular process of annual reviews of public expenditure four years ahead; and I have asked the Treasury to arrange for the estimates made earlier this year to be revised and brought forward in the next weeks so that by the time the difficult decisions on the Estimates have to be taken, we shall be able to do this in the light of the forward situation.
8. I therefore ask my colleagues to:

(i) let me have by Thursday evening the financial implications of the proposals which they wish to include in The Queen's Speech;

(ii) submit their Estimates by 1st December distinguishing between the cost of new policy and the cost of existing services;

(iii) cut down their Estimates as far as possible, with particular regard to cutting out services of low priority.

L. J. C.

Treasury Chambers, S.W.1

20th October, 1964
CABINET

IRON AND STEEL NATIONALISATION

Memorandum by the Minister of Power

I should like to give my colleagues an outline of the proposals which I have in mind for handling iron and steel nationalisation.

1. Scope of Nationalisation

I think we should concentrate on the 13 large undertakings (including Richard Thomas and Baldwins, already in public ownership) which comprise over 90 per cent of the pig iron and crude steel capacity in the country. Included in the 13 undertakings are three concerns which are subsidiaries of major engineering groups - English Steel Corporation (a subsidiary of the Vickers group); G.K.N. Steel Company Limited (a subsidiary of the G.K.N. group); and the Iron and Steel Division of Tube Investments Limited. These three cases will pose some complex problems of definition and drafting if we are to avoid a hybrid Bill which would involve special Parliamentary procedure, and this may require further examination; but I am assuming for the moment that we should include the steel-making parts of these groups in our nationalisation proposals.

2. Method of Nationalisation

I think we should proceed by transferring the shares of the Companies to be nationalised to a new Central Authority, as was done in the Iron and Steel Nationalisation Act 1949, but, in order to make a clean break with the past and to ensure that the structure of the industry is reorganised as quickly as possible, we should provide in the Bill that the Central Authority is to draw up schemes for reorganising the industry which, if approved by the Minister, would be put into effect by Statutory Instrument. This will enable the Central Authority to base its proposals for reorganisation on the knowledge of the industry which it has acquired by taking over and running the Companies, and, once the reorganisation has been carried out, it will be no less irreversible than if it had been laid down in the Bill itself.

3. Compensation

If we follow the precedents of previous nationalisation Acts, the compensation would be based on the Stock Exchange value of the shares at some specified date or dates. This may be open to criticism in the case of the steel industry on the ground that the Stock Exchange values, influenced as they are by expectations of dividend distributions and political uncertainties, greatly under-rate the true values of the Companies, whether in terms of values of assets or in terms of capitalised earnings. There is no need to take a final decision about this at the present stage: I suggest that the matter should be remitted to officials for examination.
4. Iron and Steel Federation

It will be essential to secure control of the trading subsidiaries of the British Iron and Steel Federation (B.I.S.C., O.R.E., etc.) which handle centrally the imports and shipping of iron ore, and, as such, occupy a key position in the industry. The company structure of these subsidiaries is extremely complex. It will need careful examination to ensure that the property and rights of the nationalised Companies in them are properly protected. Some special provision in the Bill to safeguard this may well be necessary.

We shall also have to consider whether any special provision should be made to safeguard the position of the new Central Authority and the publicly-owned Companies in relation to the Federation generally. For this we shall have to obtain detailed information about the way in which the Federation, and the conferences which compose it, work.

5. Iron Ore

The Companies to be nationalised account for about 95 per cent of current United Kingdom production of iron ore, and control about 60 per cent of workable reserves. In the short term, therefore, there will be no problem about iron ore, and I do not propose to complicate the nationalisation Bill by including in it provision for nationalising ore in the ground. I think this should be left for later consideration as part of the question of the nationalisation of mineral rights generally.

6. Procedure and Timetable

Even a simplified, streamlined measure such as I am proposing will throw up some complex problems in the preparation and drafting of the Bill - some of them requiring factual investigations, for which consultation with the organisations in the industry will be necessary. It will not be easy to steer a course which will keep us clear of the hybrid procedure in Parliament. We ought, in any case, to take time for consultation with the industry itself and with other interested organisations before committing ourselves in detail to a nationalisation scheme. It is very doubtful whether we could have a properly prepared Bill ready for introduction in Parliament before at least half-way through the Session, which seems rather late for a Bill of this magnitude.

I think we shall make a much better job of it, both politically and in every other way, if we make a firm statement of our intentions as soon as possible, but prepare for the introduction of the Bill itself at the beginning of the second Session of Parliament, rather than try to rush it through in the second half of the first Session. My proposals, therefore, for the plan of campaign and the timetable are as follows:

(a) We should set up an interdepartmental committee with instructions to report to Ministers not later than the end of November on the main features of the nationalisation scheme.
(b) We should include in The Queen's Speech some such words as the following:

"My Ministers will initiate early action to re-establish the necessary public ownership and control of the iron and steel industry".

(c) We should amplify this in the Debate on the Address, giving a firm statement of our intention to take into public ownership the main part of the iron and steel industry, and promising to present to Parliament early in the New Year a White Paper setting out the general lines of our proposals.

(d) We should issue the White Paper as soon as possible after we have considered the interdepartmental committee's report and taken our decisions on it.

(e) Having thus stated our intentions firmly, we should carry out consultations with the industry and other organisations within the policy framework of the White Paper.

(f) At the same time and in the light of these consultations we should give instructions for a Bill to be prepared and to be brought to a state of readiness for introduction at the beginning of the next Session.

I think that action on these lines will make a good firm impact, while at the same time we shall not be rushing into detailed proposals which have not been properly thought out; and I think that this plan of campaign should fit in well with our Parliamentary timetable. I should be glad to know whether my colleagues agree.

F. L.

Ministry of Power, S. W. 1

21st October, 1964
CABINET

THE QUEEN'S SPEECH ON THE OPENING OF PARLIAMENT

Note by the Lord President of the Council

The Committee on The Queen's Speech have prepared the annexed revised draft of the Speech on the Opening of Parliament.

2. The draft contains firm commitments to introduce legislation on the following subjects -

   - Gambia Independence
   - Highland Development Board
   - Rookes v. Barnard
   - Company Donations to Political Parties
     (It may prove possible to do this by regulation)
   - National Insurance
   - Teachers Remuneration
   - Education (Scotland)
   - Rent Control
   - Capital Punishment (which might be by Private Members' Bill)
   - Racial Discrimination
   - Law Commissioners
   - Parliamentary Commissioner

3. The Speech also contains statements of intention on the following subjects which are not specific commitments to governmental legislation in this Session -

   - Iron and Steel
   - Crown Lands Commission
   - Leasehold Enfranchisement

4. The President of the Board of Trade has urged strongly that the Speech should contain a firm commitment to legislate on Monopolies, Mergers and Restrictive Practices. The Committee do not think it advisable at this stage to add this substantial Bill to our other firm commitments but have inserted in paragraph 9 of the draft Speech a form of words which leaves open the question whether a Bill on this subject will be introduced in the first Session. The Committee would propose in the near future to submit to the Cabinet proposals for the legislative programme for the full Session and we can at that stage take the view on the possibility of including a Monopolies Bill in the programme.
5. The reference to prescription charges, which is shown in square brackets in paragraph 16, will have to be decided in the light of the Cabinet’s discussion of the paper by the Chancellor of the Exchequer (C.(64) 7).

6. The Cabinet will wish to consider particularly the wording of the Speech relating to leasehold enfranchisement (paragraph 18), having regard to the commitments made during the Elections.

H.B.

Whitehall, S. W. 1.

27th October, 1964
ANNEX

DRAFT OPENING SPEECH

My Lords and Members of the House of Commons

My Husband and I look forward with pleasure to our forthcoming visits to Ethiopia and the Sudan and to the Federal Republic of Germany. We were glad to be in Canada last month to attend the centennial celebrations commemorating the conferences held at Charlottetown and Quebec City in 1864 and to pay a further visit to Ottawa.

2. In international affairs it will be the principal purpose of My Ministers to seek to reduce East-West tension. To this end they will give renewed and more vigorous support to the United Nations in its vital role of freeing the world from the threat of war; and they will consider how this country can make a more effective contribution to the Organisation's peace-keeping capability. They will seek to encourage further progress towards disarmament and to contribute to other steps which will permit the East-West conflict to be replaced by international co-operation in promoting peace and security throughout the world.

3. My Government reaffirm their support for the basic concept of the Atlantic Alliances, and will continue to play their full part in the North Atlantic Treaty Organisation and in other organisations for the defence of the free world. They will review defence policy to ensure, by relating our commitments and our resources, that My Armed Forces are able to discharge their many tasks overseas with the greatest effectiveness and economy. In particular, they will make constructive proposals for renewing the interdependence of the Atlantic Alliance in relation to nuclear weapons, in an endeavour to prevent duplication of effort and the dissemination of weapons of mass destruction.

4. New arrangements have been made to aid and encourage the economic and social advance of the developing nations, including the remaining dependent territories. My Ministers will also endeavour to promote the expansion of trade to this end, and they will seek, in co-operation with other countries and the United Nations and its agencies, to stimulate fresh action to reduce the growing disparities of wealth and opportunity between the peoples of the world.
5. My Ministers will have a special regard to the unique role of the Commonwealth, which reproduces within itself so many of the problems and opportunities of the world. They will foster the Commonwealth connection on a basis of racial equality and close consultation between Member Governments and will promote Commonwealth collaboration in trade, economic development and educational, scientific and cultural contacts and in other ways.

6. My Government will continue to play a full part in the European organisations of which this country is a member and will seek to promote closer European co-operation.

7. A Bill will be introduced to provide for the independence of the Gambia.

Members of the House of Commons

8. Estimates for the public services will be laid before you.

My Lords and Members of the House of Commons.

9. At home My Government's first concern will be to maintain the strength of sterling by dealing with the short-term balance of payments difficulties and by initiating the longer-term structural changes in our economy which will ensure purposeful expansion together with a healthy balance of payments. Our industries will be helped to gain the full benefits of advances in scientific research and applied technology. Steps will be taken to free them from the restraints of monopolies, mergers and restrictive practices. Central and regional plans to promote economic development, with special reference to the needs of the under-employed areas of the country, are being prepared. New arrangements will ensure proper attention to the needs of Wales. Legislation will be introduced to provide for the appointment of a Highland Development Board.

10. My Government will initiate early action to re-establish the necessary public ownership and control of the iron and steel industry.

11. To foster the health and prosperity of agriculture, they will continue guarantees under the existing Acts and promote measures to secure better marketing arrangements for farm produce. They will encourage the development of the fishing industry and the steady expansion of forestry.
12. My Government will call on trade unions and employers' organisations to co-operate in eliminating the restrictive practices, on both sides of industry, which impair our competitive power and the development of the full potential of the economy. They will take vigorous steps to improve the arrangements for industrial training and for the retraining of workers changing their employment. A Bill will be introduced to give workers and their representatives the protection necessary for freedom of industrial negotiation.

13. To the end that all may share the benefits of rising productivity, My Ministers will seek more stable prices, reforms in taxation, better arrangements for local government finance and a closer relationship between the increase in productivity and the growth of incomes in all their forms. They will pay special attention to protecting the interests of consumers.

14. Action will be taken to require public companies to disclose in their accounts any donations made to political parties.

15. My Government will have particular regard for those on whom age, sickness and personal misfortune impose special disabilities. They believe that radical changes in the national schemes of Social Security are essential to bring them into line with modern thought and needs. They will therefore embark at once upon a major review of these schemes. Meanwhile, they will take steps to increase existing rates of National Insurance and associated benefits.

16. Vigorous action will be proposed to modernise and develop the other social services. Steps will be taken to increase the number of doctors and other trained staff. Prescription charges for medicines will be abolished.

17. My Ministers will enlarge educational opportunities and give particular priority to increasing the supply of teachers. Bills will be introduced to establish new machinery for determining teachers pay in England and Wales and for the governance of the teaching profession in Scotland.

18. My Government will pursue a vigorous housing policy directed to producing more houses of better quality, and will promote the modernisation of the construction industry. They will introduce legislation to restore control of rents. They will establish as rapidly as possible a Crown Lands Commission with
wide powers to acquire land for the community. They are examining means of providing for leasehold enfranchisement. In conjunction with a progressive transport policy and a system of comprehensive regional planning, these measures will be directed to providing a fresh social environment in keeping with the needs and aspirations of the time.

19. My Government will be actively concerned to build up the strength and efficiency of the police, to improve the penal system and the after-care of offenders, and to make more effective the means of sustaining the family and of preventing and treating delinquency. You will be invited to consider the abolition of capital punishment.

20. Other measures will be laid before you.

21. In all their policies My Government will be concerned to safeguard the liberties of My subjects. They will take action against racial discrimination and promote full integration into the community of immigrants who have come here from the Commonwealth. They will propose the appointment of Law Commissioners to advance reform of the law, and will propose new measures for the impartial investigation of individual grievances. In so doing they will be acting in the spirit which has always animated Parliament, whose seven hundredth anniversary will be recorded in this Session. In that same spirit I pray that the blessing of Almighty God may rest upon your counsels.
CABINET

QUEEN’S SPEECH: PUBLIC EXPENDITURE

MEMORANDUM BY THE CHANCELLOR OF THE EXCHEQUER

I asked my colleagues to let me know the increases in public expenditure in 1965–66 that they were considering, so that we could look at the priorities before settling The Queen’s Speech. Fifteen of them replied, very clearly, and we have had a useful and helpful discussion.

2. First, we are working with the intention of a full period of office. We have made pledges that we intend to carry out. But it is manifestly impossible to carry out more than a few of them in the first year; particularly when our first preoccupation must be to get the economy right.

3. Second, it is absolutely clear that the increases of expenditure which we incur must be matched by additional taxes. The natural expansion of the revenue is fully absorbed, and probably more, by the increases of expenditure in the programmes which we have inherited. I hope we shall reshape these programmes, and increase some and reduce others. But this cannot happen very fast.

4. Third, the economic situation and the righting of the balance of payments are likely to call for more taxes, apart altogether from the taxes required to balance our proposals for new expenditure.

5. In The Queen’s Speech, there are only two specific questions to decide:
   (i) national insurance (N.I.);
   (ii) abolition of prescription charges.

6. But we must keep all the other claims in mind. We do not need to decide them yet; and some of them cannot yet be decided. Many will be settled in the Estimates, and so on. We must leave room for the most important of them.

7. The proposals which we have discussed are in the Annex, shown as public sector expenditure (central and local government, N.I. Funds, etc.) and Exchequer. The difference, broadly speaking, is financed by local rates and N.I. contributions. Shifting from Exchequer to contributions and vice versa does not really affect the burden. The severance pay (£8–15 million) paid for by employers is rather similar.
8. We discussed the various points fully. My approach is to concentrate the maximum benefit on one single item and I think we are all agreed that the pensioners take pride of place. On the other hand the sum involved is so large that by selecting this one item I am forced to rule out a number of other items. For example:

(i) Transfer from local rates to taxes: this cannot now take effect in 1965–66. On the other hand, consistent with our desire to help the elderly, I should like to meet the Minister of Health's proposal to put the cost of old people's homes on general grant.

(ii) This year we shall need to find ways of helping the owner-occupier other than by reducing interest rates. I am exploring other more indirect possibilities.

(iii) In order to establish proper priorities, increases in public service construction in 1965–66 and for subsequent years should be considered in the light of the prospective load, private and public, on the construction industries, and their ability to meet it.

9. The total cost of all the major proposals is £410–430 million, of which £217–238 million falls on the Exchequer, as follows:

<table>
<thead>
<tr>
<th></th>
<th>£ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>National insurance (12s. 6d.)</td>
<td>126</td>
</tr>
<tr>
<td>Prescription charges for medicines</td>
<td>22</td>
</tr>
<tr>
<td>Transfer of old people's homes</td>
<td>18</td>
</tr>
<tr>
<td>&quot;Other&quot;</td>
<td>51–71</td>
</tr>
<tr>
<td></td>
<td><strong>217–238</strong></td>
</tr>
</tbody>
</table>

10. By way of illustration, an increase of 6d. a gallon on petrol and derv would raise £93 million of revenue. 6d. on cigarettes, 2d. on beer and correspondingly on wine and spirits would raise £152 million.

11. Two items which could represent substantial savings to offset part of the cost are savings on the subsidy to the railways and defence. The present railway subsidy is very considerable. Consistent with our transport policy, which we outlined during the election, we must secure a substantial saving from railway closures. As regards defence, I have not thought it right to take any credit at this stage for possible savings, but I propose to enter into early discussions with the Secretary of State for Defence about the best way of tackling this important sector of expenditure.

12. To sum up, if reasonable room is to be left for the "other" items and at the same time an impossibly heavy tax bill is to be prevented, I must ask my colleagues to support me in the following proposals:

(i) We should concentrate the maximum weight of the additional expenditure on the National Insurance benefits. On this basis I can see my way to a 10s. increase in benefits representing an Exchequer payment of
£90 million. The increased benefits would include the abolition of the widows earnings rule and lifting the "10s. widow" up to 30s. The details of the contributions and division between employee and employer can be left for further discussion.

(ii) I adhere to the commitment to remove prescription charges and regard it as a high priority, but we cannot do it this session.

(iii) I am ready to agree to the expenditure of £18 million involved in the transfer of old people’s homes from local authorities to the Exchequer.

L. J. C.

Treasury Chambers, S.W. 1,
27th October, 1964.

ANNEX

MAJOR PROPOSALS FOR EXPENDITURE

Addition in 1965-66

£ million

<table>
<thead>
<tr>
<th>Description</th>
<th>£ million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>National Insurance/Assistance</strong></td>
<td></td>
</tr>
<tr>
<td>Increase from April 1965 of 12s. 6d. (single) and 21s. (married)</td>
<td>258</td>
</tr>
<tr>
<td>“10s. widow” up to 30s.</td>
<td>7-8</td>
</tr>
<tr>
<td>Abolition of widows earnings rule</td>
<td>6-7</td>
</tr>
<tr>
<td>Industrial injuries (22s. 6d.)</td>
<td>14</td>
</tr>
<tr>
<td>War pensions (22s. 6d.)</td>
<td>17</td>
</tr>
<tr>
<td>National assistance (12s. 6d.)</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>324</td>
</tr>
<tr>
<td><strong>Health (England and Wales and Scotland)</strong></td>
<td></td>
</tr>
<tr>
<td>Abolishing prescription charges for medicines</td>
<td>22(²)</td>
</tr>
<tr>
<td>Cost of residential welfare accommodation (mainly old peoples’ homes)</td>
<td>18</td>
</tr>
<tr>
<td><strong>Labour Deployment</strong></td>
<td></td>
</tr>
<tr>
<td>Expansion of Government training centres</td>
<td>9</td>
</tr>
<tr>
<td>Severance pay</td>
<td>1½(³)</td>
</tr>
<tr>
<td>Other services</td>
<td>2½</td>
</tr>
<tr>
<td></td>
<td>13</td>
</tr>
</tbody>
</table>

Total public sector Exchequer expenditure

<table>
<thead>
<tr>
<th>Total Public Sector Exchequer Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>£ million</td>
</tr>
<tr>
<td>National Insurance/Assistance</td>
</tr>
<tr>
<td>Increase from April 1965 of 12s. 6d. (single) and 21s. (married)</td>
</tr>
<tr>
<td>“10s. widow” up to 30s.</td>
</tr>
<tr>
<td>Abolition of widows earnings rule</td>
</tr>
<tr>
<td>Industrial injuries (22s. 6d.)</td>
</tr>
<tr>
<td>War pensions (22s. 6d.)</td>
</tr>
<tr>
<td>National assistance (12s. 6d.)</td>
</tr>
<tr>
<td>Health (England and Wales and Scotland)</td>
</tr>
<tr>
<td>Abolishing prescription charges for medicines</td>
</tr>
<tr>
<td>Cost of residential welfare accommodation (mainly old peoples’ homes)</td>
</tr>
<tr>
<td>Labour Deployment</td>
</tr>
<tr>
<td>Expansion of Government training centres</td>
</tr>
<tr>
<td>Severance pay</td>
</tr>
<tr>
<td>Other services</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

£ million |
| 126      |
| 22       |
| 18       |
| 9        |
| 1½(³)    |
| 2½       |

SECRET
<table>
<thead>
<tr>
<th>Education (England and Wales and Scotland)</th>
<th>Total public sector Exchequer expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 per cent increase in teachers’ salaries,</td>
<td>217-238</td>
</tr>
<tr>
<td>in addition to “cost of living increase”</td>
<td></td>
</tr>
<tr>
<td>Minor capital works, etc. say 6</td>
<td></td>
</tr>
<tr>
<td>Universities and C.A.Ts. say 6</td>
<td></td>
</tr>
<tr>
<td>Additional grants to Research Councils</td>
<td></td>
</tr>
<tr>
<td></td>
<td>45(4)</td>
</tr>
<tr>
<td></td>
<td>32</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>2(6)</td>
</tr>
<tr>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>410-430</td>
</tr>
</tbody>
</table>

Notes:

(4) Proposed increase in contributions 2s. for employee and 3s. 3d. for employer (instead of 2s. 9d. each on present formula; and £15 million more from Exchequer than on present formula). Alternative distributions would be possible.

(5) The cost of severance pay estimated at £8-15 million a year, to be borne by employers. This would be equivalent to increased employers’ contribution.

(6) Increases in hospital building and annual hospital running expenses of £6-7 million in 1966-67 and £12-14 million a year in 1967-68, etc. (England and Wales), and increases in Scotland.

(7) Further 5 per cent special pay increase in April 1966: Teacher training expansion and other teacher supply cost; and additional university grants. These would involve increases (over and above the increase of about 6 per cent per annum in real terms provided in existing programmes) rising to perhaps £120 million a year. Broadly speaking something over 60 per cent of local authority education is financed by general grant and rate deficiency grant.

(8) Minister of Overseas Development intends to review the aid programme, with the aim of working it up to, say, £220 million a year, compared with the present figure of about £195 million (1 per cent of G.N.P. is £265 million). This includes additional £4 million a year for technical assistance. No estimate can yet be made of the additional expenditure which would take place in 1965-66; and the figures are shown in square brackets accordingly.

(9) Items with relatively small financial implications which the Chief Secretary is discussing separately with the Ministers concerned.
CABINET

PROPOSALS FOR EXPENDITURE:
AN INCREASE IN SOCIAL SECURITY BENEFITS

Memorandum by the Minister of Pensions and National Insurance

We are all agreed that we should give priority to improvements in the social field. Our more radical plans for a fully graduated system and our proposals for Income Guarantee will take time to work out in detail. The need to make an immediate impact in this field has led me to conclude that we ought to proceed immediately with an all-round increase in social security benefits. This would be in accordance with the undertaking in our Manifesto that these benefits will be raised. There is in any event a good case on general grounds for an increase in these benefits. It is now about eighteen months since they were last increased, and the present rates are steadily losing value. For technical reasons, about four months is the minimum period needed from the presentation of a Bill to bring new rates of benefit into operation. In fact, the earliest date by which we can expect to get higher rates into payment is the beginning of April next year, which will be nearly two years after the last increase.

2. Another factor which we have to take into account is that under existing legislation national insurance contributions are due to go up at the beginning of next April without any accompanying increases in benefits. This is the first of the four quinquennial increases in contributions provided for in the 1959 Act to meet the growing cost of retirement pensions. Legislation would be necessary to avoid this happening. If we go now for an all round increase in benefits, we can deal with the contribution position at the same time in the way best fitted to our own plans.

The amount of a national insurance increase

3. The immediate question which arises is the amount of the increase to be made in the standard rate of national insurance benefit. I estimate that by next April the rise in the cost of living, as measured by the Retail Prices Index, since the last increase in May, 1963, will justify an addition of about 5s. on the standard rate of 67s. 6d. But in recent years increases in national insurance rates have been made by reference to the rise in average earnings rather than merely the rise in prices. It would be difficult for us to take a lower standard. The rise in earnings by next April since the last increase in benefits is expected to be about 13 1/2 per cent, which would justify an increase in the 67s. 6d. rate of very nearly 10s. This seems to me to be the absolute minimum increase we
could make next April. In fact, I propose that we should do a little better than this and provide for an increase of 12s. 6d., giving a new standard rate of £4 a week for the single person. This would provide us with a rate of benefit which we could reasonably expect to hold for a long enough period to develop our more radical plans. But I am not thinking only in terms of tactical advantage. In our Manifesto, we made a point of saying that social security benefits have been allowed to fall below minimum levels of human need and by doing rather better than would be necessary to match the rise in earnings we should be manifestly making a start to put matters right.

4. Although an increase of 12s. 6d. in the standard rate would be the largest increase in cash terms since 1948, it would not be as big a percentage as the 10s. increase on £2 to £2. 10s. in 1958 so that we could hardly be accused of profligacy. Moreover the last of the Conservative Government's increases in May, 1963 set a precedent for improving benefits beyond the rise in earnings. The 10s. increase then introduced was about three times what the increase in the Retail Prices Index and twice what the increase in average earnings would have justified. The circumstances were special in that the increase followed the period of the pay pause, which had artificially limited the increase in prices and earnings, but even allowing for this an increase in benefits somewhat beyond the rise in earnings could be defended on this precedent.

5. I would propose an increase in the wife's pension of 8s. 6d. from 41s. 6d. to £2. 10s. This would give a married couple a joint pension of £6. 10s. a week. The increase for a child would be 2s. 6d. from 20s. to 22s. 6d. The amount for a widow's child would go up from 37s. 6d. to 40s. A corresponding increase in the 100 per cent disablement pension rate under the Industrial Injuries and War Pensions schemes would be 20s., from 115s. to 135s.

National Assistance

6. On this occasion I am convinced that an increase in national insurance benefits would have to be accompanied by an increase of the same amount in national assistance. Otherwise the poorest beneficiaries would not get the full benefit of the increases.

Widows

7. I would also propose that we should include in our legislation two improvements of widows' benefits.

(i) The 10s. widow's pension

We are committed to increasing this pension from 10s. to 30s. There is the possibility of repercussions on other benefits which have not been increased over the years to take account of falling values, in the industrial injuries and war pensions schemes. But I think we should be able to resist pressure for other improvements, at any rate for the present.
could make next April. In fact, I propose that we should do a little better than this and provide for an increase of 12s. 6d., giving a new standard rate of £4 a week for the single person. This would provide us with a rate of benefit which we could reasonably expect to hold for a long enough period to develop our more radical plans. But I am not thinking only in terms of tactical advantage. In our Manifesto, we made a point of saying that social security benefits have been allowed to fall below minimum levels of human need and by doing rather better than would be necessary to match the rise in earnings we should be manifestly making a start to put matters right.

4. Although an increase of 12s. 6d. in the standard rate would be the largest increase in cash terms since 1948, it would not be as big a percentage as the 10s. increase on £2 to £2. 10s. in 1958 so that we could hardly be accused of profligacy. Moreover the last of the Conservative Government’s increases in May, 1963 set a precedent for improving benefits beyond the rise in earnings. The 10s. increase then introduced was about three times what the increase in the Retail Prices Index and twice what the increase in average earnings would have justified. The circumstances were special in that the increase followed the period of the pay pause, which had artificially limited the increase in prices and earnings, but even allowing for this an increase in benefits somewhat beyond the rise in earnings could be defended on this precedent.

5. I would propose an increase in the wife’s pension of 8s. 6d. from 41s. 6d. to £2. 10s. This would give a married couple a joint pension of £6. 10s. a week. The increase for a child would be 2s. 6d. from 20s. to 22s. 6d. The amount for a widow’s child would go up from 37s. 6d. to 40s. A corresponding increase in the 100 per cent disablement pension rate under the Industrial Injuries and War Pensions schemes would be 20s., from 115s. to 135s.

National Assistance

6. On this occasion I am convinced that an increase in national insurance benefits would have to be accompanied by an increase of the same amount in national assistance. Otherwise the poorest beneficiaries would not get the full benefit of the increases.

Widows

7. I would also propose that we should include in our legislation two improvements of widows’ benefits.

(i) The 10s. widow’s pension

We are committed to increasing this pension from 10s. to 30s. There is the possibility of repercussions on other benefits which have not been increased over the years to take account of falling values, in the industrial injuries and war pensions schemes. But I think we should be able to resist pressure for other improvements, at any rate for the present.
We are similarly committed to abolishing the earnings rules for widows. This, too, cannot be done without the risk of repercussions. Nevertheless, we are so clearly committed to abolition of the earnings rules for widows that I think we must take this early opportunity to discharge our undertaking. We shall have to hold off pressure for further changes until we can produce our more fundamental proposals for reconstruction of the provisions for social security.

Cost

8. The approximate cost of these proposals in the first year would be as follows -

<table>
<thead>
<tr>
<th>Extra cost</th>
<th>£ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Insurance</td>
<td>271</td>
</tr>
<tr>
<td>Industrial injuries</td>
<td>13</td>
</tr>
<tr>
<td>War pensions</td>
<td>16</td>
</tr>
<tr>
<td>National assistance</td>
<td>24</td>
</tr>
<tr>
<td>**</td>
<td>**324 **</td>
</tr>
</tbody>
</table>

Of these costs, those for war pensions and national assistance would fall on the Exchequer, and the national insurance and industrial injuries costs would be met mainly from contributions, with Exchequer support.

Contributions

9. Since 1959, higher benefits have been financed partly by development of the graduated scheme of national insurance contributions and benefits. We have strongly criticised this scheme in the past, and we must examine it closely before we see exactly how we want to develop it in the future. On this occasion, therefore, I am convinced that we ought to look for our extra income to the flat-rate contributions, with the usual Exchequer support.

10. Another factor is the quinquennial increases in contributions referred to in paragraph 2. The number of pensioners will be growing steadily up till about 1980, and under the pay-as-you-go system the extra cost of these pensions was to be met by putting up contributions at five-yearly intervals between 1965 and 1980. The result would have been to put the Fund in surplus in 1965-66, and to achieve an approximate balance of income and expenditure over the following 5 years until the next quinquennial increase. The increases in contributions were to include 5d. a side (that is 5d. each by the employer and employee) on the general flat-rate contribution, and $\frac{1}{4}$ per cent a side on the rate (at present $4\frac{1}{2}$ per cent a side) at
which the graduated contribution is now collected on earnings between £9 and £18 a week. I propose that the 1965 quinquennial increases should be absorbed into the higher contributions which will be needed next April to finance the higher benefits. Most of the income we should get from them will in any case be needed because of the growing number of pensioners, if we are to keep the Fund in balance over the following 5 years, but for the reasons given in the previous paragraph I would not propose to increase the rate of graduated contribution on this occasion.

11. To achieve a balance over 5 years by a conventional increase in the flat-rate contributions, with Exchequer support according to the formula in the 1959 Act, would mean raising the man's national insurance contribution by 2s. 8d. a side. (Under the 1959 formula, the Exchequer would then contribute about £70 million extra to the National Insurance Funds as well as meeting the cost of higher war pensions and national assistance.) In my judgment, 2s. 8d. on top of the man's present contribution of 11s. 6d. would be too heavy a burden to place on the individual contributor, particularly the low wage earner. I do not think his contribution should be increased by more than about 2s. Even this would be a good deal sharper increase than we have had in the past, apart from 1958 when the contribution also went up by 2s; but I think it would be tolerable to finance the kind of benefit increase I am now proposing. The woman's contribution would be increased in proportion by 1s. 9d. to become 11s. 5d.

12. The contribution increases could be kept down to these levels and the Fund maintained in reasonable balance over the next 5 years if the employer's contribution were put up rather more than proportionately, that is by 3s. 3d. If this were thought too great a burden on industry at the present time, it would, I think, be possible to mitigate it to some extent. The present increase in benefits is a holding operation until we have time for a more radical examination of the national insurance scheme. This will necessarily mean examining its contribution structure and the sources of income. We could, perhaps, therefore justify raising only sufficient extra income to maintain the Fund in balance over the next 2 to 3 years while we develop our future plans. On this footing, the increase in the employer's contribution could be kept down to something like 2s. 6d. This would mean, however, that we should be getting by merely for a short period with the prospect of correspondingly bigger contribution increases next time.

13. I think that on merit there are good reasons for asking the employer to pay a bigger share of the stamp. At present employer and employee pay roughly equal amounts towards the cost of national insurance and industrial injuries. However, the Health Service contribution, which is also part of the stamp, falls preponderantly on the employee, who in the case of a man pays 2s. 8½d. to the employer's 7½d. Therefore, my proposal to put more weight upon the employer means that we should be moving some way towards a more equal distribution of the cost of the stamp. One way of achieving this aim would be to increase the
insurance contribution for a male worker by about 2s. 8d. a side but shift 8d. of the employee's National Health Service contribution onto his employer. Before we finally decide the new contribution structure I should like to explore this device with my colleagues directly concerned.

CONCLUSION

14. I seek the approval of my colleagues for my proposals. I would remind them that, if the requirements of the timetable I have suggested are to be met, we must take decisions quickly.

M. H.


28th October, 1964
CABINET

THE QUEEN'S SPEECH ON THE OPENING OF PARLIAMENT

NOTE BY THE SECRETARY OF THE CABINET

I circulate for the information of the Cabinet a copy of The Queen's Speech on the Opening of Parliament in the form in which it has been approved by The Queen.

(Signed) BURKE TREND.

Cabinet Office, S.W. 1.
30th October, 1964.
OPENING SPEECH

MY LORDS AND MEMBERS OF THE HOUSE OF COMMONS

My Husband and I look forward with pleasure to our forthcoming visits to Ethiopia and the Sudan and to the Federal Republic of Germany. We were glad to be in Canada last month to attend the centennial celebrations commemorating the conferences held at Charlottetown and Quebec City in 1864 and to pay a further visit to Ottawa.

In international affairs it will be the principal purpose of My Ministers to seek to reduce East-West tension. To this end they will give renewed and more vigorous support to the United Nations in its vital role of freeing the world from the threat of war; and they will consider how this country can make a more effective contribution to the Organisation’s peace-keeping capability. They will seek to encourage further progress towards disarmament and to contribute to other steps which will permit the East-West conflict to be replaced by international co-operation in promoting peace and security throughout the world.

My Government reaffirm their support for the defence of the free world—the basic concept of the Atlantic Alliance; and they will continue to play their full part in the North Atlantic Treaty Organisation and in other organisations for collective defence. They will review defence policy to ensure, by relating our commitments and our resources, that My Armed Forces are able to discharge their many tasks overseas with the greatest effectiveness and economy. In particular, they will make constructive proposals for renewing the interdependence of the Atlantic Alliance in relation to nuclear weapons, in an endeavour to prevent duplication of effort and the dissemination of weapons of mass destruction.

New arrangements have been made to aid and encourage the economic and social advance of the developing nations, including the remaining dependent territories. My Ministers will also endeavour to promote the expansion of trade to this end, and they will seek, in co-operation with other countries and the United Nations and its agencies, to stimulate fresh action to reduce the growing disparities of wealth and opportunity between the peoples of the world.

My Ministers will have a special regard to the unique role of the Commonwealth, which itself reflects so many of the challenges and opportunities of the world. They will foster the Commonwealth connection on a basis of racial equality and close consultation between Member Governments and will promote Commonwealth collaboration in trade, economic development, educational, scientific and cultural contacts and in other ways.
My Government will continue to play a full part in the European organisations of which this country is a member and will seek to promote closer European co-operation.

A Bill will be introduced to provide for the independence of the Gambia.

MEMBERS OF THE HOUSE OF COMMONS

Estimates for the public services will be laid before you.

MY LORDS AND MEMBERS OF THE HOUSE OF COMMONS

At home My Government's first concern will be to maintain the strength of sterling by dealing with the short-term balance of payments difficulties and by initiating the longer-term structural changes in our economy which will ensure purposeful expansion, rising exports and a healthy balance of payments.

Our industries will be helped to gain the full benefits of advances in scientific research and applied technology.

Central and regional plans to promote economic development, with special reference to the needs of the under-employed areas of the country, are being prepared. New arrangements will ensure proper attention to the needs of Wales. Legislation will be introduced to provide for the appointment of a Highland Development Board.

My Government will initiate early action to re-establish the necessary public ownership and control of the iron and steel industry.

To foster the health and prosperity of agriculture, they will continue the system of guarantees under the existing Acts and will promote measures to secure better marketing arrangements for farm produce. They will encourage the development of the fishing industry and the steady expansion of forestry.

My Government will call on trade unions and employers' organisations to co-operate in eliminating those restrictive practices, on both sides of industry, which impair our competitive power and the development of the full potential of the economy. They will take steps to improve industrial efficiency by dealing more effectively with monopolies and with problems arising from mergers. They will also take action to improve the arrangements for industrial training and for the retraining of workers changing their employment. A Bill will be introduced to give workers and their representatives the protection necessary for freedom of industrial negotiation.

To the end that all may share the benefits of rising productivity, My Ministers will work for more stable prices and a closer relationship between the increase in productivity and the growth of incomes in all their forms; and they will promote reforms in taxation and better arrangements for local government finance. They will pay special attention to protecting the interests of consumers.
Action will be taken to require companies to disclose political contributions in their accounts.

My Government will have particular regard for those on whom age, sickness and personal misfortune impose special disabilities. They believe that radical changes in the national schemes of social security are essential to bring them into line with modern needs. They will therefore embark at once upon a major review of these schemes. Meanwhile, they will immediately introduce legislation to increase existing rates of National Insurance and associated benefits.

Action will be proposed to modernise and develop the health and welfare services. Steps will be taken to increase the number of doctors and other trained staff in the National Health Service. Prescription charges for medicines will be abolished.

My Ministers will enlarge educational opportunities and give particular priority to increasing the supply of teachers. Bills will be introduced to establish new machinery for determining teachers’ pay in England and Wales and for the governance of the teaching profession in Scotland.

My Government will pursue a vigorous housing policy directed to producing more houses of better quality, and will promote the modernisation of the construction industry. They will restore control of rents; they will establish as rapidly as possible a Crown Lands Commission with wide powers to acquire land for the community; and they will provide for leasehold enfranchisement. In conjunction with a progressive transport policy and a system of comprehensive regional planning, these measures will be directed to providing a fresh social environment in keeping with the needs and aspirations of the time.

My Government will be actively concerned to build up the strength and efficiency of the police, to improve the penal system and the after-care of offenders, and to make more effective the means of sustaining the family and of preventing and treating delinquency. Facilities will be provided for a free decision by Parliament on the issue of capital punishment.

My Government are studying the report, which they have recently received, of the Committee appointed last year on the Remuneration of Ministers and Members of Parliament.

Other measures will be laid before you.

In all their policies My Government will be concerned to safeguard the liberties of My subjects. They will take action against racial discrimination and promote full integration into the community of immigrants who have come here from the Commonwealth. They will propose the appointment of Law Commissioners to advance reform of the law, and will propose new measures for the impartial investigation of individual grievances. In so doing they will be acting in the spirit which has always animated Parliament, whose seven hundredth anniversary will be recorded in this Session. In that same spirit I pray that the blessing of Almighty God may rest upon your counsels.
CONTROL OF OFFICE BUILDING

Memorandum by the First Secretary of State and Secretary of State for Economic Affairs

Now that we have taken action to deal with the immediate problem of the balance of payments we ought as soon as possible to announce some equally decisive steps to get the domestic economy moving in the right direction. In particular, we need to convince people both at home and abroad that we intend to secure a more efficient deployment of our resources between the different regions and sectors of the economy.

2. There is one problem on which I think we can take early action of this kind. The concentration of office development in London is a main cause of regional imbalance, ties up resources which would be better used for other purposes and adds to the congestion in the capital. The Minister of Housing, the President of the Board of Trade and I are agreed that drastic measures are required to control new offices in and around London. Our objective would be to steer as much of it as is practicable right outside the South-East.

3. We consider that the most effective way of proceeding would be to make new office development subject to control, broadly on the lines of the i.d.c.* control which the Board of Trade already exercise over industrial building, starting with the Metropolitan Region. This would, of course, require legislation which I would hope to introduce before Christmas.

4. If my colleagues agree, I would propose to make a statement about this during the debate on the Address next week. I should like to couple with the announcement of our intention to introduce the new controls a positive reference to the need to encourage office development in other regions; and it would be important to assure the building industry that the new measures would not mean any reduction in the total demand for which they would have to cater.

5. I attach a draft statement together with an explanatory note which have been prepared by officials at my request. The statement may need some rearrangement particularly on paragraphs 8 to 10 to bring out more strongly that it is the London conurbation on which the control will bite hardest first.

6. I hope my colleagues will agree that I should make a statement on this matter during the debate on the Address.

G.B.

Department of Economic Affairs, S.W.1.
30th October, 1964

* industrial development certificate
DRAFT STATEMENT

We have promised a system of comprehensive regional planning directed to providing a fresh social environment in keeping with the needs and aspirations of the time.

2. The Government's first action in this field is designed to check the continued growth of offices in South-East England, especially in London, and thus to relieve congestion, reduce the pressure on resources, and secure a better distribution of employment.

3. South-East England, with about one-third of Great Britain's population, has accounted for over half of the total increase in employees over the past decade or so. About three-quarters of South-East employment growth occurred within the Metropolitan Region.

4. There is little prospect of housing adequately inside London more than the 8 million people who live there at present, yet employment in London has been increasing at a rate of over 40,000 a year. Office growth has been the main cause, and this has, until recently, been largely concentrated in or adjoining Central London and has resulted in nearly 200,000 more office jobs there since 1951.

5. Outstanding planning permissions together with existing use rights under the Third Schedule of the Town and Country Planning Acts could result in over a quarter of a million further office jobs in London, half of them in Central London. The road and rail system into London is already severely congested, and we cannot afford the heavy capital investment on new works which would be necessary to cope with the journey-to-work pressures resulting from this additional office employment.

6. So we have to call a halt to this rapid growth, with all the consequences which it has for the nation. We shall be examining with the Greater London Council the whole employment situation in London in relation to housing, transport and other services in order to determine what level of office employment is acceptable in the long-term.
7. First we must have a standstill on new offices in London. To this end, the Government will shortly be introducing a Bill under which, in stated areas, any new offices will require from the Board of Trade Office Development Permits in addition to the normal planning permission. Permits will be required for both new building and change of use.

8. The Bill will provide for areas to be designated as the need arises. The intention is to designate, in the first instance, the London Metropolitan Region (i.e. the area roughly within 40 miles of Charing Cross). For this Region the Bill will have retrospective effect from to-day \( \frac{5}{2} \) November.

9. The control will be applied with particular stringency in the London conurbation (the area defined by the Registrar General for Census purposes). In general no permits will be granted here except in very special circumstances. Permits for new buildings will be required even if planning permission has been given, unless a contract to build has been entered into before \( \frac{5}{2} \) November. Permits will also be required in the case of change of use, unless planning permission has been given before \( \frac{5}{2} \) November.

10. In the rest of the Metropolitan Region a permit will be required for new office building or change of use of existing buildings to offices in all cases where planning permission has not been given before November \( \frac{5}{2} \).

11. Compensation will not be payable where a permit is withheld.

12. Powers will be taken to exempt from the control offices of less than a certain size. Within the London conurbation it is intended that buildings of less than \( \frac{5}{2} \) sq. ft. should initially be exempt. For the rest of the Metropolitan Region the figure will be \( \frac{5}{2} \) sq. ft.

13. Outside the South-East, offices can make a valuable contribution to the economic strength and balance of employment in the regions. We propose therefore to commission comprehensive studies designed to throw light on the scope for moving offices right outside the South-East, and on the considerations which should govern their location in other parts of the country.
14. The new controls, while they will relieve pressure on certain congested areas, will not reduce the total demand on the construction industry. The Government's policy is to promote the rapid expansion of this key industry, so that the nation's essential social and economic needs can be met.

30th October, 1964
NOTE BY OFFICIALS

Ministers will wish to bear the following points in mind.

Territorial Coverage

2. We assume that the Bill will confer power to control office development on a countrywide basis, by designating particular areas as need arises.

3. It will be necessary, however, to say in the statement which areas will be immediately affected. To confine control to the London conurbation only would probably result in a flood of applications for office development on the periphery. On the other hand, we suggest that it would be premature to apply the control to the whole of the South-East from 5th November, with all that is involved in retrospective effect (see paragraphs 6 to 10). The proposal therefore is that the control should apply immediately to the Metropolitan Region (roughly an area of 40 miles from the centre of London). Other areas, e.g. the rest of the South-East, can be covered by Orders under the Bill.

Office Floor Space

4. It is proposed that the control should apply to all office floor space, not just office buildings. This will be necessary to prevent evasion, e.g. by the erection of an "industrial building" with a large office floor space attached.

Change of Use

5. It will be necessary that the powers apply not only to new building but also to the change of use of, say, houses or hotels to offices.

General Retrospective Effect

6. It is proposed that the control take the form of an Office Development Permit (issued by the Board of Trade). In order to prevent forestalling, it will be necessary to make retrospective the need for a Permit in the Metropolitan Region so as to cover any planning applications for office development which are outstanding at the time of the statement, or are made between the time of the statement and the passing of the legislation. There will no doubt be criticism of the propriety of retrospective legislation of this type.

Special Provision for the London Conurbation

7. Because of the serious situation in London, it is proposed that, within the conurbation (i.e. out to the Green Belt), Office Development Permits should be required even for those new office buildings for which planning permission has already been given. The only exception to this rule would be where a building contract
had been entered into, on or before that date. Permits would not, however, be required for changes of use which have received planning permission before 6th November because the change is commonly put into effect immediately after the grant of planning permission, and does not depend on any identifiable form of contract.

8. It is in the cases where the control will bite on existing planning permissions that the pressure for compensation will be strongest.

Compensation

9. The draft statement says that no compensation will be paid where an Office Development Permit is withheld. No difficulty arises as regards new development (as distinct from rebuilding) for which no planning permission exists at the appointed day. The applicant who fails to get a permit is in precisely the same position as the industrialist who is refused an industrial development certificate. There has never been any question of paying compensation for i.d.c. refusals.

10. It will, however, be said that in relation to existing planning permissions withholding of a permit is tantamount to revocation of the permission and that, therefore, compensation should be paid as provided for in the Town and Country Planning Acts. This means paying full market value, including development value. Very large sums of money are involved and there will be extremely strong pressure for compensation. Nor is it only a question of development value. Most of the land concerned enjoys existing use rights under the Third Schedule to the Town and Country Planning Act, 1962. To withhold compensation in such cases would be an entirely novel proposal and would be represented as retrospective legislation at its worst.

11. On the other hand, withholding of compensation can be defended if the Office Development Permit is regarded as only a temporary stop on development. This in fact is likely to be the position. Most of the office development now in the pipeline will probably have to be allowed eventually in order to provide for replacement of old premises, improvement of space standards and greater all-round efficiency. The crucial issue is timing; the new development cannot be allowed to go ahead until the review of the Greater London employment situation has been carried out and improvements undertaken.

Duration of Powers

12. There is a dilemma here. If the control is represented as temporary, this will encourage firms to mark time. On the other hand, the more it is represented as permanent, the greater will be the pressure for compensation. The draft statement is not specific on duration because of this dilemma. But it will be necessary to take a view when legislation is being drafted.
Exemptions

13. It will be highly desirable to have a lower exemption limit in order to avoid applications for small offices providing a purely local service. The level could be uniform throughout the Metropolitan Region or alternatively a lower limit could be applied in the conurbation than in the rest of the Metropolitan Region. On balance, we consider that it would be more defensible to have a uniform exemption through the Metropolitan Region and that this should be fixed at 2,000 sq. ft. On present practice, an office area of this size would employ about 15 to 20 people.

Crown Buildings

14. There would be pressure for the same degree of restraint to be exercised in relation to Government offices and it is therefore for consideration whether the control should apply to Crown buildings.
CABINET

COMMONWEALTH IMMIGRATION: CONSULTATION WITH OTHER GOVERNMENTS

Memorandum by the Secretary of State for the Home Department and the Secretary of State for Commonwealth Relations

We are committed (a) to reviewing, in consultation with other Commonwealth Governments, the method of controlling Commonwealth immigration to this country, but (b) to continuing the existing control in force meanwhile.

2. Other Commonwealth Governments appear, in general, to have accepted the necessity for control, and they have made no suggestions for any radical change in the method of control. The number of immigrants from Commonwealth countries, other than the old Dominions, since 1955 now amounts to a figure of the order of 600,000, to which must be added a substantial natural increase. The presence of so many immigrants, particularly in some of the large cities in which they congregate, has undoubtedly aroused some public resentment and has caused social difficulties and added materially to the strain on housing and other services. A very strict degree of control is therefore in everyone's interest, to give time for the process of absorbing these new communities to proceed without the pressure of further immigration on a large scale. The fact that there are 330,000 applicants on the waiting list for non-priority labour vouchers gives some indication of the potential inflow if control were relaxed, with the consequent risk of far greater social strains and even of breakdown of the services affected.

3. Part I of the Commonwealth Immigrants Act 1962, under which the present control is exercised, will lapse at the end of this year unless renewed, and it is therefore imperative that it should be continued in force by the annual Expiring Laws Continuance Bill. This will be published in a few days' time and will come up for debate this month.

4. We think it important that we should be in a position in debate to say that we have taken the first steps towards giving other Commonwealth Governments the opportunity to discuss immigration control with us. This means that we should send them a suitable communication as soon as possible. In view of the difficulties of the situation we should avoid committing ourselves to making any proposals for changing the system of control, and it is desirable
that we should retain the initiative in any Commonwealth discussions. We suggest therefore that the communication should be confined to announcing our readiness to discuss the subject, if other Governments think it would be useful to do so.

5. A draft message to Commonwealth Governments on these lines is attached for the consideration of our colleagues.

F. S.
A. B.

3rd November, 1964
DRAFT COMMUNICATION TO COMMONWEALTH GOVERNMENTS

The British Government are reviewing the operation of the present controls on immigration from the Commonwealth. It is clearly important that the flow of immigrants into this densely populated country should not exceed the rate at which they can be absorbed into the life of the community and properly accommodated in the large cities where work is available; limitation is in the interests of the people of this country, of the immigrants already settled here, and of the new immigrants themselves.

It is evident that many more people from the Commonwealth wish to come to Britain than can possibly be absorbed. For instance, there are some 330,000 applicants at present on the waiting list for Category C vouchers, and this number would be even larger but for the "standstill" which was placed in June on new non-priority applications from India and Pakistan. And large numbers of immigrants are accompanied, or followed later, by dependants.

As Commonwealth Governments are aware, control is at present exercised under Part I of the Commonwealth Immigrants Act which will, unless renewed, expire at the end of this year. The British Government have decided to propose its renewal for a further year by including it in the Expiring Laws Continuance Bill, which has just been introduced. The British Government will however be very ready to discuss with Commonwealth Governments the form of the existing control as soon as their own review of the position has been carried out and would be glad to know whether the Government of .......... think that discussions between them and the British Government could be usefully instituted for this purpose.

-3-
CABINET

REMUNERATION OF MINISTERS AND MEMBERS OF PARLIAMENT

Memorandum by the Prime Minister

A copy is attached of the report of the Committee on the Remuneration of Ministers and Members of Parliament. This Committee was appointed in December, 1963 after discussions between the main political parties. It was asked to report as soon as possible after the General Election, so that whatever action seemed appropriate in the light of its report could then be taken without delay.

2. I think that the Committee's recommendations on the salaries and allowances of members of both Houses can be accepted and defended; and that the increases should be retrospective to the first day of the new Parliament.

3. But it would be much more difficult to raise Ministerial salaries to the levels recommended by the Committee. Instead, they might in general be increased by 50 per cent above their present level, plus the revised allowance for expenses payable to Members of Parliament.

4. I would not propose to accept any salary increase myself.

5. The effects of proposals on these lines on the main Ministerial salaries are summarised in the Annex. But we shall have to consider what should be done about the salaries of the Lord Chancellor and the Law Officers; and there may well be other anomalies.

6. We shall also need to consider whether we can accept the pensions scheme for Members of the House of Commons recommended by the Committee. My view is that we should accept it in principle, and certainly acceptance of the Committee's recommendation on salaries of Members of Parliament is based on the assumption that they will be contributing £150 a year to the pensions scheme. However, the scheme has not been fully worked out by the Committee and the proposals raise a number of difficulties which will require detailed consideration. This and other outstanding points might be looked at by a small Ministerial Committee under the chairmanship of the Lord President of the Council.

7. It has already been announced, in the Gracious Speech, that the Report has been received. We ought, I think, to publish the Report and make a statement in the House early next week. I would like the Lord President and his Committee to prepare a draft.

8. We shall also have to consider the timing of the Resolutions on Members' pay and allowances and in particular whether they should wait for the introduction of legislation on Ministerial salaries and pensions for Members.

H. W.

10 Downing Street, S W.1.
10th November, 1964
### Salaries of Ministers and Law Officers

<table>
<thead>
<tr>
<th>Ministers</th>
<th>Present Salary £</th>
<th>Recommended by Lawrence Committee £</th>
<th>50 per cent increase on (a) £</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prime Minister</td>
<td>10,000</td>
<td>18,000</td>
<td>8,000</td>
</tr>
<tr>
<td>Senior Ministers</td>
<td>5,000</td>
<td>(5,000*</td>
<td>7,500</td>
</tr>
<tr>
<td>Ministers of State</td>
<td>(3,750)</td>
<td>(10,750)</td>
<td>6,250</td>
</tr>
<tr>
<td>Parliamentary Secretaries</td>
<td>2,500</td>
<td>5,000</td>
<td>2,500</td>
</tr>
<tr>
<td>Whips</td>
<td>2,000</td>
<td>4,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Lord Chancellor</td>
<td>12,000</td>
<td>17,000</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Law Officers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attorney General</td>
<td>10,000</td>
<td>16,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Solicitor General</td>
<td>7,000</td>
<td>11,000</td>
<td>4,000</td>
</tr>
<tr>
<td>Lord Advocate</td>
<td>5,000</td>
<td>11,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Solicitor General (Scotland)</td>
<td>3,750</td>
<td>7,500</td>
<td>3,800</td>
</tr>
<tr>
<td>Mr. Speaker</td>
<td>5,000</td>
<td>12,000</td>
<td>7,000</td>
</tr>
</tbody>
</table>

*There were no Ministers of State on this salary when the Lawrence Committee were deliberating.*
# INDEX

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>APPOINTMENT OF COMMITTEE AND TERMS OF REFERENCE</td>
<td>1</td>
</tr>
<tr>
<td>PROCEDURE OF THE COMMITTEE</td>
<td>3</td>
</tr>
<tr>
<td>REMUNERATION OF MEMBERS OF THE HOUSE OF COMMONS:</td>
<td></td>
</tr>
<tr>
<td>(a) History</td>
<td>4</td>
</tr>
<tr>
<td>(b) Basic Principles</td>
<td>10</td>
</tr>
<tr>
<td>(c) Amount</td>
<td>13</td>
</tr>
<tr>
<td>(d) Deductible Expenses</td>
<td>15</td>
</tr>
<tr>
<td>(e) Conclusions</td>
<td>19</td>
</tr>
<tr>
<td>FACILITIES FOR MEMBERS OF THE HOUSE OF COMMONS:</td>
<td></td>
</tr>
<tr>
<td>(a) Travel</td>
<td>20</td>
</tr>
<tr>
<td>(b) Other Facilities</td>
<td>21</td>
</tr>
<tr>
<td>PENSIONS FOR MEMBERS OF THE HOUSE OF COMMONS AND THE MEMBERS' FUND</td>
<td>23</td>
</tr>
<tr>
<td>MR. SPEAKER</td>
<td>29</td>
</tr>
<tr>
<td>THE PRIME MINISTER</td>
<td>30</td>
</tr>
<tr>
<td>OTHER MINISTERS, EXCEPT THE LORD CHANCELLOR AND THE LAW OFFICERS:</td>
<td></td>
</tr>
<tr>
<td>(a) History of Remuneration</td>
<td>34</td>
</tr>
<tr>
<td>(b) Amount of Remuneration</td>
<td>38</td>
</tr>
<tr>
<td>(c) Conclusions</td>
<td>40</td>
</tr>
<tr>
<td>(d) Incidence of Taxation</td>
<td>42</td>
</tr>
<tr>
<td>THE LORD CHANCELLOR</td>
<td>45</td>
</tr>
<tr>
<td>THE LAW OFFICERS</td>
<td>48</td>
</tr>
<tr>
<td>OFFICERS OF BOTH HOUSES (OTHER THAN MR. SPEAKER), THE LEADERS OF THE</td>
<td></td>
</tr>
<tr>
<td>OPPOSITION AND THE OPPOSITION WHIPS IN BOTH HOUSES</td>
<td>51</td>
</tr>
<tr>
<td>THE ALLOWANCE FOR MEMBERS OF THE HOUSE OF LORDS</td>
<td>53</td>
</tr>
<tr>
<td>SUMMARY OF MAIN RECOMMENDATIONS</td>
<td>57</td>
</tr>
<tr>
<td>CONCLUSION</td>
<td>59</td>
</tr>
</tbody>
</table>
Appendices

A. Questionnaire for Members of the House of Commons ........................................... 60

B. Expenses allowed for tax purposes to Members of the House of Commons (including Ministers) for the Income Tax years 1960/61, 1961/62 and 1962/63 ........ 62

C. Expenses allowed for tax purposes to Members of the House of Commons (excluding Ministers) shown according to type of constituency .................. 64

D. Pensions Scheme for Members of the House of Commons: principal features proposed ..................... 65

E. Ministerial salaries in 1780, 1830 and 1831/32 .................................................. 69

F. Ministerial offices and salaries as at 1st September 1964 ................................. 70
To The Right Honourable The Prime Minister

APPOINTMENT OF COMMITTEE AND TERMS OF REFERENCE

1. Our appointment as a Committee and the matters which were to form the subject of our review and recommendations were announced by Sir Alec Douglas-Home as Prime Minister in the following terms in the House of Commons on the 19th December 1963 in reply to a question by you as Leader of the Opposition:

"MR. H. WILSON (by Private Notice) asked the Prime Minister if he will make a statement arising out of the discussions which have been held on the remuneration of Ministers and Members of Parliament.

"THE PRIME MINISTER (Sir Alec Douglas-Home): Yes, Sir. The remuneration of Members of the House of Commons and salaries of junior Ministers were raised in 1957, and, at the same time, an expenses allowance was introduced for Members of the House of Lords. The basic salary of a senior Minister has remained unchanged since 1831.

"After consultation with the leaders of the main political parties in both Houses, we have decided that the time has now come for a fundamental review of the remuneration of Ministers of the Crown and of Members of the House of Commons and also for the reconsideration of the allowance for Members of the House of Lords.

Hansard, 19th December 1963, cols. 1441-42.
"Her Majesty's Government have, therefore, appointed Sir Geoffrey Lawrence, Mr. H. S. Kirkaldy and Professor W. J. M. Mackenzie to be a Committee with the following terms of reference:

'To review, and to recommend what changes are desirable in the remuneration of Mr. Speaker, Ministers of the Crown and Members of the House of Commons and also the allowance for Members of the House of Lords, having regard to their responsibilities, to the place of Parliament in the national life and to the changes which have taken place, since the existing emoluments were fixed, in general standards of remuneration, and to the increases in expenses borne by Members of both Houses in the discharge of their duties.'

'The Committee will, of course, take evidence from whatever sources it wishes, but in order to assist it in carrying out its task, Her Majesty's Government, in consultation with the other parties, have appointed an Advisory Panel with which the Committee will be able to consult and from which they will be able to obtain advice on parliamentary matters.

"The following have agreed to serve on the Advisory Panel: Lord Tweedsmuir, Chairman, Lord Champion, the hon. Member for Bebington (Sir H. Oakshott), the hon. Member for Bradford, West (Mr. Tiley), the hon. and learned Member for Ilkeston (Mr. Oliver), the hon. Member for Ashton-under-Lyne (Mr. Rhodes), and the hon. Member for Huddersfield, West (Mr. Wade).

"The Government consider that the Committee should be asked to report as soon as possible after the General Election and that whatever action appears appropriate in the light of its report should then be taken without delay."

2. This statement by Sir Alec Douglas-Home was welcomed by you as Leader of the Opposition and by the Rt. Hon. Joseph Grimond, Leader of the Liberal Party.

3. In the course of discussion which we had with the Advisory Panel at an early stage in our proceedings the question arose whether our terms of reference included consideration of pensions for Members of the House of Commons and of the House of Commons Members' Fund. We raised this matter with Sir Alec Douglas-Home and on the 18th February 1964 we were informed:

"The Prime Minister takes the view that it would be desirable if the Committee were prepared so to interpret their terms of reference as to enable them to consider the question of pensions for Members of the House of Commons and arrangements for the Members' Fund.

"The Prime Minister has consulted Mr. Harold Wilson and Mr. Grimond and they concur in this view."

* Hansard, 19th December 1963, cols. 1442-43. 
In deciding the procedure which we should adopt in order to investigate the matters referred to us we have had the great advantage of the advice and assistance of the Advisory Panel under the chairmanship of Lord Tweedsmuir.

It seemed to us, and the Panel concurred with our view, that a formal hearing of evidence to be recorded and published would delay proceedings and might hamper freedom of discussion. We therefore proceeded as follows:

1. In order to ascertain the opinion of the House of Commons as a whole we circulated a confidential questionnaire, of which a copy is reproduced in Appendix A to this Report, to all Members of the House. It was drafted with a view to eliciting personal expressions of opinion and the replies are not in a form which is capable of statistical analysis. Some 520 Members responded and we are satisfied that we have thus been given a good indication of the problems of Members and of their different points of view.

2. We took steps by meeting representative Members of the House of Lords to ascertain the views of Members of that House.

3. We interviewed leading Members of all three political parties in both Houses of Parliament.

4. We interviewed Officers of both Houses of Parliament.

5. We received written statements from and had discussions with some holders and former holders of certain ministerial posts regarding which we felt the need for special information and views.

6. We had meetings with representatives of the Board of Inland Revenue and with the Government Actuary and we received factual memoranda from them and from H.M. Treasury.

7. We requested and received factual information from the Foreign Office and the Commonwealth Relations Office on the remuneration received by members of certain overseas legislatures.
We received and considered letters and memoranda from a number of Members of both Houses, as well as from members of the public.

6. We are grateful to all those who furnished us with information and views and who gave of their time and expert knowledge to assist us in our enquiry. In particular we would express our thanks to the Advisory Panel with whom we had several meetings in the course of which we discussed and received advice upon the matters within the scope of our review. The wide experience of both Houses enjoyed by the members of the Advisory Panel and their willingness to place the benefit of that experience at our disposal have been of inestimable value to us.

**REMNUNERATION OF MEMBERS OF THE HOUSE OF COMMONS**

(a) History

7. Remuneration for Members of the House of Commons from public funds was first established by a Resolution of the House of the 10th August 1911 and by a Supplementary Estimate of the 14th August 1911. The terms of the Resolution were:

"That, in the opinion of this House, provision should be made for the payment of a salary at the rate of four hundred pounds a year to every Member of this House, excluding any Member who is for the time being in receipt of a salary as an officer of the House, or as a Minister, or as an officer of His Majesty's Household."

8. By 1910 there had been criticism of the continuance of the tradition of unpaid parliamentary service. This criticism was based on changes in the composition of the House which had occurred since the Reform Acts and on changes in the character of its work. The intention of the Government, if they were returned to power at the next General Election, to propose the provision out of public funds for the payment of Members was announced by the Prime Minister on the 18th November 1910, immediately before the election took place. Thereafter this new charge on public funds was foreshadowed by the Chancellor of the Exchequer in his Budget statement made on the 16th May 1911 and was embodied in the Resolution of the 10th August 1911.

9. At that time the proposal met with considerable opposition in the House, mainly on the grounds that payment to Members would tend to

---

^Hansard, 10th August 1911, col.1365.
lower its reputation, to compromise the independence of Members and to lead to a number of Members becoming whole-time professional politicians. The arguments of the Government in supporting the Resolution were to the effect that in no other parliament was no contribution at all made to the expenses incurred by members in the performance of their duties; that these expenses had grown with the increase in the work of the House and with the greater number of attendances which this required; and that membership of the House should become more representative of the nation as a whole by enabling it to include persons whose qualities fitted them for parliamentary service but whose lack of means precluded them from taking it up.

10. The incidence of taxation soon gave rise to controversy because, in accordance with the use of the word "salary" in the Resolution and with a statement of the Chancellor of the Exchequer in answer to a Parliamentary Question on the 18th May 1911 to the effect that the salaries of Members of the House would be liable to tax as earned income, the Inland Revenue had so assessed the payment for tax. Representations were made to the Chancellor of the Exchequer by a deputation of Members on the 12th July 1912 and, after subsequent investigations had been made into the possibility of a flat rate deduction allowable to all Members as a reasonable average to cover the expenses necessarily incurred in the performance of parliamentary duties, an allowance of £100 a year as such a deduction with effect from the beginning of the financial year 1912/13 was authorised by Treasury Letter of the 30th August 1912.

11. This concession led to the inclusion of section 38 in the Finance Act, 1913, which provided that:

"Where the Treasury are satisfied with respect to any class of persons in receipt of any salary, fees, or emoluments payable out of the public revenue that such persons are obliged to lay out and expend money wholly, exclusively, and necessarily in the performance of the duties in respect of which such salary, fees, or emoluments are payable, the Treasury may fix such sum as in their opinion represents a fair equivalent of the average annual amount laid out and expended as aforesaid by persons of that class, and in assessing the income tax on the salary, fees, or emoluments of persons of that class, there shall be deducted from the amount thereof the sums so fixed by the Treasury. Provided that if any person would, but for the provisions of this section, be entitled to deduct a larger amount than the sum so fixed, that sum may be deducted instead of the sum so fixed."

On the 23rd October 1913, in pursuance of this section, the Treasury issued a Minute covering the deduction of £100.

This section was subsequently re-enacted as Rule 10 of the rules applicable to Schedule E by the Income Tax Act, 1918, and as Rule 8 by the Income Tax Act, 1952.
12. The great increase in the cost of living which had taken place during and after the first war led to the appointment on the 26th November 1920 of a Select Committee "to consider the salary allotted to Members of this House, the travelling and other expenses incurred by them in connection with their parliamentary duties". This Select Committee reported to the effect that, if the sum of £400 was necessary in 1914, such an amount was inadequate in 1920 but that in the existing economic circumstances they found themselves unable to recommend any immediate increase in the salary. At the same time they expressed the opinion that the financial difficulties of some Members made it desirable that further consideration should be given to the matter in the near future.

13. The Government decided that it was reasonable to treat the whole of the £400 as an allowance for expenses exempted from tax. The view of the Inland Revenue was that there was nothing unreasonable in this if the Treasury was of the opinion that £400 had become the fair equivalent of the average annual expenses of a Member of the House for the purpose of Rule 10 of Schedule E.

14. The Government's proposal, however, encountered so much public opposition that on a free vote of the House, taken on the relevant Supplementary Estimate on the 1st June 1921, it was rejected. In reply to Parliamentary questions on the 8th and 23rd June 1921, the Chancellor of the Exchequer took the opportunity to explain the kind of expenses in excess of £100 for which Members could claim tax relief, drawing a clear distinction between the allowable expenses of travel between Westminster and a Member's constituency (the two branches of a Member's "place of business") and the expenses of travel between home and a place of business which were not allowable to any taxpayer.

15. After 1921 the cost of living began to fall and continued to do so for many years thereafter. Apart from the introduction in 1924 of certain privileges in respect of free travel and a temporary abatement of salaries between 1931 and 1935, no further action was taken in the matter of the remuneration of Members until 1937.

16. In that year in the debate on the Ministers of the Crown Bill the Prime Minister (Mr. Baldwin) undertook to carry out informal and confidential enquiries among Members to see whether there was an acceptable case for an increase in the salaries of Members. On the 27th May 1937 he announced the Government's intention to propose an increase from £400 to £600. In moving the appropriate Resolution on the 22nd June the new Prime Minister (Mr. Chamberlain) explained that his enquiries had revealed a number of cases of Members who, with no other resources than their parliamentary salaries and despite undesirable
economies, were unable to keep within their means. In recommending the increase of £200 the Prime Minister said:

"It is obvious that the circumstances are different in the case of almost every individual Member. On the one hand, one does not want to fix the salary so high that it becomes an inducement to people to enter this House for the purpose of earning more than they would earn outside and, on the other, we do not want to fix it so low that men or women who could give valuable service to the House should be prevented from doing so merely by the fact that they have not sufficient means to afford it. I do not think it is possible to fix any figure and say that is the exact amount that is appropriate, but the late Prime Minister and I, having given the best consideration we could to the matter, came to the conclusion that of the alternative figures that we considered, £500 and £600, £500 still would not be sufficient for a certain number of Members, and that it would be better, therefore, to adopt a figure which would settle the matter for an indefinite period rather than fix again a sum which would give rise to complaints, and a feeling that sufficient allowance had not been made for the altered circumstances. After that consideration, therefore, we resolved to recommend to our colleagues in the Ministry, and subsequently to this House, the figure of £600 ...."

The appropriate Supplementary Estimate providing for the increase to take effect from the 1st July 1937 was agreed to on the 26th July 1937.

17. After the second war the situation again called for investigation in the light of the greatly increased cost of living. A Select Committee was duly appointed "to consider the expenses incurred in connection with their parliamentary and official duties by Members of this House, including Ministers whose salary is less than £5,000 per annum; their remuneration; and their conditions of work." This Committee reported on the 6th March 1946 that an analysis by the Inland Revenue of claims for expenses which had been allowed for the first nine months of the financial year 1945/46 showed that in the Committee's view the sum which should be allowed for expenses lay between £450 and £600. They recommended that the salaries of Members should be increased to £1,000 of which £500 should be allowed to Members as an expense allowance free of income tax.

18. Parliamentary and public opinion was opposed to a flat rate allowance for expenses of £500. The Government proposed a simple increase in parliamentary salaries to £1,000, leaving the procedure for claiming tax relief in respect of parliamentary expenses unchanged. This proposal was embodied in a Resolution passed on the 29th May 1946.

19. The cost of living continued to rise and another Select Committee was appointed on the 4th November 1953 to consider and report on inter alia "the nature and extent of the expenditure incurred by
Members of this House in the performance of their duties. This Committee reported on the 2nd February 1954, that the then salary of £1,000 was not enough to enable Members to meet the expenses necessarily entailed by membership of the House and to keep themselves and their families in reasonable circumstances while attending to their parliamentary duties unless they were possessed of financial resources other than their parliamentary salaries; and that any relief given should not be by way of additional free services or special tax concessions but by a straightforward increase of salary. They recommended that the salary should be increased to £1,500 and that the automatic allowance of £100 (first established in 1912 and then still in force) should be discontinued.

20. In the light of their economic policy of urging restraint in salary and wage claims the Government were unable to accept the Select Committee's recommendations. After a Resolution of the House to the effect that Members' allowances should be raised by £500 a year had been carried on a free vote of the House notwithstanding the intervention of the Government in favour of an amendment providing for the reimbursement to Members of Schedule E expenses within a limit of £500 a year, the Prime Minister announced on the 24th June 1954, that the Government were prepared to discuss with Leaders of the Opposition Parties methods of dealing with the problem of the financial difficulties of some Members alternative to the increase in salaries from £1,000 to £1,500 proposed by the Resolution.

21. As a result of these discussions the Prime Minister on the 8th July 1954, announced the Government's intention to introduce a sessional allowance, payable to those Members who chose to draw it, of £2 for every day (other than a Friday) on which the House sat. The Prime Minister explained the proposed allowance in the following terms:

"This allowance will constitute a cash reimbursement, related to the actual sittings at Westminster, of the subsistence and other expenditure which Members are obliged to incur. Members will still remain eligible under the existing law for relief from Income Tax on their salaries (as distinct from the new allowance) in respect of expenses 'wholly, necessarily and exclusively' incurred in the performance of their duties. They will continue under their existing obligation to justify to the Inland Revenue authorities their claims in respect of their total expenses. The justification to the Revenue will therefore include those expenses in respect of which they draw the sessional allowance. The sum drawn in the form of the new allowance will be deducted by the Inland Revenue from the total expenses on which the Member would otherwise be entitled to claim relief."

On the 26th July 1954, a Supplementary Estimate was agreed to providing for this sessional allowance and the automatic deduction of £100 was abolished by Treasury Minute of the 21st July 1954.

*Hansard, 8th July 1954, cols. 2347-48.*
Further rises in the cost of living and increases in salaries and wages both in the public service and in outside employment led to renewed pressure on the Government from Opposition Leaders to increase the remuneration of Members of the House. The Prime Minister, while admitting that "some increase in the salary of Members would be justified now if there were not certain special considerations", refused any immediate increase on the ground that if at the very moment when the success of their efforts in the battle against inflation was in the balance the Government appeared themselves to be taking steps to contribute to the inflationary spiral, the nation would not believe that they took a serious view of that battle. He promised, however, that the Government would not maintain their refusal longer than was absolutely necessary in the broadest national interest.

On the 4th July 1957 the Prime Minister announced proposals for an increase in Members' salaries, using the following words to describe the nature of the proposals:

"...the Government have decided to propose to the House that the total emoluments of hon. Members of this House should be increased to £1,750 a year. The basic salary would remain unchanged at its present level of £1,000. But, in view of the Select Committee's findings, the Government consider it appropriate to add to it a sum of £750 which will take the place of the present sessional allowance.

"Like the basic salary, this sum will be liable to tax. Hon. Members will be entitled, as hitherto, to claim that, before assessment of tax, the expenses incurred in the discharge of their Parliamentary duties shall be deducted from their gross emoluments of £1,750."

The Select Committee referred to was the Select Committee appointed on the 4th November 1953. The relevant findings in their Report were that in 1946 the average amount allowed by the Inland Revenue as expenses was £550 but that in 1953 the average was £750. A Resolution giving effect from the 1st July 1957 to this proposed increase in salary was moved by the Government and carried on the 9th July 1957.

By 1960 further rises in the cost of living and in the general level of salaries had caused the financial position of Members again relatively to suffer deterioration and thereafter the Government were once more subjected to pressure to take steps to increase their salaries. The Government did not accede to the representations made to them and the remuneration of Members of the House has remained at £1,750 a year until the present time.

---

*Hansard, 12th July 1956, col. 624.
Hansard, 4th July 1957, cols. 1308-09.
26. It is now 53 years since payment from public funds for parliamentary service was first made to Members of the House. The Government Motion approving the payment was moved on the 10th August 1911 by the Chancellor of the Exchequer, Mr. Lloyd George. The purpose which this payment was intended to serve was expressed by him in both positive and negative propositions. We think that the concluding passage of his speech may well be recalled in this Report. It ran as follows:

"...When we offer £400 a year as payment of Members of Parliament it is not a recognition of the magnitude of the service, it is not a remuneration, it is not even a salary. It is just an allowance, and I think the minimum allowance, to enable men to come here, men who would render incalculable service to the State, and when it is an incalculable loss to the State not to have here, but who cannot be here because their means do not allow it. It is purely an allowance to enable us to open the door to great and honourable public service to these men, for whom this country will be all the richer, all the greater, and all the stronger for the unknown vicissitudes which it has to face by having here to aid us by their counsel, by their courage, and by their resources."

The wording is oratorical rather than precise but the sense is clear. By the decision to sanction payment to its Members the House appears to have recognised the force of the criticisms of unpaid parliamentary service and to have accepted the arguments of the spokesmen for the Government in support of the Motion, to which criticisms and arguments we have already referred in paragraphs 8 and 9 above. This decision has never since been successfully challenged: its strength and validity have grown with the passing of time. The principle of payment and the nature of its purpose we take to have been established in this way by the House of Commons more than half a century ago.

27. The considerations, however, which have determined the amount of the payment are more important for our present purpose. It is useful again to go back to the first enunciation of principle. This is to be found also in the same speech by Mr. Lloyd George where he said:

"...The only principle of payment in the public service is that you should make an allowance to a man to enable him to maintain himself comfortably and honourably, but not luxuriously, during the time he is rendering service to the State. That is the only principle, and it is the principle on which we have proceeded.

---

* Hansard, 10th August 1911, col.1383.
* Hansard, 10th August 1911, col.1382.
28. The principle so stated is capable of a wide variety of paraphrase. It has been frequently paraphrased in discussions which have taken place since 1911. Without attempting a similar exercise of our own we think that it is important to analyse the conception behind the words used and to draw attention to their implications.

29. In the first place they appear to us to postulate the existence of candidates for parliamentary service who have neither the private means nor the opportunity of earnings outside Parliament which will enable them to assume this form of political life. Secondly, for such persons the payment offered should not be so high as to include any element of "luxurious" living but should recognise that parliamentary service calls for and should be willingly accorded a measure of personal sacrifice. At the same time the payment should not be so low as to deter such persons for financial reasons from entering or remaining in the House. Poised between these two extremes the payment should be such as not only to enable the man with no external means to become a Member of the House without financial embarrassment but to allow him to discharge the proper expenses of conscientious and efficient membership and to live at a level consistent with the dignity of the service. He should not be forced to resort to sacrifices which impair the quality of his service and lower the reputation and prestige of Parliament itself.

30. Although in the end we have concluded that this analysis of the principle provides the only practical working basis on which we can proceed, it would be misleading to convey the impression that there are no difficulties in the way of its uncritical adoption.

31. The first difficulty involves the question whether the salary should be regarded as recognition of full-time or part-time service. This question has never received any authoritative answer in the various recommendations which have been made from time to time on the subject of the salary. Our questionnaire to Members of the House specifically included this question (see Appendix A to this Report). The replies did not provide a conclusive answer. Many were to the effect that in present conditions, whatever may have been the case in the past, the salary should be regarded as a recognition of full-time service. On the other hand a substantial number of replies disclosed a firm belief that the House would suffer considerably in the quality of its work if it consisted entirely of "full-time professional politicians" and thus lost the benefit of the counsel of those Members who spend some part of their time actively engaged in professions and occupations outside the House. It was frequently said that the strength of the House lay in its great variety of membership and that continuous contact with the outside
world on the part of a substantial number of Members contributed greatly to the reality of its debates.

32. It is unnecessary for the purposes of our review that we should express any opinion on this question. It is enough that we should consider and take into account the pertinent and relevant facts. These are that the House of Commons contains and no doubt will continue to contain not only a number of Members who have the opportunity of supplementing their parliamentary salary by earnings made outside the House but also a number (and possibly a growing number) of those who simply cannot do so. The possibility of making such earnings varies greatly from Member to Member, being dependent largely on the nature of their training, skills and previous occupations. In some cases these are of a nature which precludes altogether the opportunity of making any outside earnings. As has often been observed before, a railwayman and a miner cannot follow their occupations on a part-time basis as can a journalist and a lawyer. Thus the fact is that for some Members of the House their membership is the only occupation from which they are able to draw a remuneration.

33. The second difficulty arises from the variety of the personal circumstances of Members themselves. First, there is the possession of other sources of income. Some Members have a private income, and this is likely to remain a feature of membership of the House for some time. Some Members can follow a part-time occupation or profession outside the House. This is also a feature which will no doubt continue to attach to parliamentary life. The possession of these extraneous sources of income and the commendable readiness to devote this income in whole or in part to meeting the expenses of parliamentary service are factors which reduce the financial needs of some Members below the level which would be the result of applying the principle first enunciated in 1911 and analysed in paragraphs 26-29 of this Report. Secondly, in addition to this complication there are the results affecting the expenditure of Members which arise from the geographical and other differences between their constituencies. We refer to this matter in more detail later in our Report (see paragraph 50 below).

34. This lack of homogeneity is a central feature of membership of the House and it necessarily precludes the fixing of a salary at a level which will exactly meet the needs of all Members, simply because these needs are by no means uniform.

35. These difficulties lead to two possible conclusions. The first alternative is that the salary for all Members, whatever the type of their constituency, should be such as will enable those Members who
are without private means or the opportunity to earn income outside the House efficiently to discharge the duties of the service without undue financial worry and to live and maintain themselves and their families at a modest but honourable level. The second alternative is some system of differential remuneration which would attempt to meet, if only very broadly, the variation in the circumstances of individual Members.

36. The latter alternative would in our judgment give rise in practice to insuperable difficulties of assessment, even if it were intrinsically desirable. It would be impossible to assess the value of the difference between part-time and full-time service or the degree to which time available for external earnings is equivalent to the real opportunity or ability to make them. Nor would it be possible or desirable to take account of the private sources in income or capital of Members or of the varying burden imposed by different types of constituency in assessing the salary to be paid to them. We are convinced that such a system would give rise to far greater difficulties than those which it sought to meet.

37. We therefore reach the conclusion that the first alternative is the one which must be adopted. In so far as this solution will put money into the hands of those who do not need it, the surplus to some extent will be taken back by taxation. To the extent to which this does not happen, it must in our opinion be accepted as the unavoidable result of the variegated nature of membership of the House. There is, however, nothing to prevent a Member, who so wishes and who has the necessary means, from regarding his membership as a voluntary service and from foregoing his parliamentary salary in whole or in part.

38. It remains to determine a figure. Its assessment can only be an act of subjective judgement. Parliamentary service is an occupation of which the nature is unique and therefore neither the principle of "fair comparison" nor any comparative method can give guidance towards the appropriate figure. Nor is the remuneration of this service something which ought properly to be governed by the forces of competition or by market value.

39. One suggestion repeatedly made to us was that the remuneration of Members of the House should in some way be linked to a level of salary
in the Civil Service on the ground that this approach would not only indicate some comparative level of salary to be initially adopted but would ensure that as and when salaries in the Civil Service were adjusted in accordance with the established principles affecting those salaries, the salaries of Members of the House would likewise be maintained at an appropriately up-to-date level. This is a suggestion which we firmly reject. In the first place we are fully satisfied that there is no basis of comparison at all between the two types of service. Secondly we are far from accepting the principle that the remuneration of Members of the House should be linked to any external scale: it should be determined on its own and should not enjoy any automatic built-in protection. A third point which can be made against the suggestion is that any link between salaries of Members of the House and salaries in the Civil Service might involve the latter at times in political controversy.

40. In the end therefore we have been left to exercise our own judgement on the facts disclosed to us against the background of all the matters which we are required to bear in mind by our terms of reference.

41. We have read the evidence given to Select Committees in the past and we have given close attention to all the evidence written and oral given to us, in particular to the answers to the questionnaire sent to Members and to the views expressed at the interviews we have had with Members and Officers of both Houses. The effect of this evidence is to leave us with the conviction that the present salary of £1,750 a year falls far short of the standard originally adopted in 1911. Moreover, we are satisfied that in this sense the earlier levels of salary have for many years been inadequate to a substantial degree even if the amount fixed in 1911 met the standard on which it was said to be based.

42. The evidence which we have received has demonstrated that Members who have neither private income nor outside earnings have been and are suffering hardships which impair the efficient performance of their duties and detract from the dignity of Parliament in its proper place in the national life. These Members, of whom there is an increasing number not limited to one side of the House, are forced to endure the discomfort, in spite of tax relief, of cheap and shabby lodgings in London; they cannot afford to use the Members' Dining Room; they have to submit to the humiliation of not being able to return hospitality even at the most modest level of entertainment; they are forced to impose considerable sacrifices upon their families and they
find it necessary to cut down the number of days on which they can attend sittings of the House. The result of all this is that if they do not receive help from some external source they are continually harassed by financial anxiety. We are satisfied that this is a situation which has been present for a long time and well before the present salary was fixed in 1957. The hardships described in the answers to the questionnaire which we addressed to all Members of the House are matched by similar descriptions in the evidence given to Select Committees in the past. The addition of £750 in 1957 did not in our view fully remedy the situation existing at that time. It follows that the inadequacy of the existing salary is not merely the result of the fall in the value of money and the rise in the cost of living since 1957. It has been endemic in the House for a longer period than that.

43. We draw attention to this aspect of the matter not only on account of its intrinsic importance, but also to make it clear that in our view a proper level for the remuneration of Members of the House of Commons cannot be found by taking 1957 (or indeed any other date) as a base and adding to the figure of £1,750 an amount calculated by reference either to the fall in the purchasing power of the pound or to the rate of growth in national productivity. In our view this is an exceptional case.

(d) Deductible Expenses

44. In any assessment of the proper level of the remuneration of Members of the House the amount of their expenditure incurred in the performance of their parliamentary and other duties must be a vitally important factor. The short historical review with which we began this section of our Report has indicated how often this matter of the amount of their expenditure has arisen in the past and how much at all stages it has been affected by the incidence of taxation. The assessment of the remuneration of Members of the House and of Ministers for purposes of income tax is the duty of the Inland Revenue. This duty has to be discharged in accordance with the law and practice of taxation which does not differentiate between Members of Parliament and the general body of taxpayers. In discharging this duty the Inland Revenue must apply established principles to all the relevant circumstances. These circumstances are of course multifarious and general rules lead to what are thought to be anomalies in certain cases. One instance
is the treatment for tax purposes of the salaries of Ministers to which we drew attention later in this Report (see paragraphs 122-129 below). Another difficulty arises from the fact that the total remuneration of Members and of Ministers is liable to tax under Schedule E, deductions being allowed only for expenses incurred "wholly, exclusively and necessarily in the performance" of the duties of their respective offices. In this context some fine distinctions have arisen between parliamentary duties and political activities. Consistently with the established principles of taxation under Schedule E the Inland Revenue allows the deduction of expenses under the following main heads:

(1) the additional cost of living away from home when engaged in parliamentary duties either at Westminster or in the constituency but not in both (applicable only to Members who have constituencies outside the London area);

(2) the cost of stationery, postage, telephone, telegrams and similar items incurred for parliamentary duties;

(3) the cost of secretarial and clerical assistance for parliamentary duties;

(4) travelling expenses on parliamentary duties
   (a) within the constituency and
   (b) between Westminster and the constituency,
   being the excess over the cash allowance made to Members in respect of travel by car;

(5) other necessary expenses incurred for parliamentary duties such as, for example, the cost of hiring rooms to meet constituents, of pamphlets etc. informing constituents of the Member's parliamentary activities, and subscriptions to a local agent or party association in return for which the Member obtains help in his parliamentary work.

45. On the other hand the same principles of assessment have resulted in the following heads of expenses not being allowed:

(1) literature issued for canvassing purposes;

(2) election expenses;

(3) periodicals, books, newspaper cuttings, etc.;
46. The effect of these rules is that by no means all the reasonable expenditure of a Member is deductible for tax purposes. The expenses of Members of the House were obviously a matter to which we had to give detailed consideration.

47. The foregoing review of the history of the remuneration of Members has necessarily included the vicissitudes of an allowance for expenses as an ingredient in their total emoluments. The present amount of these, namely £1,750, is made up of what the Prime Minister in making his statement on the 4th July 1957 referred to as the "basic" and unchanged salary of £1,000 and an addition of £750 which was in substitution for the then existing sessional allowance and was equivalent to the amount which the Select Committee had reported on the 2nd February 1954 was the then average amount allowed for expenses by the Inland Revenue under Schedule E.

48. We have been supplied by the Inland Revenue with the latest available figures of allowances for tax purposes made to Members of the House of Commons and to Ministers who are also Members of that House. These are reproduced in the tables in Appendix B to this Report. We were informed that the median amounts of the expenses of Members (excluding Ministers) shown in the first of these tables were for 1960/61, £1,033; for 1961/62, £1,066; and for 1962/63, £1,088. Taken in conjunction with the figures in the similar Appendix VI to the Report of the Select Committee of 1954, these figures show the trend of increase in these expenses and the extent to which the figure of £750 is now out of date.

49. It would be wrong and misleading to take these figures as an indication of the financial circumstances of every Member of the House and to deduce from them that after payment of expenses all Members are left with a sum of about £700 to meet their living expenses.
In the first place there is the considerable extent of the dispersion. In relation to the latest figure of £1,088 it is to be noted that there were 20 Members whose expenses allowed for tax purposes did not exceed £500: at the other end of the scale 55 Members were allowed expenses to the extent of the whole of their parliamentary salary. One reason for this dispersion may be that many Members are compelled to restrict their expenses to what they can afford. Another may arise from geographical and other differences between constituencies.

At our request the Inland Revenue supplied us with figures showing in separate detail the expenses allowed for tax purposes to Members (excluding Ministers) for London constituencies, for urban constituencies and for rural constituencies. These figures are reproduced in the table in Appendix C to this Report. This table shows that the incidence of these expenses is much higher in rural and in provincial urban constituencies than it is in the London constituencies and that the overall median figures mentioned in paragraph 48 above are less than the median figures for rural constituencies. No doubt there is also an individual difference in this matter between each of the constituencies in the three categories.

In the second place the expenses referred to are only those which are allowable under Schedule E. From these are excluded expenses which, according to the evidence we have received, many Members find themselves bound to incur for purposes such as those referred to in the sub-headings (1) to (9) in paragraph 45 above.

The examination which we have made of the expenses incurred by Members of the House reveals a fact which we think is not generally appreciated outside the House. That fact is that a Member of the House must incur exceptionally heavy expenses in order to discharge his duties. The total amount of a Member's salary is often referred to in terms which imply that the whole of it, less tax, is available to him for his living expenses: industrial and other wages and incomes are then contrasted unfavourably with it. Such an attitude is wholly wrong and can lead to seriously mistaken impressions on the public mind. Unlike an industrial or office worker, a Member of the House has no employer who provides him with the equipment necessary for his work and who pays his expenses. A Member does enjoy the allowance for travel and the few and limited free facilities which we discuss in paragraphs 55 - 69 below where we refer to the question, brought to our notice by many Members, of their extension. For the reasons there given we think that we must take the present system as we find it. On this basis a Member for the most part himself has to pay the cost of the services and assistance which he needs.
for the purpose of his duties. This cost can amount to a very substantial proportion of his emoluments. If any reference is made to a Member's remuneration in comparison with other incomes, the relevant figure is not that of his total emoluments but what is left to him after he has paid the expenses of his service. The two figures may be greatly different.

(e) Conclusions

53. Having regard to all the matters mentioned in our terms of reference, in particular to the changes which have taken place, since the existing emoluments were fixed, in general standards of remuneration (nearly all of which have been substantially upward changes), and to the increases in expenses borne by Members of the House in the discharge of their duties; taking careful account of all the evidence we have received; adopting the principle formulated in 1911 in all its modern implications; bearing in mind what we have to say later about other benefits, and particularly pensions, and using the best judgement we can upon all these matters, we recommend that the salary of Members of the House of Commons should be increased from the present figure of £1,750 to £3,250 a year.

54. As we have pointed out in paragraph 23 above, this present figure of £1,750 at its inception was, at any rate notionally, divided into two parts: a basic salary of £1,000 and an addition of £750, being the amount found by the Select Committee in 1954 to be the average amount of the expenses allowable under Schedule E. Use was made of this division to enable all Ministers in the House of Commons, Mr. Speaker, the Chairman and Deputy Chairman of Ways and Means and the Leader of the Opposition to draw £750 a year of the total parliamentary remuneration in addition to their salaries, the purpose being to provide Ministers and the others mentioned with a parliamentary salary against which they could obtain tax relief up to that amount in respect of their parliamentary expenses as Members of the House. We refer to this matter later in the section of this Report which deals with the remuneration of Ministers of the Crown, where we make a recommendation that the present practice should be continued in an enhanced amount. We are of opinion that this amount should be £1,250 a year.
(a) Travel

55. Members of the House of Commons are entitled to vouchers exchangeable for railway and steamship tickets and sleeping berths for travel on parliamentary duties between London and constituency, constituency and home, and home and London.

56. They are also entitled to vouchers for the same categories of journey by scheduled air services where such services exist.

57. A railway season ticket can be obtained by a Member who certifies his intention to travel from his place of residence to the House on at least four days a week during the parliamentary sessions but such tickets are not available for use during the summer and Christmas recesses.

58. We were informed by the Inland Revenue that these travelling facilities (which are not given in the form of cash payments and are not convertible into money) are not subject to income tax. In that respect they differ from the car allowance referred to in paragraph 59 below.

59. Members may claim mileage allowance for the use of their cars for the same types of journeys as those for which free travel by rail or air is provided. The allowance is intended only to cover the cost of motor fuel and is subject also to the upper limit of the cost of first class rail fare. It takes the form of a cash payment and is subject to income tax in respect of journeys between home and constituency and between the House of Commons but not between the constituency and the House of Commons.

60. We received many representations suggesting additional or altered facilities for travel allowances. We think it necessary, however, to comment on only two specific suggestions, viz. a proposal that Members should be entitled to a limited number of vouchers for use by their wives (or husbands) for travel to Westminster and to the Members’ constituencies, and various proposals for improving or simplifying the car allowance.

61. The point was made strongly to us that the nature of a Member’s duties, particularly if his home was neither in London nor in his constituency, involved much enforced separation from his family. This, it was suggested, was not only a personal hardship but detracted from the efficiency of the Member himself in that the Member depends on his wife for assistance in his social duties both in his constituency and at Westminster.
62. We have given careful consideration to this proposal. We clearly understand the reasons for which it is put forward but we have come to the conclusion that it is not a proposal which we can recommend. There are difficulties in principle in subsidising out of public funds the travelling costs of persons who are not in the public service and there are practical difficulties in the determination of the upper limit of any such concession. Clearly some limit would have to be placed on the number of vouchers for free travel issued to the wives of Members. This was recognised by the advocates of the proposal but as might be expected they differed on the question what this limit should be. In any case it could only be an arbitrary figure which would impose a uniformity of benefit where the needs are probably far from uniform. We have come to the conclusion that this matter is best taken care of by the amount of the parliamentary salary and in recommending the increase in the amount of this salary we have borne this factor in mind.

63. We are impressed by the views we have received concerning the complications, misunderstandings and even ill-feeling arising out of the present system of assessing the allowance paid to Members for travel by car. The present allowance is intended to cover only the cost of motor fuel. There is therefore involved an assessment of the fuel consumption of the car used based not only on engine capacity but on the age of the car. We believe a much simpler system under which the allowance would be a flat rate per mile would be more satisfactory, and we recommend a figure of 4½d. per mile which is the general rate per mile for first class rail travel. In this connection our enquiries have shown us that there are some differences of detail between the schemes in the two Houses of Parliament of paying cash allowances for travel by car. We would suggest that if our recommendation with regard to the operation of the scheme in the House of Commons is implemented, consideration should be given to the desirability of assimilating the two schemes.

(b) Other Facilities

64. Other facilities in kind available to Members of the House of Commons for the performance of their duties are very much limited in nature. They include a certain supply of stationery; free postage for correspondence with Government departments, with nationalised industries and with officials of the House; free telephone calls from the House within the London area; free copies of parliamentary and certain other official publications; the use of a limited number of rooms where Members and Members' private secretaries may do their secretarial and typing work; and the use of a copying machine for making a limited number of copies of documents.
65. We received various proposals with regard to the extension of the facilities which we have summarised in paragraph 64 above. Other proposals related to new facilities. The most substantial of these latter proposals concerned the provision of secretarial and research assistance. The proposals for secretarial assistance varied from the provision of private secretaries for Members (or groups of Members) to a pool of shorthand typists or a remote dictation service. On the other hand objections were raised to individual private secretaries on the ground of the expense involved and of the fact that by no means all Members found the need for the full-time services of a private secretary. In addition this suggestion gives rise to difficulties in regard to accommodation in the way of separate offices for Members. Suggestions for a system of shared secretaries, for a pool of shorthand typists or a remote dictation service encountered objections on the ground of the confidential nature of much of a Member's secretarial work. We find it difficult to reconcile the various views expressed to us on these matters.

66. Much has been said and written about the limited character of the facilities which are made available to Members of the House. They have been contrasted with those provided for members of other elected assemblies, in particular those of the United States of America, Australia and France. The proposals which we have mentioned would in effect, if they were implemented, amount to taking a big step along the road to the institution of free services such as are available to Members of Congress of the U.S.A. Some take the view that this is not an example to be followed by Parliament: others take the opposite view. The question raises profound issues of policy and from the practical angle involves matters such as the provision of new buildings (now under consideration), a large extension of the Library of the House and of its staff, the granting of allowances for research assistants, foreign travel, etc. Some of these proposed changes cannot be effectively made until the matter of further accommodation has been decided. Further, the individual needs and preferences of Members for these facilities appeared from the evidence to vary very greatly. In our view these issues are in any event outside our terms of reference which we interpret to concern the provision of adequate remuneration for Members of the House within the confines of present policy. We therefore do not express any view on these matters.

67. In reaching our conclusion on the amount of the salary for Members we have, for the reasons we have given, taken the present practice as we find it and on this footing have recommended a remuneration out of which they can choose and pay for such facilities as they personally decide best meet their individual needs.
68. We desire to place on record the fact that Members referred with gratitude to the assistance which they receive from the staff of the Library of the House, while suggesting that a further strengthening of this staff would be of great assistance to them.

69. We also wish to refer to one minor matter to which we think that consideration might with advantage be given. This relates to the provision of free postage. A proposal was made to us from more than one source that the present facility which is limited to correspondence with Government departments, nationalised industries and officials of the House should be extended to cover correspondence with local authorities. The grounds for this proposal were that in modern conditions and particularly in the sphere of housing the interests of their constituents frequently require Members to engage in correspondence with these authorities and that since free postage is granted for the kind of correspondence indicated by the subject of the concession, it should be extended by parity of reasoning to include correspondence with local authorities. We are of opinion that there is a good case for this small extension of the facility and we suggest that this should be granted.

PENSIONS FOR MEMBERS OF THE HOUSE OF COMMONS AND THE MEMBERS' FUND

70. The House of Commons Members' Fund was set up by Act of Parliament in 1939 to make grants, based on an assessment of needs, to ex-Members, their widows and children. The availability of these grants was extended to widowers by the House of Commons Members' Fund Act, 1948. All Members are required to contribute to the Fund and the rates of contribution and the maximum amounts of the grants have been changed more than once since the Fund was set up. At present the income of the Fund is derived from a contribution of £24 a year from each Member, an Exchequer contribution of £22,000 a year and dividends and interest from the Fund's investments. The Fund is administered by six Trustees drawn from Members of the House of Commons of the day.

71. The normal maximum grant to an ex-Member is £500 a year provided that his total income, with the grant, does not exceed £700 a year. The normal maximum grant to a widow is £300 a year provided her total income, with the grant, does not exceed £500 a year. Larger payments may be made by the Trustees at their discretion having regard to length of service and need, with maxima of £900 a year to ex-Members and £450 a year to widows, subject to total income limits of £1,100 and
£650 respectively. Grants for children vary from £30 a year to £100 a year depending on the number of children in the family and whether or not one parent survives. Rates of contributions and maximum grants to ex-Members and widows were last increased in May 1961: those for children have not changed since 1948.

72. The setting up of the Members' Fund followed the Report in 1937 of a Departmental Committee which was appointed to examine the practical aspects of a suggestion for a pensions scheme for Members of the House of Commons, the necessary funds to be raised and maintained by personal contributions from Members (whether compulsory or voluntary) without any charge to the taxpayer. The Committee had found the idea of a contractual pensions scheme to be impracticable and recommended that awards to ex-Members or their widows should be made according to need. The Select Committee which was appointed in 1953 to examine the general question of Members' expenses was asked also to report on the extent to which the Members' Fund fulfilled under present conditions the purposes for which it was set up. The Committee in addition to proposing certain improvements in the Members' Fund recommended a non-contributory scheme for pensions to be awarded according to length of service and without regard to need. This recommendation was referred in May 1954 to the Trustees of the Members' Fund for further consideration and report. The Trustees reported in March 1955 and proposed that there should be a new self-supporting contributory pensions scheme for Members. This recommendation, however, was not acted upon. In May 1956 when announcing the latest increases in the contributions to and in the benefits from the Members' Fund the Chancellor of the Exchequer said that the Government had considered afresh whether a pensions scheme should be introduced. They had, however, come again to the conclusion that, apart from the difficult question of principle whether membership of the House of Commons should be regarded as a pensionable occupation, a scheme of pensions as of right would not be practicable owing above all to the uncertainty of the length of service of Members and to their widely varying private circumstances. They therefore took the view that the right course was to increase the resources of the Members' Fund in order that the Trustees might make larger grants. The Exchequer contribution to the Fund was accordingly increased from £10,000 a year (the rate at which it had stood since it was first authorised in 1957) to £22,000 a year.

73. The large majority of those who have submitted evidence or expressed views to us favoured the establishment of a pensions scheme for Members of the House of Commons. A minority opposed a pensions
scheme on the grounds that such a scheme was undesirable or impractical or both and most of those considered that a more generous scheme on the lines of the present Members' Fund could satisfactorily deal with cases of hardship affecting retired Members or their dependants. There was, however, considerable feeling, expressed in many cases in the most emphatic terms, that no scheme based, as the Members' Fund is, on a means test could be a sufficient, just or dignified provision for those who had served for substantial periods in the House of Commons.

74. Those who favoured a scheme of pensions as of right put before us a great variety of proposals regarding the general nature of the scheme. These proposals involved the following questions. Should it be a contributory scheme or should pensions be paid entirely out of public funds? If the scheme were to be contributory, should contributions be derived both from Members and from public funds and, if so, in what proportions? What should be the minimum qualifying period for a pension and should the pension increase and in what progression according to years of service? From what age should the pension be payable? Should provision be made for widows (or widowers) and other dependants? Should provision be made for past service and, if so, should it cover only those who are still Members of the House of Commons at the date of the inauguration of the scheme?

75. No self-consistent scheme can be evolved out of such a variety of proposals. Many of the proposals were in fact diametrically opposed one to the other. We have considered the arguments used in the past against the introduction of a pensions scheme for Members of the House of Commons, the developments since the Report of the Departmental Committee in 1937 and all the arguments which have been put before us. Our conclusion is that a pensions scheme is desirable and that although service in the House of Commons has no parallel among employments in industry or the professions, a workable and sound scheme can be devised. Having come to this view, it remains for us to recommend a reasonable and fair scheme in the light of all the circumstances. This we endeavour to do in the following paragraphs of this section of our Report and in Appendix D.

76. Before setting out our recommendations, however, it is desirable to draw attention to two points of principle. First, we had to reach a decision on the question whether the scheme should cover past service at all and, if so, whether it should cover the past service of those who have no service as Members after the beginning of the scheme. We recognise the hardship which would be
involved in excluding past service entirely. Total exclusion of past service would have meant that, in accordance with the scheme which we recommend, no pensions at all would be payable until the expiration of 10 years from now. On the other hand we cannot accept the principle of applying a pensions scheme to those who have no service after the date when the scheme begins. On consideration of the whole circumstances we firmly recommend that the scheme should not apply to former Members of the House who have no service after the date when the scheme begins and that their needs should be dealt with by the Members' Fund the continuance of which we recommend (see paragraph 81 below). In the second place, we would point out that our recommendations on Members' remuneration are based not only on the assumption that there will be a pensions scheme but also on the proposals we make that the pensions scheme should be of a contributory nature and that apart from the cost of crediting past service (see paragraphs 78(8) and 79 below) the contributions should be borne equally by Members themselves and by the Exchequer.

77. The pensions scheme which we recommend will no doubt require legislation and we do not consider it necessary to deal with matters of machinery such as the management of the pensions scheme which will be covered by the legislation. We are greatly indebted to the Government Actuary for the technical advice which we have received from him.

78. We recommend the establishment of a pensions scheme for Members of the House of Commons and the following are our recommendations regarding the main provisions of the scheme:

1. The scheme should begin during the first session of the new Parliament of 1964 and from the same date as that from which Members' salaries are increased.

2. Membership of the scheme should be compulsory. All persons who are or become Members of the House of Commons on or after the date of the beginning of the scheme should participate in it.

3. Contributions at the rate of £150 per year should be paid by all members of the scheme so long as they remain Members of the House of Commons and a like sum in respect of each Member should be paid out of public funds to the scheme. There should also be paid out of public funds the amount referred to in sub-paragraph (8) and paragraph 79 below.
in respect of the credit which we propose for past service of members of the scheme.

(4) Benefits should be paid to all persons who qualify for such benefits under the regulations of the scheme in addition to any other pension to which they may be entitled and whether or not such other pension is derived in whole or in part from public funds.

(5) Pension should be payable from the age of 65, or the date of his ceasing to be a member of the House if later, to a person who has ceased to be a member of the House after not less than 10 years' service. Pension should accrue at the rate of £60 a year for the first 15 years of service and thereafter at the rate of £24 a year.

(6) Pensions should be payable to the widow, incapacitated widower and orphan or orphans of a member or ex-member who had had not less than 10 years' service in the House.

(7) The following table shows examples of the rate of pensions recommended for the member (in accordance with his length of service) and for the widow (or widower):

<table>
<thead>
<tr>
<th>Pension</th>
<th>After 10 years</th>
<th>After 15 years</th>
<th>After 40 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member</td>
<td>£600</td>
<td>£900</td>
<td>£1,500</td>
</tr>
<tr>
<td>Widow</td>
<td>£300</td>
<td>£450</td>
<td>£750</td>
</tr>
</tbody>
</table>

(8) Full credit for past service before the beginning of the scheme should be granted up to a maximum of 10 years, any years of past service in excess of 10 being ignored. The cost of crediting past service should be borne out of public funds.

(9) Any person ceasing to be a member of the House without having qualified for a pension should be able to obtain a
refund of his own contributions with interest. If he is subsequently re-elected to the House he should be permitted to repay with interest any such refund and to count his previous service for purposes of the scheme.

In framing the above recommendations we have assumed that Members' contributions to the scheme will be allowable for tax relief and we have taken into account evidence given to us that in recent decades the average length of service in the House has been about 15 years. A more detailed description of the scheme is set out in Appendix D.

79. It is not possible to calculate exactly the cost of crediting past service as recommended in sub-paragraph 78 (8) above. Final figures must await calculation based on the membership of the new House of Commons. An approximate estimate is that it would require either an initial capital grant of about £2½ millions or an annual payment of about £150,000 for 25 years or an annual payment of about £120,000 for 40 years.

80. Contributions of £300 a year in respect of each Member together with the cost of crediting service before the scheme begins are calculated to be sufficient to support the benefits recommended. This calculation has necessarily been made in the light of past experience. Obviously it cannot take account of possible future changes in some of the relevant factors such as the average ages at which Members enter the House and retire from it and their average length of service. Significant changes in these and other factors will have to be taken into account in future assessments of the adequacy of these contributions. Provision for valuations and for meeting a deficit, if one should emerge at any time, will of course have to be made in the scheme.

81. Our recommendations on Members' remuneration and on the establishment of a pensions scheme assume the continuance of the Members' Fund and of contributions to it by Members and by the Exchequer at at least the present rates. As mentioned in paragraph 76 above the Fund will be required for some time to come to meet the needs of those who have ceased to be Members before the beginning of the pensions scheme. There may also be some cases of need among Members who enter the pensions scheme. We have in mind, for instance, some among those who although entering the pensions scheme do not complete 10 years' service, or who complete 10 years but, before reaching the age of 65, are unable to continue to be Members for reasons of ill-health or, having ceased to be Members, become incapacitated. The provision of an incapacity pension for ex-Members as a feature of the pensions scheme would, it seems to us, present
very great difficulties. Cases of hardship arising from incapacity among ex-Members who have not qualified for a retirement pension under the scheme will call for individual consideration of all the circumstances, medical as well as financial. We think that in this type of case the exercise of discretion within the statutory limits in force for the time being can best be left in the hands of the Trustees of the Members' Fund.

62. The establishment of the pensions scheme which we recommend will eventually lead to a diminution in the number of calls on the Members' Fund, but the effect on the Fund will be felt only slowly. The Trustees of the Members' Fund will no doubt take this into account together with changes in membership of the House of Commons and with other relevant circumstances when making any proposals concerning contributions to or benefits from the Members' Fund which they think appropriate.

83. The remuneration of Mr. Speaker is specifically mentioned in our terms of reference as a separate subject for review and recommendation. The present salary, which is £5,000 a year, was established by the House of Commons Officers' Act, 1834. The office is one of great dignity, prestige and responsibility and there can be no doubt that it submits its holder to large expenditure in the performance of its duties. This liability is made abundantly clear by the fact that in 1928 by Treasury Minute issued under Rule 10 of the Rules applicable to Schedule E in the Income Tax Act, 1918, Mr. Speaker was allowed an increase in a flat rate deduction of expenses from £3,000 to £4,000 a year. In other words at that date it was officially recognised that the expenses necessarily incurred in the performance of the duties of the office amounted to four-fifths of the salary of £5,000.

84. The nature of this allowance and of others of the same kind which have been made from time to time by the Treasury under its statutory powers (see paragraph 11 above) is often the subject of misunderstanding. The allowance does not mean that the amount involved is paid tax free in the sense that it does not attract tax at all and that the balance of the salary can be made chargeable with deductible expenses. The amount is the Treasury's own estimate of the expenses of the office properly allowable under Schedule E if they were claimed and substantiated as such. The procedure is thus strictly an
administrative "short-cut" to reach the same position in relation to tax as would be reached if the expenses were formally claimed and allowed. We have no material which will enable us to pronounce on the adequacy or otherwise of the amount of £4,000 in the case of Mr. Speaker. On the assumption, however, that it was correct in 1928, it would appear that it is unlikely to be right in 1964, and we recommend that the position should be reconsidered and any appropriate action taken.

85. Some of the expenses incurred by Mr. Speaker, such as the cost of some forms of entertaining, do not satisfy the requirements of Schedule E for inclusion in this allowance, although they may have been reasonably incurred for the purpose of maintaining the full dignity of the office. Mr. Speaker, if he has had no private means (he cannot engage in remunerative activities outside the House), has been expected to defray the expenses of his office, other than the amount attributable to a free residence and certain other minor benefits, out of a salary of £5,000 a year. On the footing of the Treasury's assessment of his expenses under Schedule E and on the assumption that there have not been any subsequent material changes in the relevant facts the position for the last 36 years has been that Mr. Speaker has been left with a salary of £1,000 (£1,750 since 1957) out of which he has had to meet the non-deductible expenses of his office, the expenses of parliamentary duties in connection with his constituency and his own living expenses. This seems to us to be an absurdity and we recommend that the salary of Mr. Speaker should be increased to that which we recommend for the most senior departmental Ministers (see paragraph 118 below), together with the same parliamentary allowance of £1,250.

86. The payment of a pension to Mr. Speaker is a matter of custom and not of statutory entitlement. So far as it lies within our terms of reference to do so, we recommend that effect should be given to a proposal made to us on more than one occasion that his pension should be attached to his office as a matter of right. We think that the appropriate figure is £5,000 and we so recommend.

THE PRIME MINISTER

87. A Select Committee was appointed in 1830 to consider what reductions could be made in the salaries and emoluments of offices held during the pleasure of the Crown by Members of either House of
Parliament. At that date the title of Prime Minister had no formal standing and the head of the Government was referred to by the Select Committee as the First Lord of the Treasury. The comments of the Committee on the remuneration of this office were as follows:

"The FIRST LORD of the TREASURY has at present a Salary of £5,000 a year, and an official residence. It was the same in 1780, and has not since been altered; but the First Lord has frequently had also other situations with large emoluments. As this office is one of the highest dignity and of the greatest duties, it is recommended that the Salary be continued at the net sum of £5,000 a year. When held with the office of Chancellor of the Exchequer, it is proposed that one-half only of the Salary of the latter be attached to it, making in that case £7,500 a year."

88. The following facts appear from Appendix No.5 to that Committee’s Report. The “other situations with large emoluments” referred to included in 1780 the office of the Chancellor of the Exchequer and the office of Lord Warden of the Cinque Ports. In that year these offices were all held by Lord North who derived from them a total remuneration of about £10,500 a year. His salary of £5,000 as First Lord of the Treasury was paid partly from the Civil List and partly from a source entitled "Secret Service", the charge on the Civil List being at the same rate as the salary payable to Junior Lords at the time, namely £1,600, and the balance coming from the other source. As Chancellor of the Exchequer Lord North received £1,652 plus fees amounting to £778. Thus for these two offices his emoluments amounted to £7,430 a year. In 1782 the whole of the salary of £5,000 payable to the First Lord of the Treasury was placed on the Civil List.

89. In 1850 another Select Committee was appointed to review the salaries of Ministers and the remuneration of other appointments made by the Crown. The reference in their Report to the remuneration of the First Lord of the Treasury, though only in general terms, is of some interest. It was as follows:

"...Your Committee first selected those Offices which from the nature of the duties attached to them have always been considered of the greatest importance in a Government; namely, those of First Lord of the Treasury, the Chancellor of the Exchequer, the Three Secretaries of State, and the First Lord"

The title of Prime Minister received formal recognition in 1905 when by Royal Warrant the holder was given precedence next after the Archbishop of York.

With two exceptions, Mr. Gladstone during his first two Governments and Mr. Baldwin in 1923, these two offices have not been combined in the same holder for over 100 years.
of the Admiralty. For these Offices it is requisite to secure
the services of men who combine the highest talents with the
greatest experience in public affairs; and considering the rank
and importance of the Offices, and the labours and responsibilities
incurred by those who hold them, your Committee are of opinion,
that the salaries of these Offices were settled in 1831 at the
lowest amount which is consistent with the requirements of the
Public Service."

90. From the evidence given to this Select Committee the following
matters may be extracted. They are also of some interest in the history
of the remuneration of the office:

(1) between 1820 and 1849 the work of the Treasury and of all
Departments of Government had considerably increased;

(2) since 1830 no other office had been held together with that
of the First Lord of the Treasury. The salary attached to
the office of Lord Warden of the Cinque Ports had been abolished
early in the 19th century;

(3) the expenses of the office of First Lord of the Treasury were
much more than 22,000 a year;

(4) the provision of an official residence was of doubtful financial
advantage and some First Lords had declined to occupy it.

91. Between 1850 and 1920 many new ministerial offices were created
and others were revived or abolished but the salary structure for
Ministers remained virtually unchanged.

92. In 1920, after a lapse of 70 years, a Select Committee was
appointed to consider the remuneration of Ministers. This Committee
made a number of general recommendations including one to the effect
that all members of the Cabinet, with the exception of the Prime Minister,
should receive the same total salary. With regard to the Prime Minister
they expressed the view that in the light of the increasing burdens and
responsibilities of the office the then current remuneration was
inadequate and should certainly exceed that of other Cabinet Ministers.
They recommended that the salary should be fixed at £8,000 a year
whether or not the holder also occupied the office of First Lord of the
Treasury, the remuneration of which they recommended should be abolished.
Owing to the economic and other circumstances of the day the Government
were unable to accept these recommendations and no action was taken upon
them.

93. In 1930 another Select Committee was appointed to consider
whether the Report of the Committee of 1920 required any modification. This Select Committee in their Report dated the 28th July 1930 described the existing ministerial salaries as being in some respects anomalous and in others inadequate but they did not think that the time was opportune for a general revision. They did, however, make one specific recommendation on the salary of the Prime Minister, namely that it should be increased at the earliest opportunity to £7,000 a year, on the grounds that the circumstances of his position made his salary of less value than that of any other Minister because his expenses were higher, the annual sum required to meet them being at least £2,000. Once more the economic situation prevented any action being taken at the time.

94. In 1937, however, the Ministers of the Crown Act of that year provided for the payment of a salary of £10,000 a year to the Prime Minister and First Lord of the Treasury. The Act of 1937 also provided for the payment of a pension of £2,000 a year to persons who had been Prime Minister.

95. In 1947 by a Treasury Minute made under Rule 10 of Schedule E of the Income Tax Act, 1918, the Prime Minister was allowed a flat rate deduction for expenses of £4,000 a year and in 1957 (see paragraph 109 below) he was accorded the addition of £750 a year to his salary of £10,000.

96. There can be no doubt about the exceptionally grave responsibilities and burdens of the office nor about the fact that it involves the holder in substantial expenses which are probably greater than those of any other Minister. In contrast to other senior Ministers the Prime Minister has received an increase in remuneration in fairly recent years but we are clearly of opinion that the present figure of £10,000 is wholly inadequate to accord with the prestige, the duties and the expenses of the office. In our judgement it should be increased to £18,000, together with the parliamentary allowance of £1,250 recommended for other Ministers in the House of Commons (see paragraph 120 below), and the amount of the pension attaching to the office should be increased to £6,000. Accordingly we so recommend.

97. With regard to the allowance of £4,000 a year as a deduction for tax purposes, what we have said in paragraph 84 above about the nature of a similar deduction allowed in the case of Mr. Speaker applies to the case of the Prime Minister, as does our recommendation that the position be reconsidered and any appropriate action taken.
(a) History of Remuneration

98. The salary being paid to senior Ministers to-day is £5,000 a year, a figure fixed on the recommendation of the Select Committee appointed in the year 1830. The salaries of all other Ministers discussed in this section of our Report were and still are at levels below this figure.

99. The recommendations of the Select Committee of 1830, made in their Report of 1831, were accepted by the Government of the day. From these recommendations the framework emerged of what are now the salary bands in the structure of ministerial salaries. Broadly, with one or two exceptions, the salaries of senior Ministers were recommended and fixed at £5,000 a year: those of junior Ministers, generally, at £2,500, £2,000 or £1,500 a year. A table of salaries at the levels of the years 1780, 1830 and 1831/32 was submitted to us by the Treasury and is reproduced in Appendix E to this Report.

100. Another Select Committee to which we have already referred in paragraph 89 above was appointed in 1850 for the purpose of a wide review of the salaries and emoluments of public offices of various kinds. This review included the salaries attaching to ministerial offices. The Committee did not recommend any large alterations in the then existing levels of these salaries. We may recall from the quotation from their Report made in paragraph 89 of this Report their conclusion with regard to the highest offices, namely the First Lord of the Treasury, the Chancellor of the Exchequer, the three Secretaries of State and the First Lord of the Admiralty, that the salaries of these offices were "at the lowest amount which is consistent with the requirements of the Public Service". They recommended, however, reductions in the remuneration of some junior Ministers as follows:

<table>
<thead>
<tr>
<th>Salaries assigned</th>
<th>1850 Select Committee's recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joint Secretaries to the Treasury £2,500</td>
<td>£2,000</td>
</tr>
<tr>
<td>Junior Lords of the Treasury £1,200</td>
<td>£1,000</td>
</tr>
<tr>
<td>Junior Lords of the Admiralty £1,000 with residence</td>
<td>£1,000</td>
</tr>
</tbody>
</table>
These recommendations were accepted by the Government.

101. The next Select Committee to consider the matter was appointed in 1920. In the meantime certain offices had been newly created or revived and others had disappeared. Salaries attaching to new offices in newly formed Departments were provided for in the statutes setting up the new ministries. The general rule adopted in the assessment of the salaries of the Junior Ministers in the Departments of State was to assign a salary of £1,500 where the Minister in charge of the Department received £5,000 and £1,200 where the Minister in charge received £2,000. Exceptions were the Secretary of the Department of Overseas Trade who was paid a salary of £2,000 and the Assistant Postmaster General (appointed in 1909) who was paid a salary of £1,200 (the salary of the Postmaster General then being £2,500).

102. The Select Committee of 1920 on Ministers' remuneration, while recognising that conditions had changed since the existing scales had been established, did not think that it was then a suitable time to recommend by a general increase in ministerial remuneration a large addition to the total amount of money allocated to the payment of Ministers. They confined themselves to the consideration of the relative position between one Minister and another, having regard to their responsibilities or to the work of the office held. Their main recommendations were:

1. that the salary of the Prime Minister should be raised to £8,000 in recognition of the increasing burdens and responsibilities which recent Prime Ministers had had to bear (see paragraph 92 above);

2. that all members of the Cabinet, apart from the Prime Minister, should receive the same total salary irrespective of the office held (see paragraph 92 above);

3. that no Minister should receive an allowance in respect of a house which he did not occupy or suffer a reduction of salary if he chose to accept the offer of an official residence;

4. that the salary of the Lord Chancellor paid from the Consolidated Fund should not exceed that of a Cabinet Minister (but see paragraphs 133-134 below);

5. that offices, with the exception of those of the Prime Minister
and the Law Officers, should be classified in five classes, namely:

Class I: all members of the Cabinet at £5,000 a year;

Class II: senior Ministers outside the Cabinet at £3,000 a year;

Class III: junior Ministers and senior Under Secretaries at £2,000 a year;

Class IV: other Under Secretaries at £1,500 a year;

Class V: Lords Commissioners of the Treasury at £1,000 a year.

In the economic and other circumstances then prevailing the Government were unable to implement these recommendations.

103. In 1930, as we have mentioned in paragraph 93 above, another Select Committee was appointed to consider whether the Report of the Select Committee of 1920 required any modification in the light of the then existing circumstances. We have already referred in paragraph 93 to the material part of the conclusions of this Committee. It was that the existing scale of ministerial salaries was in some respects anomalous and in others inadequate but that the time was inopportune for a general revision. The Committee endorsed the classifications recommended by the Committee of 1920. Owing to the adverse economic conditions at the time the Government did not take any action on the Committee's Report.

104. Apart from the temporary abatement in salaries between 1931 and 1935 no further step was taken until 1936, when the House of Commons resolved in effect that the recommendations of the Committee of 1920 should be implemented as soon as possible. The result was the passing of the Ministers of the Crown Act, 1937, which was the first comprehensive enactment relating to ministerial salaries.

105. This Act made a number of individual salary changes within the classification bands but apart from providing for a salary of £10,000 (and a pension of £2,000) for the Prime Minister, it generally gave statutory confirmation to the levels of remuneration which had then been paid for something over a century. The highest salary for senior
Ministers was still fixed at £5,000. Four Ministers, the Lord President of the Council, the Lord Privy Seal, the Postmaster General and the First Commissioner of Works received £3,000 (£5,000 if they were in the Cabinet); the Parliamentary Secretary to the Treasury received £3,000 and the Minister of Pensions £2,000; junior Ministers ranged from £2,000 to £1,000. The Act also provided for the payment of an annual salary of £2,000 to the Leader of the Opposition.

106. In 1945 another Select Committee was appointed to consider the expenses incurred in connection with their parliamentary and official duties by Members of the House of Commons, including Ministers whose salary was less than £5,000; their remuneration; and their conditions of work. This Committee recommended (see paragraph 17 above) that the salaries of Members should be increased from £500 to £1,000, of which £500 should be allowed to Members as an expense allowance free of income tax, and that this tax free allowance should be drawn by Ministers with salaries under £5,000 a year in addition to their ministerial salaries. Members' salaries were increased to £1,000 a year but the recommendation that £500 should be treated as an expense allowance was not accepted.

107. The recommended extension to Ministers of the allowance of £500 was achieved by the Ministerial Salaries Act, 1946, which gave to Ministers being paid less than £5,000 a year the right to receive not more than £500 a year by way of salary or allowance in respect of their membership of the House of Commons. This Act also increased the salary of the Postmaster General from £3,000 to £5,000; that of the Minister of Pensions from £2,000 to £3,000 and that of the Assistant Postmaster General from £1,200 to £1,500. It made no change in the position of senior Ministers.

108. The salaries of senior Ministers were abated between 1951 and 1952. Another Select Committee was appointed in 1953 to consider the nature and extent of the expenditure incurred by Members of the House of Commons in the performance of their duties. The recommendations of this Committee included a recommendation that Ministers who were Members of the House should receive the same payment as other Members in respect of their parliamentary duties. It was pointed out that this payment would enable Ministers to claim relief from income tax on their parliamentary expenses in the same way as other Members, thus removing an existing anomaly. The Government were unable to accept the recommendations of the Select Committee.

109. The situation remained unchanged until the passing of the Ministerial Salaries Act, 1957. This Act followed immediately after the increase in the emoluments of Members of the House to a total of £1,750, of which £750 took the place of the existing sessional.
allowance. By repealing section 6(2) of the Act of 1937 it enabled all Ministers to receive this allowance of £750 in addition to their salaries. The Act also made certain changes in ministerial salaries by providing that salaries not exceeding £3,000 should be increased as follows:

1. That the salaries of the Financial Secretary and the Economic Secretary to the Treasury should be £3,750;

2. That other salaries should be increased by
   
   (a) £1,000 where they were less than £2,000 and
   
   (b) £750 in any other case.

This Act also increased the salary of the Leader of the Opposition from £2,000 to £3,000. No further changes have been made since the passing of this Act. Ministerial offices in the Government as constituted shortly before the recent dissolution of Parliament and their salaries are shown in the table reproduced as Appendix E to this Report.

(b) Amount of Remuneration

110. It was the consensus of all who expressed views to us on the matter that ministerial salaries should be substantially increased. We have no doubt whatever that this view is right. Particularly is this so in relation to junior Ministers. The evidence left us in no doubt at all that at the present level of salaries for these appointments it has become increasingly difficult to secure the services of younger men of the right quality and that there have been refusals and relinquishments of office from sheer inability to meet the financial sacrifices involved. On appointment a Minister in the House of Commons not only has to give up all but £750 of his parliamentary salary, but he is at once debarred, as of course is also a Minister in the House of Lords, from supplementing his ministerial salary by engaging in an occupation outside Parliament.

5This sub-section prevented any Minister in receipt of a salary under the Act from receiving "any sum out of moneys provided by Parliament by way of salary or allowance in respect of his membership of the House of Commons."
In approaching the question of what should be the amount of the substantial increase in ministerial salaries which is now required, we have found no assistance of a direct nature which would guide us to a satisfactory answer. In our view the present levels of these salaries have become irrelevant to the question and provide no starting point whatever from which an answer may be deduced on any basis. The exercise is of an entirely novel nature. The highest salary of £5,000 for a senior Minister was first established 133 years ago and upward changes in the salaries of other Ministers have all taken place below this maximum.

Further, as in the case of Members of the House of Commons, no criterion of direct comparison is available. The office of a Minister of the Crown in all its incidents is unique.

One point which was taken several times in the evidence submitted to us and which has some relation to specific figures was that it was wrong that a senior Minister should be paid less than the permanent head of his Department. That this happens is true because there has been adjustment from time to time of the salaries of the Civil Service and no change in the salaries of senior Ministers. In 1937, the year of the Ministers of the Crown Act, the salary of a Permanent Secretary was £3,000; in 1963, with effect from the 1st August of that year, it had risen to £8,200: £3,200 more than the salary of the Minister with responsibility for the Department. This indicates that salary is out of line with status and illustrates the utterly obsolete and archaic nature of present ministerial salaries. We think it is inappropriate that a senior Minister should be paid less than his "Chief of Staff" but no adjustment of ministerial salaries to restore old relativities or to create new ones can lead to a realistic answer to the problem.

Thus in order to make a recommendation we have again to exercise our own subjective judgement, guided by a consideration of the matters referred to in our terms of reference, namely, the responsibilities of Ministers, the place of Parliament in the national life and the changes which have taken place, since the existing emoluments were fixed, in general standards of remuneration.

The responsibilities of a Minister of the Crown are grave and weighty and the position of a Minister of the Crown is intimately related to the place of Parliament in the national life, which should be so maintained that it commands the respect of all citizens. There can be no doubt that general standards of remuneration in all walks of life have very substantially increased, certainly in the last twenty years.
All these considerations point towards a large measure of increase. On the other hand we were urged by some not to neglect the element of sacrifice in the taking up of public service and not to regard parliamentary service and ministerial promotion solely in terms of a professional career. We accept these submissions and are clearly of opinion that the salaries of Ministers cannot and ought not to be measured by the amounts which can now be earned outside the public service at the top of the professions and at the higher executive levels in the world of business.

(c) Conclusions

Having regard to all these considerations and using the best judgement we can we have reached conclusions on the matter which will form the subject of our recommendations. In our opinion the most convenient way of expressing them is to take the salaries set out in Appendix F and to indicate in each case the revised figures which we recommend for adoption.

For the groups of Ministers mentioned next after the Prime Minister and the Lord Chancellor in Appendix F we make the following recommendations:

<table>
<thead>
<tr>
<th>Present salary</th>
<th>Recommended salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>£5,000</td>
<td>£12,000</td>
</tr>
<tr>
<td>£4,500</td>
<td>£10,750</td>
</tr>
<tr>
<td>£3,750</td>
<td>£7,500</td>
</tr>
<tr>
<td>£3,000</td>
<td>£6,000</td>
</tr>
<tr>
<td>£2,500</td>
<td>£5,000</td>
</tr>
<tr>
<td>£2,200</td>
<td>£4,400</td>
</tr>
<tr>
<td>£2,000</td>
<td>£4,000</td>
</tr>
</tbody>
</table>

We think that we should briefly explain the reasoning behind these recommended figures, because an analysis of them will show that they do not reflect the existing relativities between the various levels of salary. The prolonged maintenance of the figure of £5,000 for senior Ministers and the need from time to time to make increases in the salaries of other Ministers but still to keep them below this figure have led to what we think is an artificial and undesirable compression of the relativities, having regard to the differing responsibilities and
status of the offices concerned. In our judgement the opportunity of a comprehensive review of the whole scale of salaries and of its re-establishment on an up-to-date and realistic basis should be taken in order to get rid of a pattern which appears to us not to be the result over the years of the free play of all proper and relevant influences but to be the effect of the maintenance of a rigid and obsolete ceiling which has unduly restricted the possibility of comprehensive adjustment. This accounts for the element in our recommended scale which gives more by way of increase to senior than to other Ministers. We are quite satisfied that the salaries which we recommend for senior Ministers are not more than is commensurate with the status and responsibilities of their offices, taking into account all the relevant matters to which we have referred in the course of this section of our Report. At the same time the salaries which we recommend for other Ministers in our opinion not only are appropriate to their offices but should be enough to remedy the situation in which the nation is said to be losing the services of suitable Ministers, a situation which has so cogently been represented to us.

120. In this connection we draw attention to the fact that those Ministers who are Members of the House of Commons are entitled to draw at present £750 of their parliamentary salary. We have referred to this matter in paragraphs 54 and 109 above and we recommend that the same Ministers should continue to be entitled to this allowance but in the increased amount of £1,250. The reasons for our adoption of this figure as part of the salary of Members of the House of Commons to represent an average amount of expenses have already been given. We were told that in each of the three years for which figures of expenses are shown in Appendix B the median figure for expenses of Ministers was £750. In each year that was also the amount of their parliamentary allowance. It seems to us to be a fair inference that this allowance has become inadequate to cover all properly deductible expenses.

121. We recognise that the result of the recommendation in the immediately preceding paragraph is that Ministers in the House of Commons will continue to receive by the aggregation of their salary and their parliamentary allowance a total of emoluments which will be greater than the salary paid to Ministers in the House of Lords to whom no such allowance is payable. The view was put to us that we should not make any recommendation which would establish a difference in remuneration between Ministers in the House of Commons and Ministers of the same status in the House of Lords. In our opinion our recommendation does not do this. The parliamentary allowance in the House of Commons
has been made for the purpose of providing the recipient with means to
discharge the expenses not of any part of his ministerial office but
of performing the parliamentary duties which arise from his representation
of a constituency. These expenses do not fall upon a Minister in the
House of Lords and an allowance additional to his salary is not required
to meet expenses of this kind. There is nothing new in the payment of
the allowance to Ministers in the House of Commons: all we recommend
is that the amount of it should now be put at a realistic figure.

(d) Incidence of Taxation

122. Having stated our conclusions and recommendations on
ministerial salaries we desire to add some comments on the incidence
of the law of taxation as it falls on these salaries. Our reason for
doing this is that we have received numerous complaints of what has
been called the anomalous treatment for tax purposes of a Minister in
the House of Commons who after appointment continues to represent a
constituency outside London compared with the treatment accorded to
him by the Inland Revenue before he became a Minister. A Member for
a constituency outside London, where his home is in London, is entitled
to deduct the expenses of the additional cost of living in his
constituency; where his home is in his constituency, he is entitled to
deduct for the additional cost of living in London and where his
home is neither in London nor in his constituency, he is entitled to a
deduction for the additional cost of living either in London or in his
constituency but not in both. On the appointment of such a Member as
a Minister, however, he is regarded by the Inland Revenue as being
required by his ministerial office to be in London and his entitlement
to deduct living expenses is limited to the additional cost of living
away from his home when visiting his constituency, which he is obliged to

*Certain Ministers concerned with Scottish and Welsh affairs are
regarded as being stationed for the purpose of their ministerial
duties in Edinburgh or Cardiff. When such Ministers travel to
London they are entitled to claim the subsistence costs and
travelling expenses available to all Ministers who travel on duty: they
cannot therefore claim against their parliamentary salaries
for the cost of living in London. They can, however, like other
Ministers claim in respect of additional living expenses incurred
on parliamentary duties in their constituencies when they are away
from their "base" in Edinburgh or Cardiff.
incur in carrying out his parliamentary duties. To this extent, and it may have a substantial effect on the amount of his tax relief, a minister in the House of Commons is in a disadvantageous position compared with non-ministerial Members of that House.

123. It was urged upon us that we should recommend the abolition of this "anomaly". We have inquired of the Inland Revenue the reasons for this difference in treatment and have considered the whole matter with care. We are satisfied that the situation which is the subject of the complaints is the unavoidable result of the principles established by the terms of Schedule E under which Members and Ministers are taxed. It has also been made clear to us that any alteration of the present practice to enable Ministers, to whom the relevant circumstances apply, to receive the same treatment as is given to Members in this regard either would constitute a discrimination in favour of Ministers in the application of the existing law or, if this result was to be avoided, would, unless the law were amended in favour of Ministers alone, open the door to similar relief being granted to a number of taxpayers among the general public. We understand the sense of injustice which has given rise to the submission made to us but, taking the law as we find it, we cannot make the recommendation which has been requested.

124. The reason for the discrepancy in treatment lies in the wording of paragraph 7 of the Ninth Schedule to the Income Tax Act, 1952, which is the latest statute to contain the basis of taxation under Schedule E. A similar rule appeared as long ago as 1853 in section 51 of the Income Tax Act of that year. Its terms are as follows:

"If the holder of an office or employment of profit is necessarily obliged to incur and defray out of the emoluments thereof the expenses of travelling in the performance of the duties of the office or employment, or of keeping and maintaining a horse to enable him to perform the same, or otherwise to expend money wholly, exclusively and necessarily in the performance of the said duties, there may be deducted from the emoluments to be assessed the expenses so necessarily incurred and defrayed."

It has been explained to us that it is well established that the cost of living at or near the place where the duties of an office or employment are performed is incurred not in the performance of those duties but in order to put the office holder or employee in a position to perform them. This expense therefore is not covered by the wording of paragraph 7. If, however, the holder of an office or employment has to travel in the performance of his duties (e.g. a commercial traveller), and to bear these expenses out of his remuneration, he is entitled to a deduction for expenses which he incurs for travel in carrying out his
duties and such travelling expenses are regarded by the Inland Revenue as including the extra cost of living (e.g. hotel expenses) necessarily incurred when travelling in the course of his duties. A Member for a constituency outside London is regarded as holding a travelling occupation on the footing that he has equally important duties at Westminster and in his constituency. He is thus entitled to regard one of those places as his "base" and the other as a place where he performs his duties when travelling away from his "base".

125. The position of a Minister is said to be different because his duties require him to be present in London, whether or not Parliament is sitting, in the sense that other persons holding appointments centred on a London office are required to be present in London. On becoming a Minister, a Member of the House of Commons is looked upon as having continuing duties as a Minister at the seat of Government in London. These duties, which can be exercised only in London, are regarded as predominant over his duties in his constituency. It follows that his living expenses in London are the ordinary living expenses of a man who must live within reach of his work. They are not therefore incurred "in the performance of his duties" and only the extra cost of living away from his home when he visits his constituency can be charged against his parliamentary allowance as a Member of the House.

126. We were satisfied that this position is not confined to the case of Members who become Ministers but has analogies over a fairly wide field of the world of business.

127. If we may venture an opinion on the matter it seems to us that this is only one more of the grievances of the taxpayer which from time to time have originated from the system of taxation under Schedule E, particularly in comparison with that under Schedule D. The former system has been repeatedly criticised by the Courts and compared unfavourably with the latter. The Royal Commission on the Taxation of Profits and Income discussed the matter at length in paragraphs 118 to 143 of their Final Report issued in 1955. In the light of this latest complaint made to us against the application of Schedule E it is significant that the Commission came to the conclusion that there was no good reason for treating Schedule E expenses less generously than Schedule D expenses, except to the limited extent that some difference of treatment is inherent in the nature of the two kinds of income. They recommended that paragraph 7 of the Ninth Schedule

*Cmd. 9474: H.M.S.O.*
should be reworded on less restricted lines and proposed that an allowance should be made in respect of "all expenses reasonably incurred for the appropriate performance of the duties of the office or employment" in order to bring the wording of Rule 9 into a closer conformity with the wording of the Schedule D Rule. Nothing has been done to implement this recommendation.

128. We do not express any view on the desirability or otherwise of an alteration of the law. We can only say that unless and until some such alteration is made, the so-called "anomaly" affecting Ministers in the House of Commons and other taxpayers in similar case cannot be avoided for Ministers unless they are to be placed in a special position.

129. A further point arising from the terms of paragraph 7 of the Ninth Schedule which may conveniently be noted here is that the allowance is made only in respect of expenses defrayed out of the emoluments of the office; thus if in any one year a Minister's permissible expenses chargeable against his parliamentary remuneration are more than this sum, he is unable to obtain any tax relief for the excess, which cannot be charged against his ministerial or other income.

THE LORD CHANCELLOR

130. It has appeared to us to be part of our duty to consider the office of the Lord Chancellor and to make a recommendation with regard to his salary. There can be no doubt in our view that the office of the Lord Chancellor is a ministerial office in that he is a member of the Cabinet exercising in this capacity executive functions. For this reason we think that his remuneration falls within the scope of our terms of reference.

131. This is not the place to discuss at length the constitutional position of the Lord Chancellor. It is an office which historically has combined the high judicial functions of the head of the English judiciary with the duties of a member of the executive Government. It was the view of the first Lord Birkenhead that it was of vital importance to the Government that they should have the constant advantage of the daily counsel and experience of a colleague who was the head of the judicial system and possessed the highest legal qualifications. In this way the Lord Chancellor provides a link between the executive and the judiciary which may well save the country from disastrous conflicts between them. In addition he is the presiding officer of the House of
Lords. This is the tripartite nature of his constitutional position
the status and prestige of which should be reflected in the amount of his
salary relatively to ministerial and judicial salaries generally.

132. In 1832, following the report of the Select Committee of
1830 appointed to inquire what reductions could be made in the salaries
and emoluments of offices held during the pleasure of the Crown by
Members of either House of Parliament, the salary of the Lord Chancellor
as Speaker of the House of Lords was fixed at £4,000 and his judicial
salary, then payable from the Suitors' Fund, was fixed at £10,000, an
aggregate remuneration of £14,000. This fixed salary took the place of
emoluments in the form of fees from his own Court of Chancery and from
his salary and emoluments as Speaker of the House of Lords. Both sources
varied greatly from year to year in the amounts which they yielded. The
new salary of £14,000 was less than the average of the preceding years.

133. The next change occurred in 1851 when the Court of Chancery
Act of that year provided that the judicial salary of the Lord
Chancellor should be fixed at a sum sufficient to make up the salary
payable to him as Speaker of the House of Lords to a total of £10,000
a year. This Act thus introduced a new concept, namely, that the
existing judicial salary of £10,000 should be reduced by the amount of
the salary he received as the presiding officer of the House of Lords.
By the Court of Chancery Act, 1852, the judicial salary of £6,000, as
so fixed, was transferred from the Suitors' Fund and was made a charge
on the Consolidated Fund, the balance of £4,000 remaining a charge on
the Vote of the House of Lords.

134. Apart from the temporary abatements common to all ministerial
salaries between 1931 and 1935, the amount of salary paid to the
Lord Chancellor as Speaker of the House of Lords has remained at the
figure of £4,000 to this day, and the total salary remained unaltered
until 1954. In that year by the Judges' Remuneration Act the Lord
Chancellor's salary was increased by £2,000 making the total salary
£12,000, at which level it has remained to the present day.

135. Since 1851 the salary of the Lord Chancellor has been treated
as the aggregate of the two sources, the judicial element being reduced
by the amount of his salary as Speaker of the House of Lords. This method
adopted by the Court of Chancery Act, 1851, was continued by section 13(1)
of the Supreme Court of Judicature (Consolidation) Act, 1925. The
result of this is that the judicial part of the salary is now no more
than that established by the Act of 1954 for puisne judges.

136. We are of the opinion that if our recommendations in respect of
ministerial salaries generally are adopted, the total salary of the Lord Chancellor should be increased in order to preserve a marked difference of remuneration consistent with the eminent nature of his office and with his position at the head of the judicial hierarchy of England entrusted with the great responsibility of recommending appointments to judicial office. Moreover the office of Lord Chancellor in our opinion should continue to be an object of ambition to the ablest members of the Bar as the highest position constitutionally open to them as lawyers. The Lord Chancellor’s salary therefore should be set at a level acceptable to such leaders of the Bar as have the outstanding qualities and attainments required for the discharge of the manifold duties of this great office.

137. With all these considerations in mind we have reached the conclusion that the total salary of the Lord Chancellor should be fixed at £17,000 and we so recommend. We make no recommendation with regard to the amount of that part of the total salary attributable to the Speakership of the House of Lords which is not within our terms of reference. We are concerned only with the total salary of the office but if for any purpose it should be desired notionally to quantify the appropriate judicial element, we are of opinion that this notional figure should be £15,000.

138. Before passing from our consideration of the Lord Chancellor’s remuneration, we desire to refer to the amount of the pension payable to holders of this office on their resignation. The Lord Chancellor’s Pension Act, 1832, abolished a number of offices connected with the Court of Chancery and enabled the Crown to grant by Letters Patent to the occupant of the office an annuity not exceeding £5,000 to take effect immediately after his resignation and to continue for and during his natural life. The annuity was made chargeable on the Consolidated Fund and a power was given to the Crown to limit by the Letters Patent payment of the annuity to such periods as the grantee should not hold the office of Lord Chancellor or any other office of profit under the Crown, so that the annuity together with the salary of such other office should not exceed £5,000. By the Administration of Justice (Pensions) Act, 1950, this annuity was reduced by one quarter, i.e. to £3,750, in return for the payment of a lump sum on retirement equal to twice the annual amount of the pension: this Act also provided for the payment of a widow’s pension of one-third of the Lord Chancellor’s pension (and for certain pensions for dependent children), a contribution equal to the annual amount of his pension being required to be made by the pensioner towards the cost of these benefits. By the Judicial Pensions Act, 1959, the annual amount of any pension granted under the
Lord Chancellor’s Pension Act, 1832, was restored to £5,000, at which figure it has since remained; the lump sum, the widow’s pension and the contribution towards that pension being correspondingly enhanced. We think that, even when account is taken of the lump sum and other benefits, this figure, as the amount of a pension for an ex-Lord Chancellor, is out of date and should be increased. It has been urged upon us that it is desirable that an ex-Lord Chancellor should be available to take part in the judicial work of the House of Lords. It is unreasonable in our opinion to expect an ex-Lord Chancellor to give this service at the present level of the pension provisions. We think that, consistently with our opinion that the figure of £15,000 a year should notionally represent the judicial element in his salary, the amount of the Lord Chancellor's pension should be increased to £7,500 a year, this figure to carry with it, in accordance with the terms of the Acts of 1950 and 1959, proportionate increases in the benefits and contribution mentioned above. Accordingly we so recommend.

THE LAW OFFICERS

139. We were able to gain a proper appreciation of the nature and duties of their offices from the valuable evidence which we received from those who, currently with our enquiries, were holding or had held office as Law Officers in England and Wales and in Scotland and were able to speak from their own personal experience.

140. To take the case of the English Law Officers first, it was represented to us that the total burden of work on them is different from that which rests on other Ministers because the Law Officers have additional duties which are not part of the normal work of Ministers. These additional duties include for instance appearing in court for the Crown, almost always in heavy cases such as those before the International Court of Justice and the House of Lords, advising the Government on constitutional matters and on international law and treaties and generally advising the House of Commons and its Committees on all matters of law affecting their work. Particularly does the responsibility of this work fall on the Attorney-General whose burden, it was represented to us, was as heavy as that of the most heavily engaged Minister. The Solicitor-General assists the Attorney-General and does not have to carry so heavy a burden but his office is nevertheless one of considerable responsibility and importance.

141. To pass to the case of the Scottish Law Officers, the office of the Lord Advocate, while not carrying such an extremely heavy burden as that
of the Attorney-General, carries responsibility for a number of duties of
the highest importance in Scottish affairs. He is responsible for advising
the Cabinet and Ministers generally on Scottish legal and constitutional
questions, for the conduct of litigation in Scotland raised by or
against any Government Department and for the correctness of Government
Bills affecting the law of Scotland. His duties also include that of
advising the Government on questions of legal policy affecting Scotland
and of advising on appointments to judicial office. In the administration
of the criminal law in Scotland he is personally in charge of the entire
system, exercising a function analogous in England and Wales to that of
the Director of Public Prosecutions. The Solicitor-General for
Scotland assists the Lord Advocate in these duties.

142. The importance to the Government and to the nation that these
four offices should at all times, whatever party is in power, be capable
of being filled by men of the highest professional skill and competence
needs to be stressed because, if they are not so filled, the results
could obviously be seriously damaging to the national interest. In
England and Scotland the Law Officers are recruited from members of the
Bar in each country. It follows that in order to secure men of the
right quality for the office selection must be available from the very
small field of those with the highest attainments in their profession.
We were impressed by the evidence that for some years that part of this
field which includes Members of the House of Commons has been seriously
contracting. The expedient, if it were practicable, of appointing a
leading Queen's Counsel who has had no prior experience of politics in
the House to one or other of these offices and then of finding a "safe"
constituency for him to represent is not one which in our judgement
provides a wholly satisfactory solution to the problem. It would be
more than unfortunate if the time should come when the only candidates
available for selection were those who had been unsuccessful in their
profession.

143. The offices of the Law Officers, both in England and in
Scotland, have never at any time so far as total emoluments were concerned
been fitted into a pattern of purely ministerial office: nor have they
fallen within any classification of salaries payable to the holders of
these offices. Their duties make their offices different in kind from
those of other Ministers. The criterion by which the amount of the
salaries of the Law Officers of both countries must be judged is in our
opinion one of recruitment rather than of status. It is difficult to
determine what motives lie behind a barrister's entry into the House of
Commons but if the possibility of appointment as a Law Officer may be an
incentive to the best men to become Members of the House, we think that it is essential that the attraction of this possibility should not be removed by the extent of the financial sacrifice entailed in accepting the office.

144. It follows therefore in our view that the salaries of the Law Officers must bear some reasonable relation to the earnings of the leaders of the profession. This is not to say that they should be equated with these earnings because no doubt there will rightly be a readiness to accept a reduction of income on the assumption of a public duty. It is unrealistic, however, to suppose or to expect that the wide gulf between the present salaries and the professional earnings of outstanding leaders at the Bars of England and Scotland can be left as it is without the danger that in no long interval of time there will be fewer entrants of high quality from the Bars into the House and greater difficulty in finding suitable candidates for appointment as Law Officers.

145. The present salaries of the Attorney-General and of the Solicitor-General for England are £10,000 and £7,000 a year respectively. These amounts were fixed in 1946 and took account of the fact that at that date the long established right of the Law Officers to receive fees for contentious business was abolished. Their total incomes were, however, thereby greatly reduced. In 1957 they became entitled in common with other Ministers to draw an allowance of £750 a year in respect of their membership of the House of Commons. Otherwise there has been no change in their salaries since 1946. Taking all relevant matters into consideration as they exist at the present time we are of opinion that a marked difference in salary between the Attorney-General and other Ministers (a difference which has been generally accepted without question for a great many years) is unavoidable and we recommend that his salary should be increased to £16,000. The present relationship between the salaries of the English Law Officers appears to us to be approximately correct and we therefore recommend that the salary of the Solicitor-General should be increased to £11,000. Both the Attorney-General and the Solicitor-General should like other Ministers be permitted to draw the parliamentary allowance of £1,250 in respect of membership of the House of Commons.

146. Professional earnings at the Scottish Bar are not at the same level as those at the English Bar. The present salary of the Lord Advocate is £5,000 a year, fixed as long ago as 1894. Like the English Law Officers he receives no fees additional to his salary and since 1946 has been precluded from engaging in private practice. Since the 1st July 1957 the salary of the Solicitor-General for Scotland has
been £3,750 a year. This also is an inclusive salary and he is barred from undertaking any private work. Both Officers, if they are Members of the House of Commons, have since 1957 been entitled to draw an allowance of £750 in respect of their membership of the House.

147. It is clear to us that at these levels of salaries recruitment to the Scottish Law offices of suitable members of the Scottish Bar involves a quite unwarranted measure of financial sacrifice. Unless these levels are substantially raised, it will become more and more difficult to find men of the necessary quality who are willing to give up their practice at the Bar and to accept the political and administrative burdens of these offices. In our judgement the salaries of the Lord Advocate and of the Solicitor-General for Scotland should be raised to £11,000 and £7,500 respectively, plus in each case £1,250 in respect of membership of the House of Commons, and we so recommend.

OFFICERS OF BOTH HOUSES (OTHER THAN MR. SPEAKER),
THE LEADERS OF THE OPPOSITION AND THE OPPOSITION WHIPS IN BOTH HOUSES

148. We add some observations upon these various offices not because we think that any of them are within our terms of reference but because either the remuneration of some of them may be affected by our foregoing recommendations or they have been the subject of a substantial body of evidence tendered to us.

149. The first category includes the remunerated offices in the House of Lords of the Lord Chairman of Committees and in the House of Commons of the Chairman and of the Deputy Chairman of Ways and Means and of the Leader of the Opposition. None of these offices appears to us to fall within our terms of reference but on the footing of an increase in ministerial salaries we believe that it will be recognised that there is a need for consequential changes in the remuneration of these offices. We draw attention to the matter which we think may be left to be the subject of appropriate consideration and of such action as may be thought desirable.

150. The second category includes a number of offices not at present remunerated at all but for the remuneration of which a case was presented to us. These offices, so far as that term is appropriate, are those of the Leader of the Opposition in the House of Lords and the
Chief and other Opposition Whips in both Houses. The question of remunerating any of these offices is not within our terms of reference and we express no view upon it. We desire only to state briefly the effect of the evidence given to us in case the matter is thought worthy of further consideration.

151. The case for remunerating the Leader of the Opposition in the House of Lords rested mainly on the contentions that in present conditions in that House the office had become a full-time occupation of high responsibility; that in the absence of any reward for service (the daily allowance being only a reimbursement of out-of-pocket expenses) it could be undertaken only by a peer with adequate private means; that this was an anomaly compared with the position in the House of Commons where a remuneration for the Leader of the Opposition was established in 1937; and that the overall effect of these considerations might be that the House would not receive the advantage of the services of the peer best qualified to undertake the office. The objections to the proposal were based on the tradition of unpaid service in the Upper House, an argument which would carry with it an implication that remuneration should not be granted to one member of the House in the absence of a comprehensive scheme for all peers undertaking regular attendances.

152. The case for remunerating the Chief Opposition Whips was based on the contentions that they fulfilled an onerous duty involving full-time attendance; that their services were a necessary part of the machinery of the business of both Houses and that without the competent performance of the duties placed upon them the work of both Houses would suffer in quality and in expedition. The precedent of a salary granted to the Leader of the Opposition in the House of Commons was again relied on. The case for the remuneration of other Opposition Whips was based to a lesser extent on the same contentions. The objections to these proposals in relation to the House of Lords were substantially the same as those urged in the case of the Leader of the Opposition in that House and in relation to both Houses that remuneration of Opposition Whips should not be a charge on public funds but should be a matter for the political parties themselves to determine, and if so advised to pay for, and that if the precedent of payment to the Leader of the Opposition in the House of Commons was to be extended it was difficult to know where to stop.
The allowance for Members of the House of Lords was instituted with effect from the 1st July 1957 in pursuance of a Resolution moved by the Government in the House of Commons on the 9th July 1957. The purpose of the allowance and its amount were stated in the Resolution in the following terms:

"for enabling members of the House of Lords (except the Lord Chancellor, the Lord Chairman of Committees and any member in receipt of a salary as the holder of a Ministerial office within the meaning of the said section two of the House of Commons Disqualification Act, 1957 or of a salary payable out of moneys provided by Parliament under the Ministerial Salaries Act, 1946) to recover out of sums voted for the expenses of that House (in addition to the costs of travel for which provision is made pursuant to the said Resolution of this House) any expenses certified by them as incurred for the purpose of attendance at sittings of that House or of Committees of that House, other than sittings for judicial business, within a maximum of three guineas for each day of such attendance."

In further explanation of the nature of the allowance, the Rt. Hon. R. A. Butler (then Secretary of State for the Home Department and Lord Privy Seal) said in moving the Resolution:

"...The essence of the new arrangement is that a peer is to be reimbursed expenses which he incurs in connection with attendances at the House of Lords. He claims his actual expenses, except that he will not be able to claim more than three guineas for each sitting day. Each peer will have to certify from time to time that, in connection with a specified number of attendances, he has incurred such and such expenses.

"As announced in the Press today and in the HANSARD of another place, it will be seen that plans will be made between the parties in another place, through the usual channels, to ensure that such arrangements are duly and properly kept. I am satisfied that such commonsense arrangements will work. The certificate will be accepted without vouching of any kind, which, I think, is the only way of doing these things. There will be no question of producing bills or any other evidence, which, I think, would be undignified.

"The expenses which may be included in the claim are all out-of-pocket expenses due to attendance at the House, other than the cost of rail travel, which is already separately reimbursed. The claims can, therefore, cover not only subsistence costs - such as hotel charges and meals - but also miscellaneous travelling costs such as taxi fares and bus fares, if a peer goes on a bus, or the cost of any other form of transport. The arrangement, therefore, will cover what amounts to only a daily allowance to our distinguished brethren in another place."

---

\*Hansard, 9th July 1957, col. 227.  
\fHansard, 9th July 1957, cols. 231-32.
155. The Members of the House of Lords who claim the allowance, not being in receipt of any salary or remuneration in respect of their parliamentary duties, are not subject to tax on the allowance. No question arises of justifying the nature of the expenses incurred in accordance with criteria of allowable expenses under Schedule E which apply to expenses claimed by Members of the House of Commons against their parliamentary remuneration. In this respect the allowance differs from any allowance paid by way of remuneration for service, which would be subject to assessment for tax purposes as earned income and against which only those expenses admissible under Schedule E could be claimed.

156. We received various proposals for increasing the maximum amount of the allowance and also proposals for paying, in addition to or in substitution of the allowance, some form of remuneration to Members of the House of Lords. We are not satisfied that on a proper construction of our terms of reference the latter type of proposal falls within the scope of our enquiry and for this reason alone we should hesitate, even if we were so minded, to make any recommendation on the subject. So much evidence, however, has been submitted to us both in support of and against the proposal that it is clearly a matter very much in the minds of those who have called our attention to it. For this reason we think that perhaps we may be permitted to state briefly the views which we have formed.

157. In the first place it should be made clear that no one has suggested to us that all Members of the House of Lords, now numbering nearly 1,000, or even all Members other than those who apply for and receive leave of absence, should without any attendance test receive remuneration. Most of the proposals we received were to the effect that an attendance allowance in respect of each day of attendance should be paid only to Members who attended for a stated number or proportion of days during the parliamentary sessions. Some suggestions added to this the further point that the amount of the daily attendance allowance should be increased proportionately with the number of days of attendance.

158. All such proposals, however, seemed to us to give rise to
constitutional difficulties. In the first place, the point was made to us that payment of remuneration to the Members of an assembly not elected by popular vote is, to put the matter no higher, a constitutional innovation on which Parliament itself should pronounce before we make any recommendations. Secondly, we ourselves think that for us to recommend the basis on which discrimination should be exercised on the matter of which Members should and which should not receive remuneration might well amount to a recommendation on the reform of the House of Lords itself.

159. The proposals put before us for paying some form of remuneration to Members of the House of Lords seemed to us to give rise also to practical difficulties in relation to taxation. As we have indicated above, if remuneration were paid, those Members who received it would be regarded as holding an office of profit of which the emoluments would be taxable under Schedule E of the Income Tax Acts and the place where they exercised their office would be solely Westminster, because Members of the House of Lords, unlike Members of the House of Commons, have no constituencies. It would follow from this that the expenses which would be allowable as deductions for income tax purposes from this remuneration would not include the cost of travel to or of staying in London.

160. For these reasons, which are partly constitutional and partly practical, even if the phrase in our terms of reference "the allowance for Members of the House of Lords" could be interpreted to include remuneration, we should have reached the conclusion that it was an innovation which we could not recommend.

161. We therefore turn to the question of the allowance to Members of the House of Lords which is expressly included in our terms of reference.

162. Our terms of reference require us to review and to recommend what changes are desirable in this allowance, having regard to the matters set out in these terms of which the one most relevant and material is the increase in expenses borne by Members in the discharge of their duties.

163. It is essential, in our opinion, that the nature of this allowance should be clearly understood. We have already cited the wording of the Resolution in the House of Commons by which it was instituted and we have quoted from the speech of Mr. Butler in moving the Resolution. Both these extracts define the nature of the payment but we are not satisfied that there is not still some popular misconception outside the House of what the allowance is. It is not a
remuneration for public service: it merely establishes a maximum daily allowance against which a peer may recover in cash the actual amount of his expenses incurred for the purpose of attending sittings of the House or its Committees. All that is required administratively is a certificate signed by the peer himself certifying the amount of these expenses, which cannot be reimbursed to him at a rate higher than three guineas a day.

164. Thus it is clear that the intention behind the allowance was not to provide any remuneration or reward for service: it was simply to grant a refund of actual out-of-pocket expenses within a daily limit.

165. It is possible for some ingenuity of argument to be displayed on the nature of the expenses intended to be covered by the allowance by construing the varying phraseology by which it has been described. The Resolution used the words "for the purpose of attendance at sittings of that House"; Mr. Butler referred to expenses incurred "in connection with attendances at the House of Lords" and to "out-of-pocket expenses due to attendance at the House", and the certificate, of which we have been furnished with a blank copy, refers to expenses "in respect of" attendance. We do not propose to embark on the refinements of reasoning which might expand or contract the scope of the allowance: we take as the basis of our enquiry the actual words of the Resolution itself "for the purpose of attendance at sittings of that House or of Committees of that House". These words may have been intended to contain a somewhat narrower meaning than may possibly be construed from the various glosses mentioned above. Whether or not this is so, the weight of the evidence submitted to us on this matter was to the effect that the maximum of three guineas a day was now inadequate to achieve the purpose of the allowance. We agree with this evidence. So far as the allowance is intended to be available to cover the out-of-pocket expenses of a peer not resident in London but incurred for the purpose of attending sittings of the House, we are fully satisfied that three guineas a day is not nearly enough. Whether it was enough in 1957 is not a question which we need determine but it is perhaps significant that at that time Mr. Butler said: "We wish in many ways that we could have made it more". One of the reasons given for not making it more was that any higher figure would have necessitated entry into "the realm of a tax allowance". We are clearly of opinion that to achieve its object the allowance should be raised substantially and that the appropriate figure now to be substituted for the three guineas is four and a half guineas. Accordingly we so recommend. Any reasonable calculation at current prices of subsistence
costs, i.e. charges for meals and lodgings in London at a standard not extravagant but appropriate to the dignity of the House (to which must be added miscellaneous costs such as taxi and bus fares), will in our judgement show that our recommended figure is a reasonable maximum.

166. Bearing in mind that it is only a maximum figure and taking proper account of the purpose of the allowance and the cases to which it is intended to apply, we think that there should be no question of this figure trespassing on "the realm of a tax allowance".

SUMMARY OF MAIN RECOMMENDATIONS

167. The following is a summary of our main recommendations:

(1) The salary of Members of the House of Commons should be increased to £3,250 (paragraph 53).

(2) The allowance for Members of the House of Commons for the use of their cars should be 4d. per mile (paragraph 63).

(3) (a) A contributory pensions scheme should be established for Members of the House of Commons from the date when their salaries are increased (paragraphs 76 and 78 and Appendix D).

(b) The House of Commons Members' Fund should continue as it should contributions to it by Members and by the Exchequer at at least the present rates (paragraphs 76 and 81).

(4) (a) Mr. Speaker's salary should be increased to the amount recommended for the most senior departmental Ministers together with the same parliamentary allowance of £1,250 (see recommendations (6) (a) and (b) below) (paragraph 85).

(b) The allowance to Mr. Speaker of a flat rate deduction of expenses in the sum of £4,000 a year should be reconsidered and any appropriate action taken (paragraph 84).

(c) Mr. Speaker's pension should be attached to his office as a matter of right and the amount should be £6,000 (paragraph 86).
costs, i.e. charges for meals and lodgings in London at a standard not extravagant but appropriate to the dignity of the House (to which must be added miscellaneous costs such as taxi and bus fares), will in our judgement show that our recommended figure is a reasonable maximum.

166. Bearing in mind that it is only a maximum figure and taking proper account of the purpose of the allowance and the cases to which it is intended to apply, we think that there should be no question of this figure trespassing on "the realm of a tax allowance".

SUMMARY OF MAIN RECOMMENDATIONS

167. The following is a summary of our main recommendations: -

(1) The salary of Members of the House of Commons should be increased to £3,250 (paragraph 53).

(2) The allowance for Members of the House of Commons for the use of their cars should be 4½d. per mile (paragraph 63).

(3) (a) A contributory pensions scheme should be established for Members of the House of Commons from the date when their salaries are increased (paragraphs 76 and 78 and Appendix D).

(b) The House of Commons Members' Fund should continue as should contributions to it by Members and by the Exchequer at at least the present rates (paragraphs 76 and 81).

(4) (a) Mr. Speaker's salary should be increased to the amount recommended for the most senior departmental Ministers together with the same parliamentary allowance of £1,250 (see recommendations (6) (a) and (b) below) (paragraph 85).

(b) The allowance to Mr. Speaker of a flat rate deduction of expenses in the sum of £4,000 a year should be reconsidered and any appropriate action taken (paragraph 84).

(c) Mr. Speaker's pension should be attached to his office as a matter of right and the amount should be £6,000 (paragraph 86).
(5) (a) The Prime Minister's salary should be increased to £18,000 together with the parliamentary allowance of £1,250 recommended for other Ministers in the House of Commons (see recommendation (6) (b) below) (paragraph 96).

(b) The pension attaching to the office of Prime Minister should be increased to £6,000 (paragraph 96).

(c) The allowance to the Prime Minister of £4,000 a year as a deduction for tax purposes should be reconsidered and any appropriate action taken (paragraph 97).

(6) (a) The salaries of Ministers other than the Prime Minister, the Lord Chancellor and the Law Officers, should be increased as follows:

<table>
<thead>
<tr>
<th>Present salary</th>
<th>Recommended salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>£5,000</td>
<td>£12,000</td>
</tr>
<tr>
<td>£4,500</td>
<td>£10,750</td>
</tr>
<tr>
<td>£3,750</td>
<td>£7,500</td>
</tr>
<tr>
<td>£3,000</td>
<td>£6,000</td>
</tr>
<tr>
<td>£2,500</td>
<td>£5,000</td>
</tr>
<tr>
<td>£2,200</td>
<td>£4,400</td>
</tr>
<tr>
<td>£2,000</td>
<td>£4,000</td>
</tr>
</tbody>
</table>

(paragraph 118).

(b) Ministers in the House of Commons should continue to be entitled to draw part of their parliamentary salary and this allowance should be increased to £1,250 (paragraph 129).

(7) (a) The total salary of the Lord Chancellor should be £17,000 (paragraph 137).

(b) The Lord Chancellor's pension should be £7,500 (paragraph 138).

(8) The salaries of the Law Officers should be increased as follows:

- The Attorney-General to £6,000
- The Solicitor-General to £11,000
- The Lord Advocate to £11,000
- The Solicitor-General for Scotland to £7,500
and as Members of the House of Commons they should receive the parliamentary allowance of £1,250 recommended for other Ministers (paragraphs 145 and 147).

(9) The allowance for Members of the House of Lords should be increased to four and a half guineas (paragraph 165).

CONCLUSION

168. In closing this Report we should say that we are well aware that our recommendations, if adopted, will make, relatively to what it costs at present, a substantial addition to the cost of the government of the country. We hope that we have made clear the reasons for our recommendations and why we think that this added cost should be accepted by the nation as an unavoidable incident of good government. In the field of our review much has remained unchanged for generations; where changes have been made, the changes have not matched the profound shifts in social and economic factors. A radical change over the whole field is needed and we believe that the time for that change is at hand. The added financial burden will not, we think, be high compared with the cost of many public projects, the need for which is to-day readily accepted. Our recommendations should set no norms for other callings because this service stands alone in the nature of the work it demands. They should reduce the danger that men and women of the highest ability will be turned away by lack of means to adopt it and they may contribute to the strengthening of our democratic institutions of government.

169. Finally we desire to record our great appreciation of the service which we have received from our secretariat, Miss Mildred Riddelsdell, Mr. A. H. Dangerfield and the Hon. Celia Herbert. This Report would not be complete without an expression of our gratitude to them for the valuable help which they have given us at all stages in our work.

(sgd) Geoffrey Lawrence
H. S. Kirkaldy
W. J. M. MacKenzie

20th October 1964.
Questionnaire for Members of the House of Commons

This questionnaire has been kept as short as possible and is designed to enable Members to give to the Committee their views and also certain factual information. This information is different from that which was supplied to the Select Committee on Members' Expenses, etc., in 1953-54. The Committee are advised that they can obtain this latter information without troubling individual Members to supply it.

It is the intention that a summary of the replies received will be communicated to the Advisory Panel, in order that the Panel may, if they see fit, comment upon them to the Committee. The replies of individual Members, and their names, will however remain strictly confidential to the Committee.

It will be of the greatest assistance if all Members, including Ministers, will complete the questionnaire.

Would you please put your completed questionnaire in the envelope marked "Private and Confidential" and then place this envelope in the larger stamped addressed envelope, which should be posted so as to reach the Secretary of the Committee not later than 17th March.

GEOFFREY LAWRENCE,
Chairman.

10, Carlton House Terrace, S. W. 1.
26th February, 1964.

Member's full name .............................................................
(BLOCK letters please)
Date .................. Signature ......................................

Question 1

What in your view should be the purpose of the remuneration paid to you in virtue of your membership of the House of Commons? For example, should it be regarded as being in recognition of full-time or of part-time service?

Question 2

Have you found it necessary to take steps to earn, or to try to earn, income additional to your Parliamentary salary?
APPENDIX A
(Continued)

Question 3

Has your membership of Parliament had the effect of separating you from your family for several days of each week and, if so, have you found it necessary to provide yourself with accommodation in London as well as elsewhere?

Question 4

Have you found it necessary to take any serious steps of retrenchment in your way of life and/or that of your family?

Question 5

Have you found it necessary to forego any of the social aspects of Parliamentary life which are a reasonable part of service as a Member of the House of Commons?

Question 6

Do you think that your Parliamentary duties suffer as a result of the present level of remuneration?

Question 7

All parties have agreed that it is desirable for the Committee's terms of reference to be interpreted as including consideration of the question of pensions for Members, as well as arrangements for the Members' Fund. Have you any views on these two matters which you wish to put before the Committee?

Question 8

The Committee's terms of reference read as follows:

"To review, and to recommend what changes are desirable in, the remuneration of Mr. Speaker, Ministers of the Crown and Members of the House of Commons and also the allowance for Members of the House of Lords, having regard to their responsibilities, to the place of Parliament in the national life and to the changes which have taken place, since the existing emoluments were fixed, in general standards of remuneration, and to the increases in expenses borne by Members of both Houses in the discharge of their duties."

Have you any other comments, views or suggestions which you think would help the Committee in their consideration of the matters before them? If so, please set them out below.
Expenses allowed for tax purposes to Members of the House of Commons (including Ministers) for the Income Tax years 1960/61, 1961/62 and 1962/63

The appended tables classify the amounts of expenses allowed for income tax purposes to Members of the House of Commons and Ministers in the House of Commons against their parliamentary salaries for the above years. Separate tables are provided for Members and for Ministers. The tables include only persons who were Members (or Ministers, as the case may be) throughout the tax year in question. Amounts allowed in respect of contributions to the House of Commons Members’ Fund, and subscriptions to professional, etc., bodies and societies are not included in the tables.

Payments of car allowance count as taxable income in certain circumstances (paragraph 59 of the Report refers). This is the reason why the total parliamentary remuneration, and with it the limit up to which expenses can be allowed, exceeds in a few cases £1,750 (£750 for Ministers).

<table>
<thead>
<tr>
<th>Number of Members (excluding Ministers)</th>
<th>1960/61</th>
<th>1961/62</th>
<th>1962/63</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses allowed</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>£</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to 100</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>101 - 150</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>151 - 200</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>201 - 250</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>251 - 300</td>
<td>6</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>301 - 350</td>
<td>1</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>351 - 400</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>401 - 450</td>
<td>6</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>451 - 500</td>
<td>4</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>501 - 550</td>
<td>12</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>551 - 600</td>
<td>7</td>
<td>12</td>
<td>9</td>
</tr>
<tr>
<td>601 - 650</td>
<td>13</td>
<td>13</td>
<td>16</td>
</tr>
<tr>
<td>651 - 700</td>
<td>16</td>
<td>16</td>
<td>13</td>
</tr>
<tr>
<td>701 - 750</td>
<td>20</td>
<td>20</td>
<td>17</td>
</tr>
<tr>
<td>751 - 800</td>
<td>18</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>801 - 850</td>
<td>20</td>
<td>20</td>
<td>18</td>
</tr>
<tr>
<td>851 - 900</td>
<td>28</td>
<td>28</td>
<td>23</td>
</tr>
<tr>
<td>901 - 950</td>
<td>33</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>951 - 1000</td>
<td>34</td>
<td>34</td>
<td>36</td>
</tr>
<tr>
<td>1001 - 1050</td>
<td>25</td>
<td>25</td>
<td>26</td>
</tr>
<tr>
<td>1051 - 1100</td>
<td>21</td>
<td>21</td>
<td>31</td>
</tr>
<tr>
<td>1101 - 1150</td>
<td>20</td>
<td>20</td>
<td>25</td>
</tr>
<tr>
<td>1151 - 1200</td>
<td>27</td>
<td>27</td>
<td>16</td>
</tr>
<tr>
<td>1201 - 1250</td>
<td>24</td>
<td>24</td>
<td>25</td>
</tr>
<tr>
<td>1251 - 1300</td>
<td>16</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>1301 - 1350</td>
<td>7</td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td>1351 - 1400</td>
<td>14</td>
<td>14</td>
<td>16</td>
</tr>
<tr>
<td>1401 - 1450</td>
<td>16</td>
<td>16</td>
<td>19</td>
</tr>
<tr>
<td>1451 - 1500</td>
<td>10</td>
<td>10</td>
<td>14</td>
</tr>
<tr>
<td>1501 - 1550</td>
<td>16</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>1551 - 1600</td>
<td>10</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>1601 - 1650</td>
<td>14</td>
<td>14</td>
<td>12</td>
</tr>
<tr>
<td>1651 - 1700</td>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>1701 - 1749</td>
<td>10</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>1750</td>
<td>33</td>
<td>33</td>
<td>32</td>
</tr>
<tr>
<td>1751 - 1800</td>
<td>16</td>
<td>16</td>
<td>18</td>
</tr>
<tr>
<td>1801 - 1850</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>1851 - 1900</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
</tbody>
</table>

514 | 502 | 516
### Number of Ministers

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>£</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to 100</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>101 - 150</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>151 - 200</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>201 - 250</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>251 - 300</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>301 - 350</td>
<td>-</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>351 - 400</td>
<td>2</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>401 - 450</td>
<td>-</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>451 - 500</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>501 - 550</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>551 - 600</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>601 - 650</td>
<td>-</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>651 - 700</td>
<td>2</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>701 - 749</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>750</td>
<td>37</td>
<td>52</td>
<td>28</td>
</tr>
<tr>
<td>751 - 800</td>
<td>-</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>53</td>
<td>55</td>
<td>50</td>
</tr>
</tbody>
</table>

Source: Inland Revenue
APPENDIX C

Expenses allowed for tax purposes to Members of the House of Commons (excluding Ministers) shown according to type of constituency

The appended table classifies the amounts of expenses allowed for income tax purposes to Members of the House of Commons (excluding Ministers) by constituency type. 'London' comprises Members for London boroughs; 'urban' comprises Members for English boroughs, Welsh boroughs, Scottish burghs and the four Belfast constituencies; 'rural' includes all others.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>L</td>
<td>U</td>
<td>R</td>
</tr>
<tr>
<td>Up to 100</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>101 - 150</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>151 - 200</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>201 - 250</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>251 - 300</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>301 - 350</td>
<td>2</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>351 - 400</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>401 - 450</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>451 - 500</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>501 - 550</td>
<td>4</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>551 - 600</td>
<td>2</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>601 - 650</td>
<td>2</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>651 - 700</td>
<td>5</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>701 - 750</td>
<td>5</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>751 - 800</td>
<td>1</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>801 - 850</td>
<td>2</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>851 - 900</td>
<td>1</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>901 - 950</td>
<td>2</td>
<td>22</td>
<td>12</td>
</tr>
<tr>
<td>951 - 1000</td>
<td>2</td>
<td>13</td>
<td>22</td>
</tr>
<tr>
<td>1001 - 1050</td>
<td>5</td>
<td>16</td>
<td>14</td>
</tr>
<tr>
<td>1051 - 1100</td>
<td>1</td>
<td>11</td>
<td>10</td>
</tr>
<tr>
<td>1101 - 1150</td>
<td>1</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>1151 - 1200</td>
<td>1</td>
<td>19</td>
<td>9</td>
</tr>
<tr>
<td>1201 - 1250</td>
<td>1</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td>1251 - 1300</td>
<td>1</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>1301 - 1350</td>
<td>1</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>1351 - 1400</td>
<td>1</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>1401 - 1450</td>
<td>1</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>1451 - 1500</td>
<td>1</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>1501 - 1550</td>
<td>-</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>1551 - 1600</td>
<td>-</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>1601 - 1650</td>
<td>1</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>1651 - 1700</td>
<td>-</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>1701 - 1750</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1751 - 1800</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1801 - 1850</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1851 - 1900</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Median</td>
<td>£66 560</td>
<td>£39 585</td>
<td>£21 157</td>
</tr>
<tr>
<td>Total</td>
<td>38</td>
<td>28</td>
<td>233</td>
</tr>
</tbody>
</table>

Source: Inland Revenue
APPENDIX D

PENSIONS SCHEME FOR MEMBERS OF
THE HOUSE OF COMMONS

Principal Features Proposed

1. Commencement. The scheme should begin as from the day on which the salaries of the Members of the new House of Commons elected in 1964 are increased.

2. Membership of the scheme. All persons who were Members of the House of Commons on the inception of the scheme, and all who become Members thereafter should participate in the scheme.

3. Pensions for retired Members. The minimum pensionable age should be 65. A Member with ten or more years' reckonable service in the House of Commons who ceases to be a Member after attaining that age, and a former Member with ten or more years' reckonable service who attains that age after having participated in the scheme and after having ceased to be a Member, should be granted pensions. Pension should cease to be payable to any former Member who re-enters the House so long as he remains a Member. "Reckonable service" means all service rendered from the date of commencement of the scheme except

   (1) service in respect of which a Member's contributions have been repaid to him and not refunded by him (see paragraph 8 below) and

   (2) any service in respect of which the value of pension rights has been transferred to another scheme (see paragraph 13 below),

plus any service credited in the scheme in accordance with paragraphs 13 and 14 below. The amount of annual pension should be £60 for each year of reckonable service not exceeding 15 years, plus £24 for each year of reckonable service in excess of 15.

4. Pensions for widows. On the death of a married male Member of the House of Commons with ten or more years' reckonable service, his widow should receive an immediate pension equal to one-half of the pension, calculated on the length of the Member's reckonable service, to which he would have become entitled if he had ceased to be a Member on the day of his death, or, if he was under age 65,
if he had attained that age and had ceased to be a Member on the
day of his death. If a former male Member entitled to pension dies
and leaves a widow, she should receive a pension equal to one-half
of the pension to which her deceased husband was entitled. If a
former male Member with ten or more years' reckonable service dies
before attaining age 65 and leaves a widow she should receive an
immediate pension equal to one-half of the pension, calculated
on the length of her deceased husband's reckonable service, to which
he would have been entitled if he had attained age 65 on the day of
his death. Similar benefits should be granted to incapacitated
widowers of women Members and former Members. Widows' pensions
should cease on remarriage.

5. Benefits for children and orphans. Widows' and widowers' pensions
payable in accordance with paragraph 4 should be augmented, in
respect of children under the age limit, by one-quarter of their
amount for each child not exceeding four. The age limit should be
16, but benefit should continue in respect of children over that
age and under age 22 in receipt of full-time education. If
children are left on the death of a Member or former Member having
ten years' reckonable service or of a pensioner and there is no
widow or widower entitled to a pension under the scheme, or if
the widow subsequently dies or remarries or the widower entitled
to a pension under the scheme dies, payment of orphans' allowances,
ceasing at the age-limits referred to above, should be made as
follows:

(a) one orphan: one-half

(b) two orphans: three-quarters

(c) three or more orphans: the whole

of the pension that would have been awarded in respect of the
widow or incapacitated widower.

6. Benefit on death while a Member of the House of Commons. If on a
Member's death he has not completed ten years' reckonable
service, or if no widow or widower entitled to a pension under
the scheme or children are left, the amount payable (to his legal
personal representative) should be equal to the aggregate of
contributions the Member has paid, accumulated with interest at
3 per cent per annum.
7. **Benefit on death after retirement.** On the death of a former Member entitled to a pension or of a former Member who would have become entitled to a pension on reaching age 65, if no widow, or widower entitled to a pension under the scheme, or children are left, there should be payable (to his legal personal representative) the balance (if any) of the former Member's contributions, accumulated with interest at 3 per cent per annum, after deducting the total of pension payments, if any, received since retirement.

8. **Benefit on ceasing to be a Member with less than ten years' reckonable service.** If a Member with less than ten years' reckonable service leaves the House of Commons and no transfer value is payable to another scheme in respect of him, he should receive a sum equal to the total of the contributions he has paid to the scheme, accumulated with interest at 3 per cent per annum. This sum should not normally be payable until the expiration of five years from the time when his membership of the House ceases, or until his attainment of age 65 if that should occur earlier, or on his death. The sum should be left in the Fund for a longer period if he wishes. If a Member who had received such a benefit should subsequently be re-elected to the House of Commons he should, if he so wishes, be permitted to reimburse the scheme (with interest at 3 per cent per annum), and in this event his previous service in the House should be reckonable to the same extent as before.

9. **Contributions payable by Members.** Contributions of £150 per annum should be payable by Members during all their service in the House of Commons.

10. **Contributions to the scheme by the Exchequer.** The Exchequer should contribute to the scheme:

   (a) amounts equal to those contributed by the Members; and

   (b) such additional sums as are required to meet the cost of crediting back service as provided in paragraph 14 below.

11. **Superannuation Fund.** A Fund should be set up as from the commencing date under the control of Trustees who should have power to receive the contributions of Members and of the Exchequer, and also transfer value payments, dividends and interest; to pay out pensions and other benefits under the scheme and the cost of administration; and to invest the balance of the Fund from time to time.
APPENDIX D (Continued)

12. **Valuations.** Provision should be made for the taking of suitable action if a surplus or deficiency should be disclosed at a periodical actuarial valuation of the scheme.

13. **Transfers.** Powers should be provided to make arrangements with other superannuation schemes for the reckoning of past service on the transfer of Members to or from the scheme and for the Trustees to pay and accept suitable transfer values.

14. **Back-service credit.** All service in the House before the inception of the scheme should be reckonable for the purpose of the scheme, in so far as it does not exceed ten years for any one Member.
**APPENDIX E**

**MINISTERIAL SALARIES IN 1780, 1830 AND 1831/32**

<table>
<thead>
<tr>
<th>Position</th>
<th>1780</th>
<th>1830</th>
<th>1831/32</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Lord of the Treasury</td>
<td>£7,430</td>
<td>£5,000</td>
<td>(a)</td>
</tr>
<tr>
<td>Chancellor of the Exchequer</td>
<td></td>
<td>£5,398</td>
<td>(a)</td>
</tr>
<tr>
<td>Secretary of State</td>
<td>£5,312</td>
<td>£6,000</td>
<td></td>
</tr>
<tr>
<td>Foreign Secretary</td>
<td>£5,312</td>
<td>£6,000</td>
<td></td>
</tr>
<tr>
<td>Colonial Secretary</td>
<td></td>
<td>£6,000</td>
<td></td>
</tr>
<tr>
<td>First Lord, Admiralty</td>
<td>£3,000</td>
<td>£5,000</td>
<td>(a)</td>
</tr>
<tr>
<td>Paymaster General</td>
<td>£3,061</td>
<td>£2,000</td>
<td>(a)</td>
</tr>
<tr>
<td>Lord Privy Seal</td>
<td>£4,056</td>
<td>£2,054</td>
<td></td>
</tr>
<tr>
<td>Joint Secretaries to the Treasury</td>
<td>£5,114</td>
<td>£3,500</td>
<td></td>
</tr>
<tr>
<td>Secretary at War</td>
<td>£2,480</td>
<td>£2,480</td>
<td></td>
</tr>
<tr>
<td>Postmaster General</td>
<td>£2,000</td>
<td>£2,000</td>
<td></td>
</tr>
<tr>
<td>Junior Lords, Treasury</td>
<td>£1,220</td>
<td>£1,220</td>
<td></td>
</tr>
<tr>
<td>Under Secretary of State, Home</td>
<td>£1,013</td>
<td>£2,002</td>
<td></td>
</tr>
<tr>
<td>Under Secretary of State, Foreign</td>
<td></td>
<td>£2,000</td>
<td></td>
</tr>
<tr>
<td>Junior Lords, Admiralty</td>
<td>£1,000</td>
<td>£1,000</td>
<td>(a)</td>
</tr>
<tr>
<td>Lord Chancellor</td>
<td></td>
<td>£14,500</td>
<td>(f)</td>
</tr>
<tr>
<td>Judge Advocate General</td>
<td></td>
<td>£2,500</td>
<td>(i)</td>
</tr>
<tr>
<td>H. M. Advocate in Scotland</td>
<td>£1,000</td>
<td>£2,500</td>
<td>(j)</td>
</tr>
</tbody>
</table>

**Notes**

- (a) Plus a free residence.
- (b) Plus an unknown amount in gratuities.
- (c) Plus profits from balance of public money.
- (d) Salary shared between two persons, each with a free residence.
- (e) Paid by gratuities and fees. Amount not known.
- (f) Average yearly earnings taken over a period of three years.
- (g) Fixed salary.
- (h) Paid by fees, etc. Amount not known.
- (i) Plus £500 rent for a house.
- (j) Plus fees.
- (k) Plus fees for Exchequer business amounting to £473 in 1830.
- (l) Plus fees for Exchequer business.

Source: H. M. Treasury
### MINISTERIAL OFFICES AND SALARIES AS AT 1ST SEPTEMBER 1964
(Figures in brackets indicate number of paid posts)

**PART I**

<table>
<thead>
<tr>
<th>Members of the Cabinet</th>
<th>Salaries (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prime Minister and First Lord of the Treasury (a)</td>
<td>10,000</td>
</tr>
<tr>
<td>Lord Chancellor (a)</td>
<td>12,000</td>
</tr>
<tr>
<td>Chancellor of the Exchequer (a)</td>
<td></td>
</tr>
<tr>
<td>Secretaries of State for:</td>
<td></td>
</tr>
<tr>
<td>- Commonwealth Relations and for the Colonies</td>
<td></td>
</tr>
<tr>
<td>- Defence</td>
<td></td>
</tr>
<tr>
<td>- Education and Science (b)</td>
<td></td>
</tr>
<tr>
<td>- Foreign Affairs (a)</td>
<td></td>
</tr>
<tr>
<td>- Home Department</td>
<td></td>
</tr>
<tr>
<td>- Industry, Trade and Regional Development and President of the Board of Trade</td>
<td></td>
</tr>
<tr>
<td>- Scotland</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Lord Privy Seal</td>
<td>5,000</td>
</tr>
<tr>
<td>Chancellor of the Duchy of Lancaster</td>
<td></td>
</tr>
<tr>
<td>Minister of Agriculture, Fisheries and Food</td>
<td></td>
</tr>
<tr>
<td>Minister of Transport</td>
<td></td>
</tr>
<tr>
<td>Chief Secretary to the Treasury and Paymaster General</td>
<td></td>
</tr>
<tr>
<td>Minister of Labour</td>
<td></td>
</tr>
<tr>
<td>Minister of Housing and Local Government and Minister for Welsh Affairs</td>
<td></td>
</tr>
<tr>
<td>Minister of Health</td>
<td></td>
</tr>
<tr>
<td>Minister of Power</td>
<td></td>
</tr>
<tr>
<td>Minister of Public Building and Works</td>
<td></td>
</tr>
<tr>
<td>Ministers without Portfolio (2)</td>
<td></td>
</tr>
<tr>
<td>Minister of State for Education and Science (c)</td>
<td>4,500</td>
</tr>
</tbody>
</table>
### Ministers not in the Cabinet

<table>
<thead>
<tr>
<th>Minister/Position</th>
<th>Salary (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minister of Aviation</td>
<td></td>
</tr>
<tr>
<td>Minister of Pensions and National Insurance</td>
<td>5,000</td>
</tr>
<tr>
<td>Postmaster General</td>
<td></td>
</tr>
<tr>
<td>Minister of State for Education and Science</td>
<td></td>
</tr>
<tr>
<td>Ministers of Defence for:</td>
<td></td>
</tr>
<tr>
<td>the Royal Navy (a)</td>
<td>4,500</td>
</tr>
<tr>
<td>the Army</td>
<td></td>
</tr>
<tr>
<td>the Royal Air Force</td>
<td></td>
</tr>
<tr>
<td>Secretary for Technical Co-operation</td>
<td></td>
</tr>
<tr>
<td>Ministers of State for:</td>
<td></td>
</tr>
<tr>
<td>Board of Trade (2)</td>
<td></td>
</tr>
<tr>
<td>Commonwealth Relations and for the Colonies (2)</td>
<td></td>
</tr>
<tr>
<td>Foreign Affairs (2)</td>
<td></td>
</tr>
<tr>
<td>Home Office</td>
<td></td>
</tr>
<tr>
<td>Scottish Office</td>
<td></td>
</tr>
<tr>
<td>Welsh Affairs</td>
<td>3,750</td>
</tr>
<tr>
<td>Treasury:</td>
<td></td>
</tr>
<tr>
<td>Parliamentary Secretary and Chief Whip</td>
<td></td>
</tr>
<tr>
<td>Financial Secretary</td>
<td></td>
</tr>
<tr>
<td>Economic Secretary</td>
<td></td>
</tr>
<tr>
<td>Assistant Postmaster General</td>
<td></td>
</tr>
<tr>
<td>Parliamentary Under-Secretaries to the Departments of State:</td>
<td></td>
</tr>
<tr>
<td>Commonwealth Relations and for the Colonies (3)</td>
<td></td>
</tr>
<tr>
<td>Defence - for the Royal Navy</td>
<td></td>
</tr>
<tr>
<td>for the Army</td>
<td></td>
</tr>
<tr>
<td>for the Royal Air Force</td>
<td></td>
</tr>
<tr>
<td>Education and Science (2)</td>
<td></td>
</tr>
<tr>
<td>Foreign Affairs</td>
<td></td>
</tr>
<tr>
<td>Home Department (2)</td>
<td></td>
</tr>
<tr>
<td>Scotland (3)</td>
<td>2,500</td>
</tr>
<tr>
<td>Parliamentary Secretaries to the Departments of State:</td>
<td></td>
</tr>
<tr>
<td>Agriculture, Fisheries and Food (2)</td>
<td></td>
</tr>
<tr>
<td>Aviation</td>
<td></td>
</tr>
<tr>
<td>Health (2)</td>
<td></td>
</tr>
<tr>
<td>Housing and Local Government (2)</td>
<td></td>
</tr>
<tr>
<td>Labour</td>
<td></td>
</tr>
<tr>
<td>Pensions and National Insurance (2)</td>
<td></td>
</tr>
<tr>
<td>Power</td>
<td></td>
</tr>
<tr>
<td>Public Building and Works</td>
<td></td>
</tr>
<tr>
<td>Board of Trade</td>
<td></td>
</tr>
<tr>
<td>Transport (3)</td>
<td></td>
</tr>
</tbody>
</table>
PART III

Salaries

£

Captain of the Honourable Corps of Gentlemen-at-Arms 3,000
Captain of the Queen's Bodyguard of the Yeomen of the Guard 2,200
Lords Commissioners of the Treasury (5)
Treasurer of Her Majesty's Household
Comptroller of Her Majesty's Household 2,000
Vice Chamberlain of Her Majesty's Household
Lords in Waiting (2)

LAW OFFICERS

Attorney-General 10,000
Solicitor-General 7,000
Lord Advocate 5,000
Solicitor-General for Scotland 3,750

Notes

(a) Free residence.
(b) The Minister concerned also holds the appointment of Lord President of the Council.
(c) A member of the Cabinet on a personal basis. The second Minister of State for Education and Science is not in the Cabinet.

Source: H. M. Treasury
CONFIDENTIAL

CABINET

CROWN PRIVILEGE

MEMORANDUM BY THE PRIME MINISTER

I am concerned at the extent to which Crown Privilege is claimed to prevent the disclosure of official documents which private persons wish to see either in the course of litigation between themselves or with Government Departments. I believe some reduction in these claims could be made. Whether or not individuals in general suffer as a result of these claims may be difficult to determine, but public opinion tends to assume that they do and that the claims are made to prevent mistakes made by Ministers and officials from coming to light.

2. In order to deal with these suspicions I have asked the Lord Chancellor to arrange that as soon as possible the Law Reform Committee should consider, as part of their inquiry into the Law of Evidence, the whole question of Crown Privilege and the grounds on which it may be claimed. The Lord Chancellor will announce this in answer to a Question in the House of Lords.

3. One of the main questions that the Committee will have to consider is whether or not claims to Privilege should continue to be made by Ministers in respect of documents which must, as a class,
be withheld from production if Ministers and officials are to conduct public affairs with freedom and candour. I am satisfied that no interim arrangement to provide for the disclosure of such documents should be made, and meanwhile Ministers should continue to put forward claims for "class" documents as hitherto.

4. There is, however, a small group of documents where Departments claim Crown Privilege not because they belong to a "class" which is to be withheld, but because of the contents of the individual paper. Some of these concern security matters. Before claims are made on security grounds I should like my colleagues in future to consult me and to indicate the scope of the documents to be withheld and the reasons why Privilege is to be claimed. Enough information should be provided to enable me to form a view of the merits of the case. The actual decision including the legal formalities involved should continue to be made by the Departmental Minister concerned.

5. This procedure will also be announced by the Lord Chancellor.

H. W.

10 Downing Street, S.W.1,
CABINET

REMNUNERATION OF MINISTERS AND MEMBERS OF PARLIAMENT

Memorandum by the Lord President of the Council

At the Prime Minister's request a small Committee under my chairmanship has given preliminary consideration to some of the questions raised by the report of the Lawrence Committee. Our conclusions are briefly as follows -

Salaries and Allowances of Members of Parliament

2. We started from the assumption that the recommendation to increase the salaries and allowances, including travelling allowances, of Members of Parliament should be accepted and implemented with retrospective effect from the beginning of this Parliament.

Pensions for Members of Parliament

3. The details of the pension scheme proposed by the Lawrence Committee will have to be examined, but it will be important to accept at once that there should be a contributory scheme and to make a firm statement of our intention to introduce it as rapidly as possible. We would hope that the Bill increasing Ministers' salaries would also provide the legislative basis for a pensions scheme for Members and that it would be debated on the same day as the Resolution increasing Members' salaries. It might then be possible to arrange for the Fees Office to hold back Members' new pension contributions in paying the retrospective portion of their increased salaries so that they were not faced later with a demand for large arrears of contribution.

Ministerial Salaries

4. It was suggested to us that there would be advantage in expressing whatever was thought to be the appropriate increase in Ministers' salaries in terms of a proportion of the increase recommended by the Lawrence Committee, rather than as a proportion of the existing salary. It is important that we should not lose the advantage to be gained from basing our decisions on the guidance of an independent committee by appearing wholly to reject their advice and to substitute a set figure of our own, apparently unconnected with their recommendations. The annexed table prepared by the Treasury indicates for purposes of illustration how the figures would work out if we increased the existing salaries by half the amount of the increase recommended by the Lawrence Committee. The figures to be fixed by statute should be those appropriate to the responsibilities of the post.

5. The scales of pension for the Prime Minister and the Lord Chancellor will also have to be considered.
The Speaker

6. We considered that The Speaker's salary should be increased by whatever proportion of either the existing salary or the increase recommended by the Lawrence Committee we decided to adopt for Ministers. The tax-free allowance for expenses, on which the Lawrence Committee merely commented that if the figure of £4,000 fixed in 1928 was right then it is unlikely to be right now, will need to be discussed with The Speaker, who can no doubt say what the existing expenditure attributable to his office now is. The amount of his pension also requires further consideration, as does the question whether it should be fixed by statute, as the Lawrence Committee recommend, or by ad hoc Resolution of the House of Commons in the light of the length of service rendered by a particular individual. Neither of these points need be settled immediately.

Chairman and Deputy Chairman of Ways and Means and Lord Chairman of Committees

7. These salaries should rise by the same amount as the Ministerial salaries to which they are linked.

Allowances for Members of the House of Lords

8. The Lawrence Committee recommended that the attendance allowance paid to Members of the House of Lords should be increased from 3 guineas to 4½ guineas for each day's attendance. The Inland Revenue would continue to treat an allowance of 4½ guineas as tax free, since it would be reasonable to suppose that expenses of this order were incurred, but they would not be able so to regard a substantially higher allowance. This recommendation should accordingly be accepted.

9. Our attention was drawn to the fact that junior Ministers in the House of Lords are not entitled to draw an attendance allowance or travelling expenses, on the ground that expenditure incurred in travelling to and staying in London is incurred in connection with their employment as Ministers, and not for the purpose of attendance at the House of Lords. It was suggested to us that, since some Parliamentary Secretaries live at a considerable distance from London and are compelled to stay in hotels during the week, they should continue to be entitled to draw the allowance on the days when they actually attend the House of Lords in the course of their duties. This, however, would introduce a new principle not in keeping with the recommendations of the Lawrence Committee and might well give rise to taxation difficulties which would have to be examined if it were desired to enable junior Ministers to draw the House of Lords allowance.

Leader of the Opposition and Opposition Chief Whip in the House of Lords

10. In the Commons, the Leader of the Opposition is now paid the same as a Minister of State (£3, 750). This equation should continue. Ministers have already expressed the view that the salary of the Opposition Chief Whip could appropriately be the same as that of a Parliamentary Secretary.

11. In the Lords the Lawrence Committee recorded evidence given to them to the effect that since the full-time services of the Leader of the Opposition and the Opposition Chief Whip were necessary to the discharge of the business of the House, both should be paid on the analogy of the Leader of the Opposition in the House of Commons. Figures that have been suggested are £1,500 for the Leader of the Opposition and £1,000 for the Opposition Chief Whip - plus in each case the daily attendance allowance.
12. These proposals are under discussion with the Opposition and their views will be reported to the Cabinet.

Timing

13. The Bill to increase Ministerial salaries and to introduce contributory pensions for Members of Parliament should be debated on the same day as the Resolution increasing Members’ salaries. The Resolution ought to be taken before Christmas, but there will be advantage in introducing the Bill as late as possible in order to allow time for thorough consideration of the pensions scheme. We propose, therefore, to take the Second Reading of the Bill and the Resolution in the week beginning 14th December. This will follow the Second Reading on the Pensions (Increase) Bill which we expect to take in the first week of December.

Summary

14. The matters for decision now are:

(1) Confirmation of acceptance of the increases in the salaries and allowances, including travelling allowances, of Members of Parliament recommended in the Lawrence Committee and their implementation with retrospective effect from the beginning of this Parliament.

(2) Acceptance in principle of a contributory pension scheme for Members of Parliament.

(3) Determination of a scale of salaries for Ministers, related as far as possible to the Lawrence recommendations for the Prime Minister.

(4) Consequential decisions on salaries of:
   (a) Mr. Speaker
   (b) The Chairman and Deputy Chairman of Ways and Means and Lord Chairman of Committees
   (c) Leader of the Opposition in the Commons

(5) Increase in attendance allowance of Members of the House of Lords from 3 guineas to 4½ guineas a day.

(6) Decision whether the allowance should be extended to Ministers.

(7) Confirmation of the decision to pay a salary to the Opposition Chief Whip in the Commons, equal to that of a Parliamentary Secretary.

(8) Decision on salaries for the Leader of the Opposition and Opposition Chief Whip in the House of Lords.

(9) Inclusion of Members’ salaries and Members’ pension scheme in one Bill, to have its Second Reading on the same day (before Christmas but after the Second Reading of the Pensions (Increase) Bill) as the Resolution increasing Members’ salaries is debated.

H. B.

Whitehall, S. W. 1.

11th November, 1964
### SALARIES OF MINISTERS AND LAW OFFICERS

<table>
<thead>
<tr>
<th>Ministers</th>
<th>(a) Present Salary</th>
<th>(b) Recommended by Lawrence Committee</th>
<th>(c) 50 per cent increase on (a)</th>
<th>(d) 50 per cent increase recommended by Lawrence Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prime Minister</td>
<td>10,000</td>
<td>18,000</td>
<td>7,500</td>
<td>8,500</td>
</tr>
<tr>
<td>Senior Ministers</td>
<td>5,000</td>
<td>12,000</td>
<td>7,500</td>
<td>8,500</td>
</tr>
<tr>
<td>(Ministers of State)</td>
<td>(5,000*)</td>
<td>12,000</td>
<td>7,500</td>
<td>7,500</td>
</tr>
<tr>
<td>(Ministers of State)</td>
<td>(4,500)</td>
<td>10,750</td>
<td>6,750</td>
<td>6,750</td>
</tr>
<tr>
<td>(Ministers of State)</td>
<td>(3,750)</td>
<td>7,500</td>
<td>5,625</td>
<td>5,625</td>
</tr>
<tr>
<td>Parliamentary Secretaries</td>
<td>2,500</td>
<td>5,000</td>
<td>3,750</td>
<td>3,750</td>
</tr>
<tr>
<td>(3,000)</td>
<td>6,000</td>
<td>4,500</td>
<td>4,500</td>
<td>4,500</td>
</tr>
<tr>
<td>Whips</td>
<td>(2,200)</td>
<td>4,400</td>
<td>3,300</td>
<td>3,300</td>
</tr>
<tr>
<td>(2,000)</td>
<td>4,000</td>
<td>3,000</td>
<td>3,000</td>
<td>3,000</td>
</tr>
<tr>
<td>Lord Chancellor</td>
<td>12,000</td>
<td>17,000</td>
<td>18,000</td>
<td>14,500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Law Officers</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Attorney General</td>
<td>10,000</td>
<td>16,000</td>
<td>15,000</td>
<td>13,000</td>
</tr>
<tr>
<td>Solicitor General</td>
<td>7,000</td>
<td>11,000</td>
<td>10,500</td>
<td>9,000</td>
</tr>
<tr>
<td>Lord Advocate</td>
<td>5,000</td>
<td>11,000</td>
<td>7,500</td>
<td>8,000</td>
</tr>
<tr>
<td>Solicitor General (Scotland)</td>
<td>3,750</td>
<td>7,500</td>
<td>5,625</td>
<td>5,625</td>
</tr>
<tr>
<td>Mr. Speaker</td>
<td>5,000</td>
<td>12,000</td>
<td>7,500</td>
<td>8,500</td>
</tr>
</tbody>
</table>

* There were no Ministers of State on this salary when the Lawrence Committee were deliberating.
## Annex

### Salaries of Ministers and Law Officers

<table>
<thead>
<tr>
<th>Ministries</th>
<th>(a) Present Salary</th>
<th>(b) Recommended by Lawrence Committee</th>
<th>(c) 50 per cent increase on (a)</th>
<th>(c) 50 per cent increase recommended by Lawrence Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prime Minister</td>
<td>£10,000</td>
<td>£18,000</td>
<td>£7,500</td>
<td>£8,500</td>
</tr>
<tr>
<td>Senior Ministers</td>
<td>(£5,000)</td>
<td>(£12,000)</td>
<td>(£7,500)</td>
<td>(£8,500)</td>
</tr>
<tr>
<td>Ministers of State</td>
<td>(£4,500)</td>
<td>(£10,750)</td>
<td>(£6,750)</td>
<td>(£7,625)</td>
</tr>
<tr>
<td>(</td>
<td>(£3,750)</td>
<td>(£7,500)</td>
<td>(£5,625)</td>
<td>(£5,625)</td>
</tr>
<tr>
<td>Parliamentary Secretaries</td>
<td>(£2,500)</td>
<td>(£5,000)</td>
<td>(£3,750)</td>
<td>(£3,750)</td>
</tr>
<tr>
<td>Whips</td>
<td>(£3,000)</td>
<td>(£6,000)</td>
<td>(£4,500)</td>
<td>(£4,500)</td>
</tr>
<tr>
<td>Whips</td>
<td>(£2,200)</td>
<td>(£4,400)</td>
<td>(£3,300)</td>
<td>(£3,300)</td>
</tr>
<tr>
<td>Whips</td>
<td>(£2,000)</td>
<td>(£4,000)</td>
<td>(£3,000)</td>
<td>(£3,000)</td>
</tr>
<tr>
<td>Lord Chancellor</td>
<td>(£12,000)</td>
<td>(£17,000)</td>
<td>(£18,000)</td>
<td>(£14,500)</td>
</tr>
<tr>
<td>Law Officers</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attorney General</td>
<td>(£10,000)</td>
<td>(£16,000)</td>
<td>(£15,000)</td>
<td>(£13,000)</td>
</tr>
<tr>
<td>Solicitor General</td>
<td>(£7,000)</td>
<td>(£11,000)</td>
<td>(£10,500)</td>
<td>(£9,000)</td>
</tr>
<tr>
<td>Lord Advocate</td>
<td>(£5,000)</td>
<td>(£11,000)</td>
<td>(£7,500)</td>
<td>(£8,000)</td>
</tr>
<tr>
<td>Solicitor General (Scotland)</td>
<td>(£3,750)</td>
<td>(£7,500)</td>
<td>(£5,625)</td>
<td>(£5,625)</td>
</tr>
<tr>
<td>Mr. Speaker</td>
<td>(£5,000)</td>
<td>(£12,000)</td>
<td>(£7,500)</td>
<td>(£8,500)</td>
</tr>
</tbody>
</table>

* There were no Ministers of State on this salary when the Lawrence Committee were deliberating.
THE THREATENED DOCK STRIKE

MEMORANDUM BY THE SECRETARY OF STATE FOR THE HOME DEPARTMENT

The Ministerial Committee on Emergencies have been giving preliminary consideration to the emergency measures that would need to be taken by the Government in the event of the threatened national dock strike.

2. Following a dispute over a wage claim, the unions have given notice of their intention to strike from 1st December. The Minister of Labour has set up a Committee on Inquiry under the chairmanship of Lord Devlin with instructions to report first, and as a matter of urgency, on the question of wages and then to examine more general issues. He hopes to receive their interim report on 20th November or possibly a day or two earlier. The recommendations of the report will then require negotiation between the employers and unions. The situation during the negotiations will be delicate, particularly in view of inter-union rivalry and the existence of militant unofficial leaders within the dockers' ranks. The negotiations will not necessarily lead to a settlement, although the strike date of 1st December might be postponed in the course of them.

3. It is essential to avoid any action which might be regarded as provocative and frustrate a peaceful settlement. At the same time it is the duty of the Government to make plans to maintain essential supplies in the event of the strike taking place. The purpose of this paper is to inform my colleagues of the measures which could be taken to that end, and of the limitations to which they are subject.

4. The steps which will be taken are:

(a) the proclamation of a state of emergency under the Emergency Powers Acts, 1920 and 1964;

(b) the use of troops.

Proclamation of an emergency at the outset of the strike would be an indication of the Government’s resolution to take firm action and, by enabling emergency regulations to be made, would help...
Departments to take emergency measures with the least delay. It is not, however, legally necessary to proclaim an emergency before troops are used, and this has not always been done in previous strikes. Several factors limit the use of troops: the numbers that can be made available without prejudicing operational requirements, the advance preparations needed for their deployment, and the risk that the use of troops might cause a strike to spread.

5. A national dock strike might well spread to other related employment. Lightermen would almost certainly become involved, since they are members of the same National Joint Council as the dockers. Members of the Transport and General Workers Union working in London fruit and vegetable markets, as well as lorry drivers carrying goods from the docks, would be likely to declare "black" any goods handled by troops. Further consequences, for example on the railways, can only be guessed.

6. The Ministry of Defence have made advance plans for the use of troops in a dock strike, which they have carried as far as they can without the further consultation referred to in paragraph 7 below. They plan to provide 33,700 servicemen with an additional 20 per cent for administration. This number should suffice to unload essential supplies. If more troops should be required, the number available could be increased to 45,000 without touching the strategic reserve. The maximum that could be provided is 70,000, but the Army's ability to meet unforeseen operational requirements would then be greatly prejudiced. But it is doubtful whether even the use of all available troops, together with any civilian help that might be enlisted, would be sufficient to cope with the serious situation that would arise if there were widespread industrial action in support of a dock strike.

7. If the Government decided that troops should work in the docks, the Ministry of Defence would wish to begin preparatory action at least ten days beforehand. They would then consult units below Command level. Discussions with port authorities would follow six days, and finally movement of troops would begin three days, before the date on which work was to start. The consultations with port authorities could certainly not be kept secret, and even consultations within the Services below Command level might become known.

8. The Ministerial Committee on Emergencies fully recognised the Government's duty in the last resort to act to maintain essential supplies in the face of a dock strike, but they were in no doubt that meanwhile the overriding consideration must be to avoid any action which might jeopardise the peaceful settlement of the dispute or cause it to spread. If troops were to be used on the first day of the strike, the first stage of the Service preparations (consultations below Command level) would coincide with the re-opening of negotiations between the two sides in the dispute, and such action should therefore be authorised only after careful consideration. It might be necessary to defer the more overt preparations until the strike had begun. This would mean that unloading of ships would not begin for several days thereafter. The consequent loss of perishable foodstuffs would
probably be small, although, when troops began work, they would be faced with a backlog of unloaded cargoes and stocks of essential food might run down more rapidly than would otherwise happen.

9. The Ministerial Committee on Emergencies will meet again, as necessary, in the light of the situation. Meanwhile I ask my colleagues:

(a) to take note of the emergency measures that may have to be taken in the event of a national dock strike, and in particular of the difficulties of timing and the limits to the assistance which the Services can give;

(b) to endorse the Committee’s view that, while the Government must, if necessary, act to maintain essential supplies, it is essential to avoid any preparations which, if they became known, might jeopardise negotiations for a settlement;

(c) to give me discretion, when and if circumstances require it and after consultation with the Minister of Labour, to authorise the Ministry of Defence to begin consultation with Service units below Command level.

F. S.

Whitehall, S.W. 1.

17th November, 1964

CABINET

LEGISLATIVE PROGRAMME 1964-65

Memorandum by the Lord President of the Council

The Committee on Future Legislation have considered proposals made by Ministers for Bills to be included in the present Session's programme and have heard the views of the Ministers concerned. For ease of reference I set out at Annex I the Bills which have already been introduced or which are to be introduced very shortly.

2. We face a difficult situation. Bills to which we are committed in The Queen's Speech and otherwise, together with those Bills which are or may become essential for other reasons and a few more of exceptional urgency or importance, already add up to a substantially bigger programme than could be carried through in a normal Session. The situation is made the more difficult by the prospect of a particularly heavy Finance Bill in the spring to implement measures which the Chancellor of the Exchequer has already announced.

3. It follows that at this stage we cannot commit ourselves to any more Bills in the present Session unless we are willing to drop some of those to which we are committed already.

4. There is a further difficulty. In the normal course the main bulk of the programme should be introduced by January. We cannot achieve this, but we must get as near it as we can. I must warn my colleagues that if any substantial number of Bills is delayed until after Easter the casualty list will be heavy. In particular, the prospects of the Iron and Steel Bill must be severely prejudiced if it cannot have its Second Reading in the House of Commons before Easter.

5. In the light of these considerations the Future Legislation Committee have prepared the classification of Bills set out in Annex II under the following heads -

A1 - Essential Bills - Bills which must be taken if services are to be maintained or obligations fulfilled.

A2 - Contingent Bills - Bills which may become essential during the Session (it is to be assumed that not all these Bills will in fact be needed).

-1-
Bl - Main Programme - Bills to which the Government are committed, together with a very few other Bills of exceptional urgency and importance.

B2 - Bills to be included in the Main Programme if and when time permits.

C - Reserve Bills - Bills on which work may proceed provided that it is not at the expense of work on Bills in Lists Bl and B2. There is little prospect that any Bills from this list can be taken this Session.

D - Other Bills - Bills for which there will not be time or which would become necessary on a contingency that now seems remote.

6. The Committee on Future Legislation will begin in January to prepare a programme for the 1965-66 Session and will then be able to consider what provision they can recommend in that Session for Bills in Lists C and D, together with any casualties from Lists Bl and B2 and other Bills which Ministers may then wish to put forward.

7. Meanwhile I ask the Cabinet to approve the programme for this Session set out in Annex II and to authorise the Committee on Future Legislation to keep the programme under review as the Session proceeds, and to select for introduction Bills from List B2 and the Reserve List if time becomes available.

H. B.

Whitehall, S.W.1.

17th November, 1964
ANNEX I

BILLS ALREADY INTRODUCED OR WHOSE INTRODUCTION IS IMMINENT

Administration of Justice
Airports Authority
Education (Scotland)
Expiring Laws Continuance
Gambia Independence
Machinery of Government
Museum of London
National Insurance
Nuclear Installations (Amendment)
Protection from Eviction
Remuneration of Teachers
Rivers (Prevention of Pollution) (Scotland)
Science and Technology
Severn Bridge Tolls
Superannuation
Travel Concessions
ANNEX II

(Note: Right hand column gives estimated size of Bill - number of clauses)

A1 - Essential Bills

Finance (1) (-)
Finance (2) (Long)
Kenya Republic (5)

A2 - Contingent Bills

West Indies Federation (Short)
British Guiana Independence (Short)
Indus Basin Development (3)
Malawi (Republic) (4)
Constitution of Canada (1)
Sierra Leone (Consequential Provision) (4)
Commonwealth Organisations (Immunities and Privileges) (5)
Multilateral Force (?)
Compensation for Nazi Victims (?)
International Monetary Fund (2)

-4-
### B1 - Main Programme Bills

<table>
<thead>
<tr>
<th>Bill</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incomes and Prices Review Body (if legislation is required)</td>
<td>(10)</td>
</tr>
<tr>
<td>Capital Punishment (Private Member's Bill)</td>
<td>(Short)</td>
</tr>
<tr>
<td>Rent Control</td>
<td>(40)</td>
</tr>
<tr>
<td>Trade Disputes</td>
<td>(3)</td>
</tr>
<tr>
<td>Law Commission</td>
<td>(Short)</td>
</tr>
<tr>
<td>Iron and Steel</td>
<td>(60)</td>
</tr>
<tr>
<td>Control of Offices</td>
<td>(12)</td>
</tr>
<tr>
<td>Highland Development Authority</td>
<td>(15)</td>
</tr>
<tr>
<td>War Damage</td>
<td>(1)</td>
</tr>
<tr>
<td>Ministers' Salaries and Members' Pensions</td>
<td>(?)</td>
</tr>
<tr>
<td>Racial Discrimination</td>
<td>(Short)</td>
</tr>
<tr>
<td>Leasehold Enfranchisement</td>
<td>(30)</td>
</tr>
<tr>
<td>Severance Payments</td>
<td>(15)</td>
</tr>
<tr>
<td>Teaching Council (Scotland)</td>
<td>(18)</td>
</tr>
<tr>
<td>Parliamentary Commissioner</td>
<td>(20)</td>
</tr>
<tr>
<td>Children's Service in London</td>
<td>(Short)</td>
</tr>
<tr>
<td>Land Commission</td>
<td>(50)</td>
</tr>
</tbody>
</table>

### B2 - Bills to be included in Main Programme if and when time permits

<table>
<thead>
<tr>
<th>Bill</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cereals Marketing</td>
<td>(30)</td>
</tr>
<tr>
<td>Air Corporations</td>
<td>(6)</td>
</tr>
<tr>
<td>Fugitive Offenders</td>
<td>(Short)</td>
</tr>
<tr>
<td>Development of Inventions</td>
<td>(10)</td>
</tr>
<tr>
<td>Income Guarantee</td>
<td>(?)</td>
</tr>
<tr>
<td>Public Service Vehicles - fuel tax subsidy</td>
<td>(Short)</td>
</tr>
<tr>
<td>Category</td>
<td>Number</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>Ministry of Aviation (Supply Powers)</td>
<td>(3)</td>
</tr>
<tr>
<td>Backing of Warrants (? by Private Member)</td>
<td>(12)</td>
</tr>
<tr>
<td>Criminal Evidence (? by Private Member)</td>
<td>(2)</td>
</tr>
<tr>
<td>Overseas Aid including Colonial Development and Welfare</td>
<td>(5)</td>
</tr>
<tr>
<td>Overseas Service</td>
<td>(2)</td>
</tr>
<tr>
<td>Pirate Broadcasting</td>
<td>(11)</td>
</tr>
<tr>
<td>Gas</td>
<td>(31)</td>
</tr>
<tr>
<td>Monopolies, Mergers and Restrictive Practices</td>
<td>(100)</td>
</tr>
<tr>
<td>Nationalised Transport Undertakings</td>
<td>(5)</td>
</tr>
<tr>
<td>Judicial Salaries</td>
<td>(-)</td>
</tr>
</tbody>
</table>
### D - Other Bills

<table>
<thead>
<tr>
<th>Bill</th>
<th>Length</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil Aviation (Miscellaneous Provisions)</td>
<td>(19)</td>
</tr>
<tr>
<td>Mauritius Independence</td>
<td>(Short)</td>
</tr>
<tr>
<td>Ceylon (Constitutional Provisions)</td>
<td>(4)</td>
</tr>
<tr>
<td>Teachers (Superannuation)</td>
<td>(6)</td>
</tr>
<tr>
<td>Consular Privileges</td>
<td>(12)</td>
</tr>
<tr>
<td>Nuclear Test Ban</td>
<td>(Long)</td>
</tr>
<tr>
<td>Observation Posts</td>
<td>(Long)</td>
</tr>
<tr>
<td>Privileges and Immunities (I.A.D.B.)</td>
<td>(5)</td>
</tr>
<tr>
<td>Antarctic Treaty</td>
<td>(5)</td>
</tr>
<tr>
<td>Registration (Births etc.) Fees</td>
<td>(Short)</td>
</tr>
<tr>
<td>National Health Service Charges</td>
<td>(Short)</td>
</tr>
<tr>
<td>Fire Precautions</td>
<td>(38)</td>
</tr>
<tr>
<td>Committal Proceedings</td>
<td>(Medium)</td>
</tr>
<tr>
<td>Criminal Justice</td>
<td>(20)</td>
</tr>
<tr>
<td>Commons Registration (? by Private Member)</td>
<td>(25)</td>
</tr>
<tr>
<td>Law Reform (Misrepresentation)</td>
<td>(Short)</td>
</tr>
<tr>
<td>Assessment of Damages</td>
<td>(Short)</td>
</tr>
<tr>
<td>Coal Industry</td>
<td>(10)</td>
</tr>
<tr>
<td>Electricity Supply</td>
<td>(50)</td>
</tr>
<tr>
<td>Registration of Births, etc. (Scotland)</td>
<td>(50)</td>
</tr>
<tr>
<td>Industrial Design</td>
<td>(40)</td>
</tr>
<tr>
<td>Rural Transport</td>
<td>(6)</td>
</tr>
<tr>
<td>Highways (Land)</td>
<td>(14)</td>
</tr>
</tbody>
</table>
Cabinet

PENSIONS OF MINISTERS AND MEMBERS OF PARLIAMENT AND OTHER MATTERS

Memorandum by the Lord President of the Council

The Cabinet (C. C. (64) 8th Conclusions, Minute 3) invited me to arrange for my Committee of Ministers to examine and report back on:

(a) a contributory pension scheme for Members of Parliament;
(b) the position of Ministers in the House of Lords in relation to the daily attendance allowance;
(c) the payment of a salary to the Leader of the Opposition and the Opposition Chief Whip in the House of Lords.

My Committee has considered these points and our recommendations are as follows.

Contributory Pension Scheme

2. The Recommendations of the Lawrence Committee are in paragraphs 70 to 82 and Appendix D of their Report (Command 2516). We recommend that they should be adopted as they stand.

3. This recommendation, if my colleagues accept it, may lead to repercussions on public service superannuation schemes, because in certain respects the Lawrence scheme is more generous than those other schemes. The main points at which it is so are:

(i) Lawrence recommends no abatement of the House of Commons pension in respect of National Insurance pension, whereas those who entered other public service schemes after 1948 are subject to a minor degree of abatement.

(ii) The rate of accrual (£60 a year) in the early years is high by public service standards if the pensionable salary is taken to be £2,000. If however it is taken to be £3,250 (and there are sufficient grounds for this in the Lawrence Report) this problem disappears.

(iii) The scheme provides for widows (and incapacitated widowers) a pension at half the husband's (or wife's) rate, with the Exchequer bearing half the cost. In most contributory public service schemes, the rate is one third and the member bears the whole cost. The extra cost of bringing them in line with Lawrence would be up to £10 million a year.
4. We think however that the risks of repercussion should be accepted. Both the lack of abatement and the generous provisions for widows are arguably right and, moreover, for widows, the scales operated by the Trustees of the Members' Fund already provide not less than half the husband's pension. The main point however is that, with pensions as with salaries, it is most undesirable for Members of Parliament to appear to be picking and choosing among the Lawrence proposals and thus to be acting as judges in their own cause. The Lawrence Committee was appointed to take this invidious responsibility away from Members; the result can best be defended if we regard their findings as an award and abide by them accordingly. The same considerations suggest that the necessary Bill should set out the terms of the pension scheme fairly fully, leaving only minor modifications (e.g. any change in contribution rates made necessary by a valuation of the Fund) to be made by Statutory Instrument.

5. A further problem concerns the House of Commons Members' Fund. Lawrence recommends that this should continue and be used to help existing ex-Members (who are outside the scope of the new scheme) and those who fail (through short service or incapacity) to qualify for pensions under it. This of itself creates no large difficulties. There is also, however, the question of those who already have long service and may receive less under the Lawrence scheme in respect of their past service (the maximum back service credit is 10 years) than they could have received from the Members' Fund; or those who join the scheme in the future and qualify for a pension but one which is less than the maximum they could have got from the Members' Fund (e.g. a man with 10 years' service who dies leaving a widow). As far as new Members at least are concerned, there are strong arguments against allowing the Fund to be used to supplement pensions under the Lawrence scheme. Any amendment to the House of Commons Members' Fund Acts is a matter for the Trustees of that Fund; but we recommend that the Trustees should be invited to re-examine the future needs and use of the Fund in the light of the pension scheme which is to be set up.

Ex-officio pensions

6. A number of points also arise in respect of the ex-officio pensions awarded to the Prime Minister, the Lord Chancellor and Mr. Speaker. One of these relates to provisions for widows. There is at present no provision for a Prime Minister's widow. There is provision for a Lord Chancellor's widow at one third of the husband's rate (the pension being paid for out of the lump sum which attaches to the Lord Chancellor's superannuation alone out of these ex-officio pensions). The Speaker's widow has been dealt with ad hoc in the legislation which is passed at the retirement of each incumbent: Mr. Speaker Morrison's widow was the first to be provided for - at one third her husband's rate - in this way. My colleagues will wish to consider the provision for the Lord Chancellor and the Prime Minister (together with the question whether the Lord Chancellor's salary and pension should be dealt with wholly or partly in this Bill or in separate legislation). As regards the Speaker, we recommend that the past practice of separate legislation ad hoc should be adhered to in the future.
7. A further problem affects the relationship of the ex-officio pensions to pensions under the Lawrence scheme. Lawrence made no recommendation on this. But since the Lawrence scheme is generous and financed as to one half from the Exchequer, there might be criticism if both pensions were awarded. We recommend that those appointed to offices to which an ex-officio pension attaches should withdraw from the members' scheme on appointment, should be entitled to a return of their contributions with interest, and should cease thereafter to have any claim upon it.

8. Finally, there is the question of the existing beneficiaries of ex-officio pensions. We do not recommend extending the new rates to them. This would be expensively repercussive and would implicitly run counter to the Lawrence proposal that ex-Members of Parliament should not come within the scope of the new scheme. It would however be possible to include in the Bill a provision making the Pensions (Increase) Acts, under which public service pensions generally are increased after retirement, apply to these pensions; and my colleagues may like to consider this possibility.

Ministers in the House of Lords

9. It has been suggested that Ministers in the House of Lords should be allowed to draw the daily attendance allowance; and, if the Leader of the Opposition and the Opposition Chief Whip in the House of Lords receive salaries (see paragraph 10 below), that they should draw it too. We recommend that this should not be accepted:

(a) The allowance escape taxation only on the basis that they are intended to reimburse expenses in connection with an office carrying no remuneration. Income tax deductions could not be claimed against Ministerial salary for these expenses. The main expense is in fact subsistence, and any such expenses of Ministers, who are generally expected to live in London, are met out of public funds.

(b) Ministers in the House of Commons receive a Parliamentary salary. But this is in recognition of their expenditure as Members, mainly in their constituencies. They cannot claim income tax deductions for the cost of living in London.

Leader of the Opposition and Opposition Chief Whip in the House of Lords

10. It has been suggested that salaries should be paid for the first time to the Leader of the Opposition and the Opposition Chief Whip in the House of Lords. The Lawrence Report discussed this (paragraphs 151 to 152) without recommending either way. We recommend that salaries should be paid to these two officers, but that the line should be firmly drawn at that point. As regards the amount, we recommend £2,000 for the Leader of the Opposition and £1,500 for the Opposition Chief Whip in the House of Lords. These figures include a notional £500 in lieu of the daily attendance allowance (the allowance could not be drawn as such without raising the taxation difficulty referred to in paragraph 9 above).
Law Officers

11. Finally, we find that the salary of the Law Officers has traditionally been introduced by Treasury Minute and has no statutory cover. This had its origin in the days when the whole or part of these salaries were provided by fees. It no longer seems appropriate, and might be criticised as circumscribing the opportunity for debate. We recommend that the new legislation should include provision for the salaries of all four Law Officers.

Timetable

12. The timetable for the Bill will be very tight if it is to get a Second Reading and (as we should prefer if at all possible) Committee Stage before the Christmas Recess. If my colleagues accept our recommendations, I suggest in the interests of speed that the Chief Secretary to the Treasury (which will be the responsible Department) and I should be authorized to settle any minor outstanding points without referring the Bill back to the Cabinet, consulting the Prime Minister if necessary.

H. B.

Whitehall, S. W. 1.

24th November, 1964
23rd November, 1964

CABINET

POSSIBILITY OF ADVANCING DATE OF PAYMENT
OF NATIONAL INSURANCE PENSIONS

Memorandum by the Minister of Pensions and National Insurance

Introduction

For the reasons of which my colleagues are aware it is not possible to advance the date (29th March) from which the order books in the possession of pensioners can be amended so as to incorporate in them the new rates of pension. Equally it is not possible for Post Offices to deduce from the amounts on existing orders the exact sum due at the new rates.

Double payments by the Post Office on existing order foils

2. The only feasible method of making payments before 29th March is for the Post Offices to make payment of a multiple of the amount printed on the order foils, the total of the extra sum payable being, however roughly, related to the amount that the pensioner would have been paid had it been practicable to give earlier effect to the provisions of the legislation.

Classes of pensioners who should be covered

3. If such advance payments were to be given to National Insurance retirement pensioners, there would certainly be strong pressure from widows of all classes and from war and industrial disablement pensioners who were also having to wait until the end of March for their increases. But we must recognize that the overwhelming majority of disablement pensioners are either in ordinary employment (as are many widows) or are receiving retirement pensions, and that those who retired but have not retirement pensions (because their pensioned disablement has prevented them from qualifying) are receiving the Unemployment Supplement, which is being increased in any event from 25th January, in addition to their disablement pension. Together with retirement pensioners these groups number some 7½ million.

Amount and cost of the advance payment

4. Payment of double the amount on the face of all pension orders in one week would cost from £20-£25 million according to the categories included (see Appendix A). Payment of double the amount three times could be said, very roughly, to compensate for "loss" of pension increases back to 7th December. But some 1·3 million of the old who
are in receipt of National Assistance will already have had an extra £4 from the Board. A two-fold increase would compensate for pension "lost" back to 11th January.

5. Payment of the double amount twice, instead of three times, on the basis that the most needy of the pensioners had already had the extra Assistance payment, would of course reduce the cost to £40-£50 million as compared with £60-£75 million if there were three payments. It would also protect us from pressure to give similar treatment to the sick and unemployed whose benefits are being increased from the week beginning 25th January. This would not in any event be practicable, since many of them on benefit in December/January will have received it for only a few days and would no longer be on benefit when the double payments were made.

Practical implications of advance payments by the Post Offices

6. An outline of the scheme proposed by the Post Office to meet the requirement stated above is given in Appendix B.

7. The amount to be multiplied in the specified week or weeks would depend on other factors besides the pensioner's basic pension rate. It would not be feasible for post offices to work on anything other than the total amount payable in each case for the week concerned, as shown on the order for that week. This amount would often include elements which are not being increased, e.g. increments for postponed retirement or graduated pension. If widows were included the war widow's and industrial injuries widow's pension payable to under 40 childless widows and to separated widows is not being increased at all - and it is impossible to identify them for this operation. Many pensioners would therefore receive considerably more than they would have 'lost'. On the other hand, a substantial number of pensioners have their pensions reduced or extinguished on account of earnings, the reduction in any week being calculated according to the earnings in the previous week. In effect, they would be penalised twice for a single week's earnings. Many, not realising how arbitrarily the scheme would have to work, would complain bitterly about their treatment.

8. Some sizeable groups of pensioners are not paid by order book, or would not be so paid at the material time. They would include in particular -

(a) Some people in hospitals or other public institutions.

(b) People whose new order book had been delayed or lost, or whose order for the particular week had had to be replaced by a postal draft (e.g. because of multiple adjustment of the amount, changes of circumstances and provisional entitlement - over 12,000 cases a week).

(c) People paid quarterly, (over 100,000).

It has not been possible in the time available to decide what arrangements could be made for making similar payments to the pensioners in the above groups but clearly such payments would have to be made considerably in arrear and it is not possible to be sure that everyone in category (b) could be identified.
9. If disablement pensioners were included, a particularly awkward problem would be that of Industrial Injuries cases involving the "Colliery Workers' Supplement", the cost of which is met from funds maintained by the National Coal Board. In about 21,000 cases the supplement is included in the amount of the Industrial Injuries pension orders (and so would be included in the advance calculation); in about 7,000 it is paid by a special order book; in the remaining 48,000 it is paid direct by the National Coal Board. Probably in the second, and certainly in the last, of these categories, it would have to be excluded from the calculation of the advance payment. The anomaly in comparison with the first category would seem indefensible. A similar position would arise on the war pensions side, where some 15,000 order books include both war disablement pensions and ordinary service pensions (not covered by the up-rating).

10. These are but some examples of difficult points which will arise. To a large extent difficulties of this sort are inevitable in a scheme with such a rough and ready basis of entitlement. This strongly suggests that legislation providing for the payments (see paragraph 17) would not be able to set out all the conditions for entitlement and the other matters arising (for instance, the status of overpayments, and the circumstances in which they can be recovered). It seems inevitable that legislation would have to give the Minister wide discretion in matters of this sort and it follows from this that claims and questions arising under the scheme would be quite unsuitable for determination by the National Insurance Statutory Authorities, but would have to be on a discretionary basis.

11. From the Post Office's point of view the main practical - but certainly not insuperable - problems for the 25,000 or so post offices involved - of which some 23,000 are run by sub-postmasters, usually with other kinds of business - may be summarised as -

(a) a general slowing down of service while the extra payments are being made, with some queueing and congestion at the busier post office counters;

(b) the identification of pension orders which are presented in weeks subsequent to that in which the payment is due, as well as the need to distinguish between books on which there is an entitlement to the payment and those on which there is not.

12. It should be emphasised that neither post offices nor the local offices of the Ministry would be in a position to deal with the inevitably very large number of complaints of unfairness or error. It is not easy to see how these could be satisfactorily dealt with. Certainly there could be no pretence that payments were necessarily fair as between one pensioner and another, and there would be no effective answer to the resulting multitude of complaints (which would be swelled by the non-contributory pensioners and other groups who are paid by order book but would not be entitled to the advance). Many people would no doubt wish to lodge a formal appeal against the treatment of their case but would have to be denied.
13. If the proposed insurance increases did not come into effect until 29th March but arrangements were made for advance payments, it would be necessary to consider what action should be taken by the National Assistance Board.

14. If the Board followed its normal practice it would take into account, for the week or weeks in question, any advance payment received by the recipient of assistance. But the effect of this would be to deprive the recipient of his assistance or to reduce it substantially in the week in question; and of course it would nullify the effect of the additional payments for pensioners on national assistance.

15. This difficulty could be overcome by statutory authority being given to enable the Board to disregard for assistance purposes any national insurance or war pension advance payments: but this would benefit only national assistance recipients who were supplemented pensioners. There are about half a million recipients on national assistance who are not in receipt of national insurance benefits: and the Board would feel it to be quite wrong to deny to them advance payments which were being made to retirement or war pensioners, for the most part better off, and having no need of assistance, especially at a time when increases in the assistance scale rates were due to take place in any event because of increases in the cost of living.

16. In these circumstances it would seem to the Board that the right course would clearly be to advance the formal date for the coming into operation of the improved assistance scales to the date when it is proposed that the increases in short-term insurance benefits should come into effect, that is 25th January. This could be done, in conjunction with advance payments of national insurance, without the necessity to increase national assistance allowances and then reduce them again shortly afterwards when the normal insurance increases take place on 29th March. What the Board would do would be to treat any advance insurance payments as though they were weekly additional insurance payments of 12s. 6d. or 21s., so that the actual assistance in payment would be unaffected. The actual assistance allowances of most of the short-term beneficiaries would, of course, be unaffected, and the unsupplemented recipients of assistance would receive their (actual) increase at the same time. For practical purposes, all recipients of assistance would receive an increase at the same time in their income (some from national insurance payments and some from national assistance payments). This is obviously very desirable in the context of national assistance, where the over-riding objective is to meeting the needs of national assistance recipients in a way equitable to all.

Financial and legislative provision

17. The two possible ways of financing any such advance payments are (a) to meet the whole cost from the Exchequer, and (b) to make the advance payments of insurance benefits, which are the bulk of the cost, out of the Insurance Funds. However the payments were financed, their nature and scale would be such that, since there is time, Parliament...
would expect them to be authorised by specific legislation in advance, and not merely through a Supplementary Estimate and the Appropriation Act. Some legislative provision might also be needed in order to make a consequential provision about national assistance. If the advance payments of insurance benefit were to be made out of the Funds, it is likely that the essential legislative provision could be made by amendment of the National Insurance Bill in the House. Payments to war pensioners could be authorised by Royal Warrant. To authorise payments out of the Exchequer to national insurance pensioners would require a separate Bill; and a very large Supplementary Estimate would be needed which might make it necessary to reconsider the programme for the Consolidated Fund Bill. On balance, it would seem easier to meet the cost from the Insurance Funds. Some part of it could then be met by bringing forward the date for raising contributions; the earliest possible date for this would be 8th March and this would produce £15 million in revenue from insured persons and employers with £4 million extra from the Exchequer.

18. To pay the higher short-term benefits from the end of January instead of from 29th March would cost the National Insurance Fund an extra £9 million; and to provide double payments of National Insurance retirement pensions and widow’s benefits would cost £22 million on each occasion. It follows that provision of double payments on two occasions would bring the total extra cost to £53 million. Towards meeting this extra expenditure, some £19 million (including £4 million from the Exchequer) could be secured by advancing the payment of the new contributions to 8th March. However, I have put further enquiries in hand to see if this date can be advanced. If 8th March stands the extra expenditure would exceed the extra income by £34 million, which would mean running a significant deficit on the working of the Fund this year. If double payments were provided on three occasions, the excess of extra expenditure over extra income would be £56 million. And although the Government Actuary’s Report on the Bill shows that the Fund should have small surpluses on average up to 1970, it also shows large deficits during the following ten years. The post office and other administrative costs of paying double on pension orders might be of the order of £150,000 on each occasion. As to the extra National Assistance costs, these would amount to some £4 million on the proposals in paragraph 21.

Conclusion

19. The conclusion must be that a scheme of the sort described is possible only if it is accepted -

(a) that its administration would necessarily appear to be (and indeed be) somewhat chaotic, inequitable and haphazard, with some inconvenience to Post Office customers at large;

(b) that it would give rise to much complaint in response to which the inequities and haphazard effects would have to be admitted and justified solely on the grounds that they were administratively unavoidable;
(c) that normal accounting standards were relaxed and that there would be an increased risk of erroneous payments and fraud;

(d) that (if the cost was to fall on the Fund) there is risk of delay in the passage of the National Insurance Bill (delay in Royal Assent until after Christmas would delay early payment of sickness and unemployment benefit).

M. H.


23rd November, 1964
## PART I
### EXTRA COST PER WEEK OF DOUBLE PAYMENTS AT EXISTING RATES

<table>
<thead>
<tr>
<th>National Insurance</th>
<th>£ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement Pensions</td>
<td>20</td>
</tr>
<tr>
<td>Widow's Benefits (other than 10s. widows)</td>
<td>2</td>
</tr>
<tr>
<td>10s. widows</td>
<td>0.05</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Industrial Injuries</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Widow's Benefits</td>
<td>0.1</td>
</tr>
<tr>
<td>Disablement Pension and special hardship allowance</td>
<td>0.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>War Pensions</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Widow's Benefits</td>
<td>0.65</td>
</tr>
<tr>
<td>Disablement Pension</td>
<td>1.4</td>
</tr>
</tbody>
</table>

## PART II
### SUMMARY OF COSTS

1. Cost of 2 double payments to retirement pensioners alone 40
2. Cost of 3 double payments to retirement pensioners alone 60
3. Extra contribution income from bringing date for higher contributions forward from 29th March to 8th March 15
4. Extra Exchequer contribution resulting from 3. 4
5. Cost to Exchequer of extra "fuel" allowances for people on national assistance 6
6. Extra cost to Exchequer of advancing date for higher scale of national assistance to 25th January if advance payments of retirement pensions are also made 4
IMPLICATIONS FOR THE POST OFFICE

This paper presents a possible scheme under which the Post Office could undertake the work of making advance payments to pensioners.

2. For the purpose of this exercise it is assumed –
   (i) that each payment would be made by doubling the pension due in one or more weeks before 9th March;
   (ii) that the number of order books on which additional payments would have to be made would be of the order of 7 million;
   (iii) that an announcement of the payment would be made as soon as possible.

3. The Post Office has examined various ways in which the payments might be made. The only one which is thought to be practicable and to provide reasonable safeguards against fraud is –
   (i) an adhesive label in the form of a receipt for the total pension would be attached to the appropriate pension order by the Post Office counter clerk at the time of payment;
   (ii) the counter clerk would calculate the sum due (viz. twice the sum as shown on the order), enter it on the gummed label and on the counterfoil, date-stamp the label and the counterfoil, obtain the pensioner’s signature on the label, and pay over the cash;
   (iii) the Post Office would claim the enhanced amounts disbursed through normal accounting machinery.

   (If absolutely necessary the Post Office could at additional expense and inconvenience, and with some possibility of error, segregate those orders bearing up-rating labels before returning them to the issuing authorities.)

4. This scheme could only be operated by the Post Office under the following conditions –
   (i) Supplies of the adhesive label would have to be made available to the Post Office three weeks before the date on which the first pension payment fell due. At least 25 million adhesive labels would be required of which roughly 10-12 million would be needed in time for the first payment.

(i)
(ii) The Post Office could not undertake to deal with disputes about the entitlement of pensioners to the advance payments, or to answer enquiries (e.g. about the amount paid) other than those of a purely routine character which could be dealt with across the counter.

(iii) The Post Office could undertake no financial responsibility whatever for losses incurred or frauds perpetrated in connection with the scheme.

(iv) Adequate publicity would be given to the scheme, including the matter of eligibility, and leaflets (some 15 million) made available for handing out to pensioners in post offices.

(v) At the appropriate time the Post Office would be put in funds to meet the extra payments.

(vi) The Post Office would be reimbursed in full for all additional costs incurred in operating the scheme. It is estimated that some 15 million of the 21 million advance payments would fall to be paid by Sub-Postmasters. It is highly probable that an extra payment would be demanded for this work and this would have to be negotiated with the Federation of Sub-Postmasters.

5. The operation of a scheme on the foregoing lines would be feasible although it would not unnaturally present a number of problems of which the following spring to mind -

(a) A slowing down in the speed of service for the ordinary customer while the extra earlier payments are being made, with some queueing and congestion at the busier post office counters.

(b) Difficulty in identifying those pension orders due for advance payments which are presented in weeks subsequent to the one in which the payment is due, as well as that of distinguishing between books on which there is an advance entitlement and those on which there is not.

(c) An increased error rate.

(d) Greater opportunity for fraud by counter staff and more particularly by people acting as agents for pensioners.
23rd November, 1964

CABINET

TIMING OF INCREASED NATIONAL INSURANCE AND ASSISTANCE BENEFITS

Memorandum by the Chancellor of the Exchequer

In C. (64) 18 the Minister of Pensions and National Insurance describes possible schemes for advancing the date of payment of these benefits. I think it would be helpful to my colleagues if I set out what this could mean for public expenditure; I have of course to look at the problem from this point of view and not simply in the context of the National Insurance Funds.

2. If the scheme for double payments set out in C. (64) 18 were limited to national insurance retirement pensions, the extra cost of each double payment would be £20 million. Extension to national insurance widows' benefits would cost a further £2 million each time. If it were necessary also to include war widows and industrial and war disablement pensioners, this would add a further sum of more than £2 million on each occasion. The total cost of this part of the scheme would therefore range between £20 million and £25 million for one double payment, between £40 million and £50 million for two and between £60 million and £75 million for three*.

3. In addition, the arrangements proposed for national assistance would cost £4 million. In short, a scheme to provide advance payments could not cost less than £24 million and might cost as much as £79 million.

4. Against this, introduction of the increased contribution rates from 8th March 1965 would produce £15 million from insured persons and employers. (And if it proved possible to bring them into effect even earlier the additional receipts would be £5 million per week). For the reasons given in my first paragraph the Exchequer supplement to the Funds - see paragraph 18 of C. (64) 18 - cannot be regarded as an offset to the additional cost.

* The decision already taken to bring forward short-term benefits to 25th January 1965 is roughly the equivalent of 2 double payments to pensioners. To bring forward the date for short-term benefits to correspond with 3 double payments to pensioners would cost about £6 million more.
5. This has to be seen against the background of the following decisions which we have already taken and which have added to public expenditure in 1964/65:

<table>
<thead>
<tr>
<th>Description</th>
<th>£ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Assistance discretionary payments</td>
<td>6</td>
</tr>
<tr>
<td>Bringing forward of date of introduction of short-term benefits</td>
<td>10</td>
</tr>
<tr>
<td>Earlier date for abolition of widow's earnings rule</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18</strong></td>
</tr>
</tbody>
</table>

6. My colleagues will recall that on 29th November they asked that the paper discussing the cost of advancing the effective date of payment of the approved increase in national insurance benefits should be "on the assumption that the date of the increase in contributions would be similarly advanced" (C. C. (64) 9th Conclusions, Item 2(a)). It will be seen that if 8th March stands as the earliest date at which increased contribution rates can be introduced, there would be a net increase in public expenditure of £9.14 million, £29.39 million or £49.64 million according as there were one, two or three double payments.

L. J. C.

Treasury Chambers, S. W. 1.

23rd November, 1964
24th November, 1964

CABINET

CHILDREN'S SERVICE IN GREATER LONDON

Memorandum by the Lord President of the Council

This paper poses the question, which has been considered by a meeting of Ministers under my chairmanship, whether we should introduce a Bill in the current Session to enable the Greater London Council (G.L.C.) to exercise certain functions in the field of child care.

Undertakings

2. An undertaking was given by the present Secretary of State for Education and Science in the debate on the Third Reading of the London Government Bill in the following terms:

"If the change of Government occurs this year we shall repeal the Bill. If the change of Government occurs after the new borough councils are elected [i.e. in April 1964] we shall halt the transfer of functions and the break-up of the social services which the Bill seeks to effect."

(Official Report, 2nd April, 1963, Col. 399).

In July, 1964, Mr. Arthur Skeffington, as Chairman of the Labour Party Local Government Committee, gave the following further undertaking:

"I wish to give the assurance that it is our intention to prevent the break-up of those parts [i.e. of the London Children's Service] which require administration over a wide area. In any future scheme the London boroughs will be asked to undertake day-to-day administration, leaving the specialised services, training of staff and matters of that kind to an authority covering a wider area."

Proposals

3. In accordance with these undertakings proposals have been put forward by the Home Secretary to amend the London Government Act so as to lay on the G.L.C. responsibility for the following:

(a) approved schools
institutions now administered by the London County Council and the Middlesex County Council, (but not those administered by other counties or by county boroughs) as follows:

(i) remand homes

(ii) large children's homes

(iii) specialised children's homes (including reception centres)

(c) staff training

(d) statistics and research

(e) prescription of parental contributions and boarding-out allowances

(f) general supervision over the provision, by the boroughs, of residential accommodation for children, with concurrent powers to provide specialised accommodation

The individual boroughs would continue to be responsible for child care in the field, that is for preventive work with the family, for receiving children into care and boarding them out, and for the administration of small children's homes for their own use. The functions which it is proposed to transfer to the G.L.C. are those which concern more than one borough and can conveniently be exercised over a wider area.

4. My Committee believe that these proposals are right on the merits. They have been urged upon us by our own supporters on the G.L.C., and consultation through party channels suggests that in the majority of boroughs also our supporters would like to see this work done by the G.L.C.

The time factor

5. The proposed Bill would have to be passed in time for the G.L.C. to be ready to operate the services concerned from 1st April, 1965, the date on which, as the law now stands, the new boroughs will take over as children's authorities for all purposes. There must be sufficient margin of time to allow for the consequential orders which will have to be made under the London Government Act to re-allocate staff and property (say, in practice, by mid-March at latest). At best, it would be necessary for the G.L.C. to embark on their preparations well before the Bill becomes law, that is in conditions of some uncertainty.

6. The Bill will be politically controversial. The Conservative boroughs will oppose it, and there are some arguments on the merits that can be advanced against us. Some of the Labour boroughs, when they are consulted officially and receive the advice of their own children's officers, may prefer to keep the undivided responsibility laid on them by the London Government Act for the whole range of children's services and to rely on arrangements which have already been worked out for sharing those facilities, and in particular the accommodation in four large L.C.C. children's homes, which will have to be used by more than one authority.
7. The Bill will not be a simple one-clause measure. It will probably have to be taken on the floor of the House and it will offer the Opposition an opportunity to attack us on political grounds and to adopt delaying tactics as a means of holding up other measures. My Committee were clear that the Bill could not be introduced until the Home Secretary had consulted the G. L. C. and the borough councils formally. We should expose ourselves to unnecessary criticism if we relied on informal consultation with our own supporters. The Home Secretary would naturally press for early replies from the councils, but consultation would be likely to delay the introduction of a Bill for a matter of weeks. There is a risk, to put it no higher, that the Bill may be declared hybrid.

8. We are thus faced with two difficulties:

(a) The Bill may be passed so late that it will be difficult or impossible for the G. L. C. to complete in time those arrangements, such as the re-allocation of property and the selection and appointment of senior professional staff, which cannot be settled until the statute is enacted, existing L. C. C. and Middlesex County Council staff having already accepted borough appointments; and, more serious, 

(b) if the Bill could be introduced before Christmas it would compete with other of our own urgent measures which can be got ready early, while if it cannot be introduced until later, it will compete with major items in our main programme.

We must recognise that if we introduce this Bill some other Bill will have to be sacrificed.

The alternative

9. The Committee considered that if the Cabinet decided that this measure, desirable though it might be on merits, could not be given priority over others, we should say publicly that it was clearly not possible at this stage, in view of the steps already taken by the London boroughs to assume their new responsibilities, to preserve the L. C. C.'s children’s service; that we had considered whether short of this it would be practicable to transfer to the G. L. C. certain responsibilities which could conveniently be exercised over the area as a whole; but that we had come to the conclusion that, in the time available and in the light of the Government's other urgent and important commitments, this was not possible. We would, however, review the working of the London Government Act after a period of years and we would not rule out the possibility of amending the arrangements if they proved not to be working satisfactorily.

10. The Act provides for a review of its provisions on education after five years, but there is no statutory obligation to review the arrangements for the children's service, and my Committee recognised that a promise to undertake such a review would be largely illusory, since after five years it would be extremely difficult to deprive the boroughs of functions which they had become accustomed to exercising.
II. The questions on which we seek the Cabinet's guidance are:

(i) Should legislation be introduced this Session?

(ii) If so, what are we prepared to forgo in order to find the necessary Parliamentary time?

(iii) Should we make a statement on the lines set out in paragraph 9?

K.B.

Whitehall, S.W.1.

24th November, 1964
27th November, 1964

CABINET

GENERAL GRANTS TO LOCAL AUTHORITIES

Memorandum by the Minister of Housing and Local Government

I have been consulting the local authority associations (as required by the Local Government Act, 1958) on the amount of the assistance to be given to local authorities from the Exchequer through the general grant during the next grant period. The new period starts next April; if the authorities are to be told what grants they will be getting in time for their rate making, a final decision is needed urgently to permit the necessary Order to be made and approved by the House of Commons before Christmas.

2. The grant period runs for a minimum of two years. Estimates of the likely expenditure during each year on the services concerned (chiefly education, local health, fire service, old people's homes, and care of children) were worked out in the summer by the local authorities. Departments, acting in agreement with the Treasury, have reduced them to what seem realistic figures in the light of current policies, i.e. those of the previous Government.

3. For the first year, granted our inheritance of a financial crisis and indeed of this system of grant, the reduced figures are probably reasonable enough. In agreement with the other Ministers concerned, I am content to stick by them and to defend the £17 million cut which is proposed on estimates of £1,263 million, despite some hard feelings on welfare homes for the aged and on the cost of London reorganisation.

4. The second year, however, running from April, 1966 to March, 1967 is another matter. It will start eighteen months after this year's election, and it will be our policies that will be coming into effect by then. But under this grant system the grant cannot be altered during its two year period to allow for changes in the pattern of spending; all increases of this kind (prices and wages can be catered for) will fall on the rates.

5. With domestic rate bills rising by 5 per cent per annum, and with our two manifesto commitments about the burden of rates and the transfer of more of teacher's salaries to the Exchequer, this is a situation I am sure my colleagues will not wish to contemplate. Our present excuses, which are good ones, will be running out just when the impact of our policies really begins to be felt. The effect will go exactly contrary to our commitments.

-1-
6. The only thing we can do immediately is to make no cut in the total estimates produced by the local authorities for the second year (without necessarily accepting their estimates for individual services). This would in effect be giving them a margin of £20 million to allow for development of services. It would increase the grant for 1966/67 by £11 or £12 million.

7. We should still be failing until more than two years after the Election, to make any appreciable contribution towards redeeming our pledges (except to the extent, if any, that the services did not develop fast enough to absorb the whole of the £20 million). We cannot legislate for reduction of the burden of rates or for changing the education grant arrangements until next session, and that cannot affect the rates until 1967/68. The only thing we could do, short-term, to reduce the burden on rates in 1966/67 would be to take power to change the grant system to an annual basis and calculate the grant for 1966/67 afresh next year. This would mean a short Bill before the end of next year, and I would want to consider the possibilities of this with my local government colleagues and the Chancellor of the Exchequer.

8. But immediately we must make the order; and I suggest that in view of the facts outlined above we must do it on the most generous basis open to us for the second year.

R.G.

Ministry of Housing and Local Government, S.W. 1.

27th November, 1964
GENERAL GRANTS TO LOCAL AUTHORITIES
Memorandum by the Chief Secretary to the Treasury

The Minister of Housing and Local Government sent me a copy of his new proposals in C. (64) 21; but they have not been discussed with the Treasury. They raise an important issue of priorities in public expenditure which might well have been considered at the Public Sector Programmes Committee and cannot properly be settled piecemeal.

2. The point at issue is the grant for 1966-67. The Minister's paper does not claim that the two-yearly determination of grant is unfair; the facts would not support this. It is claimed that this time it is unfair, for the local authorities, drawing up expenditure estimates for 1966-67 in the summer, could not take into account the improvements that this Government would encourage them to make within present legislation (if new legislation imposed new obligations on local authorities, the general grant could be adjusted).

3. The Minister proposes, therefore, that £20 million should be added to the figures which emerged from the Departments' examination of the local authority figures (an extra £11 million on the Exchequer). This would bring the general grant figure, which this year will be £619 million, up to £678 million in 1965-66 and £727 million in 1966-67, plus pay and price increases which we know will be substantial (possibly £35 million in grant in the first year (1965-66) and of course much more in the second).

4. This in effect decides the rate of growth of social expenditure by local authorities, and in particular on education and health, which are the big items. The forward estimates that we found when we came into office were equivalent to increases of 5¼ per cent a year, in real terms, for local authorities' relevant expenditure. We know that these estimates were based on an increase of 4 per cent per year in gross national product; and that even so they would probably have involved increases in rates of taxation. We know also that we certainly cannot rely on increases of 4 per cent in each of the next two years - the Plan for National Development is being based on getting up to a 4 per cent growth rate as soon as possible, which is a very different matter.
5. The estimates of local authority relevant expenditure agreed with Departments envisaged 6.7 per cent (not 5 1/2 per cent) increase in the first year, and 5.6 per cent in the second. I agreed under pressure. The Minister now would raise the second year to 7.3 per cent, consolidating a further and no doubt cumulative acceleration.

6. Even in the previous Government's expenditure estimates we are over-committed. We have given pensions and prescription charges priority. We have not yet taken the basic decisions to contain defence expenditure. We have not yet cleared the course for solving our most critical economic problems. I am sure we should not decide, without any comparison of the priorities and choices, to allocate an additional £20 million to these services for 1966-67.
BURMA—WAR DAMAGE CLAIMS

MEMORANDUM BY THE CHANCELLOR OF THE EXCHEQUER

At a meeting on 24th November, 1964, the Legislation Committee considered a proposal and draft Bill, presented jointly by the Financial Secretary to the Treasury, the Attorney-General and the Lord Advocate, the purpose of which is to deny the admissibility in law of certain types of compensation claims against the Crown, including a particular group of past claims now subject to litigation arising from the "scorched earth" policy during the war in Burma.

2. The Committee were disposed to agree that legislation of the kind proposed should be introduced, notwithstanding the undesirability in principle of retroactive legislation, but they wished to seek endorsement of their view, as well as a decision on the timing of any legislation, and accordingly invited the Financial Secretary to arrange for the whole matter to be submitted to the Cabinet.

The Burma Claims

3. The problem stems from a judgment in the House of Lords this year in relation to claims against the Crown by subsidiaries of the Burmah Oil Company for compensation for properties and installations destroyed by the Crown in order to deny their use to the enemy, during the Japanese advance in Burma in 1942. The claims of the subsidiaries of the Burmah Oil Company themselves amount to £31 million, plus interest. If further actions, at present stayed, are added, the total of all the claims involved amounts to over £100 million. There must also be many other unsatisfied claims arising out of damage sustained in comparable circumstances in Burma, but as the events took place more than 22 years ago, any further proceedings would now appear to be time-barred under both English and Scottish law.

4. A history of the dispute up to the recent judgment of the House of Lords is annexed from which it will be seen that all British Governments since the war have made it abundantly clear to the claimants that they were not in any circumstances prepared to entertain their claims. Two points of special interest should be noted:

(a) In 1948 His Majesty's Government made available, ex gratia, the sum of £10 million to be distributed among
BURMA—WAR DAMAGE CLAIMS

MEMORANDUM BY THE CHANCELLOR OF THE EXCHEQUER

At a meeting on 24th November, 1964, the Legislation Committee considered a proposal and draft Bill, presented jointly by the Financial Secretary to the Treasury, the Attorney-General and the Lord Advocate, the purpose of which is to deny the admissibility in law of certain types of compensation claims against the Crown, including a particular group of past claims now subject to litigation arising from the "scorched earth" policy during the war in Burma.

2. The Committee were disposed to agree that legislation of the kind proposed should be introduced, notwithstanding the undesirability in principle of retroactive legislation, but they wished to seek endorsement of their view, as well as a decision on the timing of any legislation, and accordingly invited the Financial Secretary to arrange for the whole matter to be submitted to the Cabinet.

The Burma Claims

3. The problem stems from a judgment in the House of Lords this year in relation to claims against the Crown by subsidiaries of the Burmah Oil Company for compensation for properties and installations destroyed by the Crown in order to deny their use to the enemy, during the Japanese advance in Burma in 1942. The claims of the subsidiaries of the Burmah Oil Company themselves amount to £31 million, plus interest. If further actions, at present stayed, are added, the total of all the claims involved amounts to over £100 million. There must also be many other unsatisfied claims arising out of damage sustained in comparable circumstances in Burma, but as the events took place more than 22 years ago, any further proceedings would now appear to be time-barred under both English and Scottish law.

4. A history of the dispute up to the recent judgment of the House of Lords is annexed from which it will be seen that all British Governments since the war have made it abundantly clear to the claimants that they were not in any circumstances prepared to entertain their claims. Two points of special interest should be noted:

(a) In 1948 His Majesty's Government made available, ex gratia, the sum of £10 million to be distributed among
those who had suffered loss in Burma. Of this sum the subsidiaries of the Burmah Oil Company received approximately £4.5 million, virtually all of which was admittedly paid on claims in respect of demolitions. Although no agreement was obtained from the recipients it was made clear to them that no further payments would follow. (Paragraph 6 of Annex.)

(b) In 1962, after proceedings by the four subsidiaries of the Burmah Oil Company had been raised against the Crown in the Scottish Courts, a warning was addressed to all the 12 Companies that Her Majesty’s Government would introduce legislation to indemnify the Crown retrospectively in the event of the claimants obtaining favourable judgments in the courts. (Paragraph 13 of Annex.)

5. The action so far has followed the Scottish procedure, under which principles of law applicable to the case are settled before proof of facts. The recent judgment of the House of Lords decides that damage suffered by prerogative acts may in certain circumstances be the subject of claims for compensation in the courts. The Companies have now to pursue their claims against the Crown and the defence may be briefly considered in three stages:

(a) There are certain further points of law under which the Crown could seek to escape liability, but we are advised that the case on these is less strong than the legal point which has now been decided against the Crown.

(b) On evidence of fact we could seek to dispute the claimants’ contentions about the purpose and circumstances of the demolitions, but with varying chances of success depending on the evidence we are able to bring forward after the lapse of time that has taken place.

(c) Following the suggestions in obiter dicta in the recent judgments, we could resist other than a minimal assessment of damages on the grounds that the properties in question were in any case about to fall into enemy hands and that their value to their owners was therefore of a token character. It seems likely that the courts would take into account the factor of the imminent approach of the enemy, but it is difficult to forecast to what extent the total claims would be diminished by this factor. The courts would almost certainly take into consideration the ex gratia payments already made, but these might not be anything like enough to extinguish the diminished claims.

6. In previous discussions and correspondence with the claimants the Government has consistently taken the view that it would not be justified, given the circumstances of the demolitions and at this stage in time, in making any payments of compensation to the claimants, beyond what they received under the £10 million ex gratia payment.
Wider Implications of the Judgment

7. Although the decision of the House of Lords is theoretically limited to Scottish law, there may be far-reaching implications in English law as well, since the House of Lords said (obiter) that English law was the same. It has always been thought in both countries that acts done by or on the authority of the Crown in the defence of the Realm fall within one of three categories: those which are lawful at common law and give no right of action to anyone affected by them; those unlawful at common law which give a right of action for damages to anyone affected; and those unlawful at common law but authorised by Statute, the aggrieved person's right to damages being replaced by a statutory right to compensation in accordance with a specified procedure. It now appears that some of the acts lawful at common law may give to persons affected a right to "compensation" which is in principle indistinguishable from the right to damages in respect of unlawful acts.

8. This concept is based largely on the works of continental jurists whose writings influenced the development of Scottish law in the 17th and 18th centuries; but they have never been regarded as authorities by English law, and the concept is wholly novel in the law of England. There would not appear to be in principle any logical justification for it; and its ambit has been left vague by the recent decision, which proceeds upon a line of distinction (uncertain and difficult to apply in practice) between those lawful acts which do, and those which do not, give to persons affected by them a right to compensation.

Further Action by Her Majesty's Government

9. For these reasons we consider that the legal position resulting from the House of Lords judgment is clearly unsatisfactory, and that it should be amended by appropriate legislation as far as the future is concerned. The more difficult decision relates to the Burma claims arising from the past. As far as these are concerned, we are left now with the choice of:

(a) giving a further warning to the claimants in the hope of deterring them from further proceedings;

(b) taking no action, thus allowing litigation to proceed, in the hope of an ultimate award of damages so small that Her Majesty's Government would not be called upon for any payment beyond what has already been made under the £10 million ex gratia payment; and,

(c) introducing retroactive legislation to defeat at once the Burma claims.

10. The Legislation Committee did not question the view that the Government should not make any further payments in respect of the Burma claims. It seems to me that this view can well be defended in equity, indeed it is a view which has been shared by all Governments of all parties since the ex gratia payments were offered in 1948. If this view is to be maintained, it appears that retroactive legislation is likely to be unavoidable.
11. The chance of deterring the claimants by a further warning now after they have ignored one clear warning and enjoyed a subsequent success in litigation, must surely be discounted. It could be argued, particularly in view of the warning already given, that we would lose nothing by allowing litigation to proceed, reserving the possibility of legislation as a last resort. Against this, it seems likely that the objections against retroactive legislation would become stronger once litigation had been concluded in favour of the claimants, and the Government would be open to criticism for having allowed the case to be pursued, at substantial cost, long after the need for legislation had become apparent.

12. It is tempting to point to the possibility of a minimal assessment of damages at the end of litigation on the basis indicated in paragraph 5 (c) above, but it would be unduly optimistic to expect so satisfactory a result on the issue as it now appears, following the judgment of the House of Lords. Any less satisfactory result would place the Government in the embarrassing position of having, after all, and in the face of strong criticism at that stage, to present retroactive legislation.

13. The foregoing comments suggest that it would be right to present legislation at once, rather than await the outcome of litigation. It was suggested in Legislation Committee that, since the Government are at present under some criticism for disregarding legal rights, it might be better to defer legislation until the next Session on the assumption that it would still be possible to get the legislation through before the present proceedings were completed. I think the objections to this are twofold. First, the claimants would have a powerful ground of complaint if they were allowed now to continue their action only to have it defeated by retrospective legislation at the doors of the court. This would add to the criticism of the retroactivity. Secondly, there is much advantage in legislating at once in pursuance of the warning given by the previous Government. The more we delay, the more we will have to shoulder ourselves the odium of legislating retrospectively.

Conclusions

14. I recommend:

(a) that the Cabinet should endorse the view previously maintained by Her Majesty's Governments, that no further payments should be made in respect of the Burma claims;

(b) that the Cabinet should authorise the introduction of legislation, with retroactive effect on the Burma claims, in the form accepted, subject to one drafting point, by Legislation Committee.

J. C.

Treasury Chambers, S.W.J.,
1st December, 1964.
HISTORY OF THE "BURMA DENIALS" DISPUTE

Denial Actions taken in 1942

1. During the Japanese advance into Burma early in 1942, certain properties and installations were destroyed on orders from the G.O.C. Army in Burma, in order to deny their use and value to the enemy. These demolitions have given rise to claims for compensation whose potential total, based on full valuation and accrued interest, could be over £100 million.

H.M. Government's Policy on Compensation

2. H.M. Government's policy regarding compensation which was applicable to Burma as to other dependent territories was stated in the House of Commons on the 18th February, 1943, in the following terms:

"It will be the general aim of His Majesty's Government after the War that, with a view to the well-being of the people and the resumption of productive activity, property and goods destroyed or damaged in the Colonial Empire shall be replaced or repaired to such an extent and over such period of time as resources permit. If the resources of any part of the Colonial Empire are insufficient to enable this purpose to be achieved without aid, His Majesty's Government would be ready to give what assistance they could in conjunction with such Common Fund or Organisation as may be established for Post-War reconstruction."

This announcement makes it clear that it was the part of Colonial territories to provide funds in the first instance, and that H.M. Government would only help where Colonial resources were insufficient. Secondly, the object was to provide for rehabilitation rather than full compensation.

3. In 1946 Claims Commissions were set up by H.M. Government in Burma and other Far Eastern Colonies to register and assess claims. It was made clear that this did not commit either H.M. Government or the local Governments to any specific form or amount of compensation. The Burma Claims Commission received claims totalling approximately £165 million. Of this total British-European claims amounted to £67 million, Burmese claims to £64 million, Indian claims to £27 million, and other claims to £7 million. In the total of £67 million for British-European claims £60 million was for denials (i.e., claims resulting from deliberate demolitions), while claims in this category from other nationalities were negligible. The Commission did not attempt to assess the validity of the claims.

Burma's Refusal to Compensate

4. During the discussions with the Burmese Finance Delegation which visited the United Kingdom in September 1947 to consider the implications of Burma's forthcoming independence, the Burmese made it clear that their Government did not propose to introduce any War Damage Compensation Scheme. In August 1947 the advice
of the Law Officers was sought. Their advice was that the claimants appeared to have a valid right to compensation from the Government of Burma under the Defence of Burma Rules, but no claim at common law against the Crown.

Meetings with Burma Chamber of Commerce

5. Representatives of British commercial interests who had suffered heavy losses through the denial actions met the Minister for Economic Affairs (Sir Stafford Cripps) in October. They attempted to place the moral responsibility on H.M. Government. The Minister recommended that British interests should pursue the matter in the Courts of Burma. In reply to a Question he said that the possibility of bringing a case against H.M. Government would depend on the findings of the Burmese Courts. In the meantime, he was prepared to consider an advance to businesses which were in real need. Suits for compensation for denial damage were filed in the Rangoon High Court in December 1947. The Burma Government made it clear from the beginning that they accepted no liability. Orders had been issued providing for determination of compensation payable under the Defence of Burma Rules, but these orders specifically excluded "Compensation payable in respect of damage caused by War operations" and so excluded compensation for denial claims. In July 1947 the Defence of Burma Act itself expired. Burma took the view that since the British had been liable for the defence of Burma in 1942 they should pay compensation not only for damage arising from denial actions but for all war damage. The Burmese Government alleged that the suits were time-barred: that no claims lay at common law because the damage arose out of events connected with military necessity: and that as the Defence of Burma Act had expired there was no longer a statutory right to compensation. In a letter of 11th February, 1948, the Burmese Defence Minister stated that:

"The Union Government are not in a financial position to meet these claims and will take all necessary measures to avoid payment."

It was added that the Burmese intended to bring pressure to bear on H.M. Government to meet the claims.

Ex gratia Payment of £10 million

6. In the meantime H.M. Government gave further consideration to the possibility of an ex gratia payment. On 29th June, 1948, representatives of the Burma Chamber of Commerce met the Prime Minister, Mr. Attlee, and Sir Stafford Cripps (then Chancellor of the Exchequer). At this meeting, the Chancellor agreed that the claimants had a case in equity for some measure of help, and undertook to consider how much H.M. Government could afford to give as an ex gratia payment. He warned them that any sum offered would be for rehabilitation rather than compensation, and would be a final figure. There would be no more to follow. On 9th September, he saw the representatives again, and told them that he could offer £10 million. In arriving at this figure account was taken of the fact that a sum also of £10 million was being given to the Malayans to assist in their rehabilitation scheme. The
representatives of the Burma Chamber of Commerce were disappointed at this Government proposal, and commented that their best course might be to pursue their case against Burma and then, if this was unsuccessful, to bring a case against H.M. Government. The Chancellor said that they were at liberty to do so. No undertaking to abandon their claims was extracted from the companies upon receipt of the ex gratia grant. The reason for this omission is not clear, but it seems to have arisen from a desire not to prejudice any rights the claimants might have against the Burmese Government. The grant was provided through Votes, and was distributed to companies by an independent tribunal. Distribution of the fund was not limited to those who had suffered through the denials; all United Kingdom businesses which had suffered losses from war damage in Burma and needed help in rehabilitation were eligible to share in the £10 million.

Further Representations by Burma Chamber of Commerce

7. Between 1949 and 1959 a Test Case was pursued in the High Courts of Burma, but the companies became increasingly aware that no money would anyhow be forthcoming from the Burmese Government. They made two further applications for aid from H.M. Government. The first, a Memorandum dated 16th June, 1952, to the Chancellor of the Exchequer (Mr. Butler), suggested that, since the Companies were being frustrated by the Burmese authorities in bringing the action which Sir Stafford Cripps had encouraged, H.M. Government should treat the claims as a debt of honour and have them assessed by an independent arbitration tribunal. In reply, the Chancellor refused to accept on behalf of the United Kingdom taxpayer any further obligation for war losses in Burma.

8. The second application, dated 8th May, 1956, and addressed to Mr. Macmillan who was then Chancellor of the Exchequer, took a more threatening line. The Chamber had been advised that a strong legal case rested against H.M. Government, on the grounds that the denials had been carried out on the initiative of the War Cabinet, rather than the Governor, and in defence of India rather than Burma. It was argued that there was anyhow a strong obligation on H.M. Government to make a further ex gratia grant. The Chancellor, in a reply dated 6th July, 1956, refused to accept that any obligation remained on H.M. Government; he told the Companies that even if they were unsuccessful in the Burmese Courts, they could not expect H.M. Government to make a further ex gratia contribution.

Failure of Test Cases against Burmese Government

9. The Burma Chamber of Commerce informed the Chancellor in a letter of 26th October, 1960, that judgment had been given against the Indo-Burma Petroleum Company. The three main grounds on which the Burma High Court rejected the case were:

(1) the Burma Defence Act and Rules, 1940, under which compensation was claimed had expired;

(2) although the claimants might have had a right to compensation against the Burma Government if the property had been requisitioned for administrative purposes (on the basis of the de-Keyser case), the denial
action taken involving demolition and destruction of property in the face of the enemy was clearly distinguishable;

(3) the Governor had acted under military necessity and in a national emergency, and the Government of Burma was therefore not liable at law on the application of the principle involved in the legal maxim "salus populi est suprema lex".

**Proceedings instituted against H.M. Government**

10. The Chamber of Commerce then returned to their argument that they had been advised that there was a strong case against H.M. Government for legal liability and that the claim was not barred by any provisions of limitation. At the end of October 1961 summonses were served on the Lord Advocate in the Court of Session for Scotland by four subsidiaries of the Burmah Oil Company, for amounts totalling some £31 million, plus interest. Summonses were later served by eight other companies. Whilst subsequent litigation has been confined to the first four companies, it is reasonable to assume that the result will be an important factor in determining the course of action on the remaining claims.

11. The course of litigation has been in accordance with Scottish practice, which provides for obtaining a decision of the courts on the law applicable to the case prior to hearing evidence on the facts. Accordingly, the substance of litigation so far has been addressed to the question whether the exercise of the Royal Prerogative in causing the demolitions gives or denies a claim in law for compensation for the persons who have suffered loss thereby.

12. The first judgment favoured the claimants, the appeal court reversed the decision, and the judgment delivered on the companies' appeal to the House of Lords now reinstates, by a margin of three against two, the first judgment in favour of the claimants. The way is now open, therefore, for the claimants to prove in the courts the facts which would now entitle them to compensation and an evaluation of their claims.

**H.M. Government's Warning to Claimants**

13. In June 1962, after proceedings in the Scottish Courts began, all the companies concerned were informed that, if they proceeded with their war damage claims and were successful in the courts, legislation would be introduced to nullify the effects of the judgment. The letter sent to them included the following sentences:

"Her Majesty's Government are moreover satisfied that the claim made is not in any event one which ought to be met by the British taxpayer. Her Majesty's Government have accordingly decided that, in the unlikely event of your company succeeding, legislation would be introduced to indemnify the Crown and its officers, servants or agents against your company's claim."

Publication of the contents of this letter, during the hearing in the first court, gave rise to much criticism in the Scottish Press, and was adversely commented upon by the presiding judge. The companies continued their cases undeterred.
1st December, 1964

CABINET

700th ANNIVERSARY OF PARLIAMENT

Memorandum by the Lord President of the Council

Although historians are not all agreed, it is widely accepted that our present Parliamentary system can be said to date from the Parliament summoned by Simon de Montfort on 20th January, 1265. The Queen’s Speech at the opening of Parliament referred to the 700th anniversary of Parliament occurring in 1965.

2. There have been three Parliamentary Questions on the subject so far, and on 18th November I said in the House that the Government intended to mark the anniversary and were considering the most appropriate way in which it could be commemorated.

3. I was invited by the Prime Minister to consider what form any celebrations might take and in discussion with those of our colleagues most immediately concerned it was agreed that the 20th January might itself be marked by some simple Parliamentary ceremony (on the day itself if Parliament is sitting, or if not, as soon as possible thereafter). For example the Lord Chancellor and the Speaker might address their respective Houses of Parliament and a small exhibition might be set up in the Library of the House. The day might also be celebrated in the schools.

4. We support a proposal, which we understand the Postmaster-General is considering, of issuing a special commemorative stamp.

5. We also need to consider whether more extensive celebrations should be held later in the year, preferably to coincide with the celebrations which are already planned for June, 1965 to mark the 750th anniversary of Magna Carta. On the assumption that they should, we need to consider (a) the scale of the celebrations and (b) the machinery for carrying the plans forward.

6. There is little in the way of precedent as a guide to the possible scale of celebrations. Presumably, if anything is done at all it will have to be fairly lavish and the event regarded as a major international and Commonwealth parliamentary occasion. We could hardly do less than was done on the occasion of the 46th Inter-Parliamentary Conference in 1957 which was opened by The Queen in Westminster Hall and included a reception for the heads of delegations in the Speaker's Residence in the presence of The Queen, a reception by the Lord Chancellor and the Speaker in the House of Lords, a reception by the Government in St. James's Palace, a solemn mass in Westminster Cathedral, a special Church of England service in St. Margaret's, and
such ancillary activities as a trip down the river to Greenwich, a
celebrity concert in the Festival Hall and a reception at the Guildhall.
Celebrations on this sort of scale might cost something in the region of
£10,000–£15,000 and my colleagues will wish to consider whether
expenditure of this order could be justified. It is to be hoped that the
celebrations would encourage a large number of visitors to London with
consequent benefits to the Exchequer; and they would provide our
overseas information services with some useful material in the way of
films and literature.

7. Since the occasion would be mainly a Parliamentary one, it
would seem appropriate that the general supervision of the necessary
arrangements should be undertaken by a parliamentary committee under
the chairmanship of the Speaker of which the Lord Chancellor together
with the Leaders and Chief Whips of the parties in both Houses would
be among the members. The practical arrangements would probably
fall largely within the responsibilities of the Minister of Public Building
and Works although the departmental interests of several other Ministers
and the interests of various organisations would also be involved. It
might be thought appropriate that, under the general guidance of the
Speaker's Committee, the Minister of Public Building and Works should
be asked to make himself responsible for the detailed planning of the
arrangements in consultation with his colleagues and outside organisations
as necessary.

8. I recommend therefore –

(a) That on 20th January, 1965 if Parliament is sitting, or
as soon as possible thereafter if it is not, there should
be a simple Parliamentary ceremony to mark the calling
by Simon de Montfort of the Parliament of 1265, and that
the day might also be marked in the schools throughout
the country.

(b) That a commemorative stamp should be issued.

(c) That the anniversary should be further celebrated on a
substantial scale during June, 1965 concurrently with the
celebrations of the 750th anniversary of Magna Carta.
(We shall no doubt need to announce our plans for these
further celebrations on 20th January.)

(d) That the Speaker should be asked to take the chair of a
parliamentary committee charged with the general
supervision of the arrangements.

(e) That the Minister of Public Building and Works should
be asked to accept responsibility for the detailed
planning of the arrangements in consultation with
his colleagues and with outside interests as necessary.

Whitehall, S.W.1.

1st December, 1964
CABINET

SOUTHERN RHODESIA: MISSION OF PRIVY COUNCILLORS

MEMORANDUM BY THE SECRETARY OF STATE FOR COMMONWEALTH RELATIONS

Ministers have given some thought to the possibility that a committee of Privy Councillors might visit Southern Rhodesia, in an attempt to conciliate the extreme views now held by the two sides.

2. I see advantage in pursuing this idea. It would help to resolve the deadlock if Mr. Smith continues to be reluctant to come here for talks. It would represent a useful new initiative on our part; it should have considerable presentational value both here and in the United Nations; it would buy us a certain amount of time; and it would also serve to emphasise the importance attached by Parliament to this problem, and the bi-partisan approach to it here.

3. There are partial precedents for such a mission. Parliamentary delegations have visited dependent territories, e.g., to India early in 1946 and to Kenya in 1954. They were mostly composed of non-Privy Councillors and were not led by Ministers. The Cripps Mission to India in 1946 was solely composed of members of the Government. A Commission of three Privy Councillors was sent to Uganda early in 1962 to advise on the “lost counties” problem. In the light of these precedents we could consider a mission composed either of Privy Councillors or of any Parliamentarians.

4. In this instance, I would not recommend Commonwealth membership of the mission. Mr. Smith would not agree to receive a delegation with a Commonwealth label; and it would be difficult for us to insist on it in view of the recognition by all Commonwealth Prime Ministers last July that the authority and responsibility for leading our remaining Colonies to independence must continue to rest with us. The Monckton Commission included a Canadian and an Australian, but it would now be necessary to include an African if the delegation were to be given a Commonwealth flavour: and none of the African Privy Councillors (the President of Ghana, and the Governor-General, Prime Minister and Chief Justice of Nigeria)
seem both suitable and available. Moreover, on the Monckton Commission analogy, we should have to consider including Southern Rhodesia members in the team, which would not be appropriate.

5. I suggest the following arrangements for consideration by my colleagues:

(i) Composition.—A mission composed of two Labour members (not in the Government), one Conservative and one Liberal might be appointed. Even if all of them are not to be Privy Councillors, the leader probably should be.

(ii) Terms of Reference.—No detailed terms seem necessary beyond saying that the committee is “to visit Southern Rhodesia”. It should not be described as a “Constitutional Commission”, because Mr. Smith could not then accept it without conceding the necessity for constitutional change prior to independence, and this he could not do without losing face locally. (The Parliamentary Mission to Kenya had no further terms of reference than “to see things for themselves” and the Parliamentary Mission to India was formed so that “members of our own Parliament should have an opportunity to meet leading political Indian personalities, to learn their own views at first hand”).

(iii) Report.—The mission should report to myself in the first instance and there should be no advance commitment as regards a public report to Parliament: that would be a matter for the Government to decide after discussion with the members on their return. (The Parliamentary Mission to India produced no written report. The missions to Kenya and Uganda produced public reports).

(iv) Procedure and Timing

(a) It would first be necessary to approach the Leader of the Opposition and Mr. Grimond. If they were willing to co-operate, the proposal should then be put confidentially to Mr. Smith.

(b) By this next week-end, Mr. Smith will have had the Prime Minister’s last message for about a fortnight. If he has not by then agreed to come to London, we should immediately put this alternative suggestion to him.

(c) It may be difficult to persuade Mr. Smith to agree to receive the mission. It would, for example, make it difficult for him to declare independence unilaterally until it had come and gone. The point can, however, be put to him that he has himself criticised us for falling into what he calls “the pitfalls of long-range judgments”, and that the
mission will enable Parliament to obtain first-hand impressions of Rhodesian opinion. He may try to stipulate in advance that the mission should not see African nationalists who are in gaol. If possible, the mission should be left to decide on the spot whom it will see. On present form, the Rhodesian authorities would apparently agree to its seeing Nkomo, who is in restriction, but not Sithole, who is in gaol until February.

A. B.

Commonwealth Relations Office,
8th December, 1964.
CABINET

SALARIES OF THE HIGHER JUDICIARY

Memorandum by the Lord Chancellor

The Sub-Committee on Prices and Incomes of the Ministerial Committee on Economic Development have invited me to seek the approval of the Cabinet to the Sub-Committee's proposals for dealing with the salaries of the higher judiciary in England and Wales, Scotland and Northern Ireland.

2. The salaries of these Judges are fixed by statute. The last time they were increased was in 1954 and before that they had not had an increase for 120 years. By the Judges Remuneration Act, 1954 all the Judges concerned were given an increase of £3,000 (with the exception of the Lord Chancellor and the Lord Chief Justice of England who got £2,000). Parliament was then told that the salaries granted were intended to stand for a generation. Nevertheless their value has been rapidly eroded, and since 1954 the lower judiciary have received three salary increases corresponding to those granted to the Higher Civil Service. This has resulted in the gap between the salaries of the higher and lower judiciary becoming unrealistically narrow.

3. The great importance of maintaining the standard of the higher judiciary has always been recognised. I suggest that it is important too that the Government should be seen to be ensuring that it is maintained. To this end it is essential to recruit the very best men to the Bench. I have reason to believe that the existing salaries are insufficient to make certain of attracting them, though the prestige and dignity of the office and the pension rights attaching to it are powerful inducements. However that may be, the Lord Chief Justice has advised both my predecessor and me that the Judges themselves now consider that they have very strong claims to an increase in their salaries. The Secretary of State for Scotland and the Home Secretary, who have responsibilities for the salaries of the Judges in Scotland and Northern Ireland respectively, agree with me that this is so.

4. My predecessor announced on the 24th March last (Official Report Vol. 256, col. 1130) the then Government's intention of introducing legislation to increase these salaries during the 1964/65 Session. I am told that before that announcement informal soundings were made as a result of which it had been ascertained that the principle of an increase had been approved by the Parliamentary Committee of the Labour Party. It is not suggested, of course, that the approval so given is necessarily binding on the Government, but it is certain that we shall be asked to state our attitude to this question before long.

-1-
5. The Sub-Committee on Prices and Incomes consider that there is a case for increasing the salaries of the higher judiciary in the fairly near future, and that the late Government's commitment should be honoured. They have suggested that legislation should be introduced for this purpose in June or July 1965, but that the increases should not take effect before September. In reaching this conclusion they took the view that although the recent salary increases for Ministers and Members of Parliament make it more difficult to resist increases for the Judiciary, any announcement about the latter should be deferred until the Government's proposals for an incomes policy have been established. They therefore considered that there should be no public announcement at this stage, but that, if the Cabinet agreed with the proposals, I should be authorised to inform the Judges (and Lord Dilhorne) in confidence. I should be quite content with this plan.

6. The Sub-Committee have not considered what increases should be given to the Judges. This is a matter which, if the principle were agreed by the Cabinet, the Secretary of State for Scotland, the Home Secretary and I would discuss with the Chancellor of the Exchequer. The present salary of a puisne Judge in England and Wales is £8,000. There are a number of different bases on which proposals for increases fall to be considered, but I must make it plain that a comparatively substantial increase will have to be granted if it is to be acceptable to the Judges. At the same time I should like to discuss with the Chancellor of the Exchequer a proposal that in the future salary increases for the higher judiciary might be granted by statutory instrument sanctioned by affirmative resolution procedure. This is now the procedure applicable to most of the salaries of the lower judiciary, and I am satisfied that it could be applied to the higher judiciary without ill effect.

When our discussions on these matters are concluded, we should report back to the Sub-Committee on Prices and Incomes.

7. I therefore seek the approval of my colleagues to the following proposals:

(i) That legislation should be introduced later in the Session to increase the salaries of the higher judiciary in England and Wales, Scotland and Northern Ireland.

(ii) That the increases so granted should not take effect before September 1965.

(iii) That no public announcement of the Government's intentions should be made at present, but that I should be at liberty to inform the Judges privately.

(iv) That the Secretary of State for Scotland, the Home Secretary and I should discuss with the Chancellor of the Exchequer the amount of the increases to be given and the procedure for giving effect to increases in the future, and that we should report the result of our discussions to the Sub-Committee on Prices and Incomes of the Ministerial Committee on Economic Development.
11th December, 1964

CABINET

ESTABLISHMENT OF LAW COMMISSIONS FOR ENGLAND
AND WALES AND FOR SCOTLAND

Memorandum by the Chancellor of the Duchy of Lancaster

The purpose of this paper is to submit to the Cabinet proposals for implementing the undertaking given in The Queen's Speech to appoint Law Commissioners "to advance reform of the law".

2. The Home Affairs Committee have considered proposals for the establishment by statute of a Law Commission for England and Wales which would be composed of five lawyers of high standing appointed, with a supporting staff, by the Lord Chancellor. The Commission would have the task of planning a systematic review of the English law; carrying out consolidation and statute law revision; putting forward proposals for the reform of particular areas of the law; and providing Departments with a research and advisory service, particularly on Commonwealth and foreign law. A similar body would be appointed by the Secretary of State for Scotland and the Lord Advocate jointly to review Scottish law.

3. The Home Affairs Committee consider that bodies with the proposed functions would provide a valuable means of securing the systematic reform of the law. They think it necessary to ensure, however, that account is taken of the responsibility of Departmental Ministers for the law within the field for which they are answerable to Parliament, and that the Commissions operate under the ultimate authority of the Cabinet. For this purpose they propose that the Commissions should function on the lines indicated in the Annex. They believe that these arrangements will leave with the Commissions the initiative in proposing areas of the law for investigation and will not impede the achievement of their long-term objectives, but will ensure -

(a) that the Minister with departmental responsibility is consulted on a particular project, on its timing, and on whether it should be carried out by the Commission themselves or by another body, such as the Home Secretary's Criminal Law Revision Committee, or a Departmental Committee appointed ad hoc; and

(b) that in the event of disagreement the issue is submitted to the Cabinet.
CABINET

ESTABLISHMENT OF LAW COMMISSIONS FOR ENGLAND AND WALES AND FOR SCOTLAND

Memorandum by the Chancellor of the Duchy of Lancaster

The purpose of this paper is to submit to the Cabinet proposals for implementing the undertaking given in The Queen's Speech to appoint Law Commissioners "to advance reform of the law".

2. The Home Affairs Committee have considered proposals for the establishment by statute of a Law Commission for England and Wales which would be composed of five lawyers of high standing appointed, with a supporting staff, by the Lord Chancellor. The Commission would have the task of planning a systematic review of the English law; carrying out consolidation and statute law revision; putting forward proposals for the reform of particular areas of the law; and providing Departments with a research and advisory service, particularly on Commonwealth and foreign law. A similar body would be appointed by the Secretary of State for Scotland and the Lord Advocate jointly to review Scottish law.

3. The Home Affairs Committee consider that bodies with the proposed functions would provide a valuable means of securing the systematic reform of the law. They think it necessary to ensure, however, that account is taken of the responsibility of Departmental Ministers for the law within the field for which they are answerable to Parliament, and that the Commissions operate under the ultimate authority of the Cabinet. For this purpose they propose that the Commissions should function on the lines indicated in the Annex. They believe that these arrangements will leave with the Commissions the initiative in proposing areas of the law for investigation and will not impede the achievement of their long-term objectives, but will ensure -

(a) that the Minister with departmental responsibility is consulted on a particular project, on its timing, and on whether it should be carried out by the Commission themselves or by another body, such as the Home Secretary's Criminal Law Revision Committee, or a Departmental Committee appointed ad hoc; and

(b) that in the event of disagreement the issue is submitted to the Cabinet.

-1-
4. The Committee consider arrangements of this kind necessary in relation to England and Wales (the situation in Scotland is simpler) because the whole field of the law which it is agreed that the Commission should review includes not only, at one end of the spectrum, a considerable quantity of pure "lawyer's law", which would be unlikely to raise issues of policy, and, at the other, law which is the immediate reflection of Government policy, with which the Commission are unlikely to concern themselves, but also a wide area between these extremes in which issues of law and of policy are closely related. The law on trade unions, hire purchase, and much of the criminal law afford examples. It may be desirable for a topic which raises issues of policy to be examined by a body which includes not only lawyers but also lay members of the public and persons with first-hand experience of the field in question. And there may be issues which it is undesirable to have examined publicly at a particular moment because of their relationship to the development of other aspects of Government policy.

5. The Committee consider, however, that disagreement on either the timing or the method of investigation would be rare. No doubt the Commission in preparing their programme would consult Ministers informally and take account both of a Minister's desire to see a particular topic examined and of other relevant considerations to which their attention might be drawn, while Ministers, individually and collectively, would seek to avoid disagreement with a body of the Commission's weight and prestige. Acceptance of the Commission's programme of work would not preclude Ministers themselves from putting in hand investigations on matters of current concern, nor would they be under an obligation to consult the Commission on Bills included in the Government's programme of legislation, though if the Commission were known to be working on a subject within the ambit of a particular Bill it would no doubt be thought prudent to consult them ad hoc.

6. The Committee did not attempt to consider the possibility of reform in the procedure of the House of Commons, which would make the passage of Law Reform Bills easier than it is at present, or means of recruiting and training a larger number of skilled draftsmen. Both are important to the effective operation of the Commission, but are being considered separately.

Summary

7. The Cabinet are asked:

(i) to approve in principle the establishment of a statutory Law Commission for England and Wales with the functions indicated in paragraph 1 above, and of a similar Commission to be appointed by the Secretary of State for Scotland and the Lord Advocate jointly with similar functions in relation to Scotland;

(ii) to agree that the Commissions should operate on the lines indicated in the Annex.

It is hoped to introduce the necessary legislation as soon as Parliament resumes after the Christmas Recess.

D. H.

Whitehall, S. W. 1.

11th December, 1964
OPERATION OF THE LAW COMMISSIONS

THE LAW COMMISSION FOR ENGLAND AND WALES

(i) The Law Commission should operate under the authority of the Lord Chancellor. It should keep the whole law under review. It should submit to the Lord Chancellor periodically a programme covering a convenient period - say of five or ten years - for the detailed examination of particular aspects of the law or of the law within particular fields, and should recommend how the topics included in the programme should be examined - e.g.:

(a) by the Commission itself;

(b) by the Home Secretary's Criminal Law Revision Committee;

(c) by a body appointed ad hoc; or

(d) by the relevant Department in consultation with outside experts.

(ii) The Lord Chancellor before approving the proposed programme would consult the Ministers Departmentally concerned. This might result in some adjustment of the timetable - e.g. to avoid taking the examination of a contentious topic at a time which might prejudice the development of the Government's policy in the field in question and perhaps in agreement that a particular topic would more appropriately be handled by a means other than that proposed. Failing agreement the issue would be referred to the Cabinet.

(iii) The programme of work, when approved, would be published; and thereafter, subject to any change in circumstances, the projects for which it called would be put in hand by the Commission or the relevant Minister according to the method that had been agreed. Within an approved plan, the Commission would be responsible for -

(a) putting in hand a comprehensive programme of consolidation and statute law revision; and

(b) undertaking the specific projects of law reform (including, where appropriate, the drafting of a Bill) which it had been agreed that they should undertake both within the field for which the Lord Chancellor was responsible and outside this field.

(iv) The resultant specific proposals by Departmental Committees for the reform of the law would be made to the Minister concerned and considered by him in the ordinary way. Recommendations made by the Commission would be considered by the Lord Chancellor if they fell within his own
field and if not he would transmit the Commission's Reports to the relevant Departmental Minister. The Commission's Reports would be published, like those of Departmental Committees. It would be made clear that they emanated from the Commission and the Lord Chancellor would not be committed to them, so that if the recommendations were not accepted there would be no apparent breach of the principle of collective responsibility.

(v) Recommendations, whether by the Commission or by Departmental Committees, would be referred to the Cabinet in the event of disagreement among the Ministers concerned on their implementation.

(vi) The Commission would provide a research and advisory service on Commonwealth and foreign law and would be available for consultation by Departments in connection with their own examination of particular fields of the law, though there would be no obligation to consult the Commission on Bills within the Government's programme of legislation.

(vii) The Commission would make to the Lord Chancellor an annual report on their work which would be presented to Parliament.

THE LAW COMMISSION FOR SCOTLAND

(viii) The proposed Law Commission for Scotland would be appointed by the Secretary of State and the Lord Advocate jointly, and functions corresponding to those of the Lord Chancellor in relation to the Law Commission for England and Wales would be performed by these two Ministers acting together. The Commission, while at liberty to make privately to those Ministers suggestions as to the areas of law which in their opinion need detailed examination, would not themselves embark on an examination in depth of any suggested area unless those Ministers:

(i) agreed with the suggestion, and

(ii) did not consider that the subject matter called for examination by some other body.

(ix) So far as law in the area of any Great Britain Department was concerned, the Scottish Ministers would consult with the relevant English Minister.

(x) The Scottish Commission's substantive proposals for reforming legislation would be made to the Secretary of State and the Lord Advocate and the proposals (or a summary of them) would be published.

(xi) Arrangements accepted on both sides would be necessary for a two-way traffic in ideas and in information (e.g. about foreign law) between the Scottish Commission and the Commission for England and Wales. And joint discussion would be necessary in relation to areas of law which are parallel in the two systems.
CABINET

CO-OPERATION BETWEEN THE DEPARTMENT OF ECONOMIC AFFAIRS AND THE TREASURY

NOTE BY THE SECRETARY OF THE CABINET

By direction of the Prime Minister, the attached memorandum setting out the functions of the Department of Economic Affairs and the Treasury is circulated for the information of the Cabinet.

(Signed) BURKE TREND.

Cabinet Office, S.W.1,
16th December, 1964.
CABINET

CO-OPERATION BETWEEN THE DEPARTMENT OF ECONOMIC AFFAIRS AND THE TREASURY

NOTE BY THE SECRETARY OF THE CABINET

By direction of the Prime Minister, the attached memorandum setting out the functions of the Department of Economic Affairs and the Treasury is circulated for the information of the Cabinet.

(Signed) BURKE TREND.

Cabinet Office, S.W.1,
16th December, 1964.
CO-OPERATION BETWEEN THE DEPARTMENT OF ECONOMIC AFFAIRS AND THE TREASURY

The functions of the two Departments and the relationship between them, as well as their relationships with the other Departments of Government, must reflect the "unity in diversity" of economic policy.

Both Departments will be centres of co-ordination; this calls for the highest possible degree of co-operation between the two Departments in order to preserve the unity and coherence of economic policy. In particular each Department will consult the other before proposing any substantial departure from agreed policies.

Statements of the functions of each Department are annexed. Underlying these are two broad concepts of the basis of the division between them. First, that the Department of Economic Affairs is primarily responsible for the long-term aspects of economic policy, while the Treasury is primarily responsible for the short-term aspects. Secondly, a primary concern of the new Department will be with physical resources while a primary concern of the Treasury will be finance.

Neither of these distinctions is in fact absolute; and reference to "primary" concern or responsibility does not mean either "only" or "exclusive". Short-term measures must be handled as consistently as possible with the long-term objectives of the economy; and measures aiming at long-term advantages cannot succeed unless their short-term effects can be accepted. Consideration of short-term and long-term aspects of policy tend to come together. Similarly, over the great part of the economy, financial considerations and questions concerning the allocation of physical resources are inseparable.

Two aspects of co-operation need emphasis.

(a) Economic analysis and forecasting

At the working level there must be a common understanding throughout Departments and particularly between the Department of Economic Affairs and the Treasury of the basis upon which the relevant facts about the economy are organised, the methods of analysis and the first steps in the interpretation of the statistics thrown up. For this purpose officials engaged on this work will be regarded as a "joint forecasting staff" making their respective contribution to the analysis and joining in the interpretation. While the Department of Economic Affairs will be primarily responsible for the longer-term aspects of this work, and the Treasury will be primarily responsible for the shorter-term aspects, the work will as far as practicable be carried out under a common direction.

(b) The Public Sector

An essential part of a plan for national economic development is that there should be a coherent long-term plan
for public sector expenditure and taxation fitting in with the national economic development plan both in total, and in the priorities accorded to the various programmes within the total, and with the economic effects both of expenditure and taxation judged in relation to the objectives of the plan.

It will be the objective of both Departments to ensure that all decisions about public expenditure clearly reflect the agreed priorities laid down in the economic development plan.

The procedure will be as follows. The Treasury has regular machinery for obtaining from Departments their forecasts of expenditure and receipts (both short-term and long-term) and this is an indispensable part of the control of the public finances. It is to the Treasury that Departments must continue to turn for the authorisation of expenditure outside the limits of their delegated authority. The Treasury will continue to make regular surveys of public expenditure and the Department of Economic Affairs will join with the Treasury in the central direction of this work and in inter-departmental discussions leading to the formulation of the part to be played by the public sector in the plan, having regard to the effects on growth and the burden on real resources. For each area of public sector expenditure a working arrangement will be made between the two Departments, so as to provide a network of mutual information and consultation.

FUNCTIONS OF THE TREASURY

I.—Management of Public Services

The Treasury will retain its managerial responsibility for the Civil Service and other public services, including pay. It will work closely with the Department of Economic Affairs where Civil Service pay questions impinge on incomes policy.

II.—Public Sector Expenditure and Receipts

The Treasury will retain its responsibility for public sector expenditure and receipts, including the Budget, working closely with the Department of Economic Affairs on those aspects which affect the national development plan and the economic effects of public sector expenditure and receipts generally.

III.—Finance

The Treasury will be responsible for home and overseas finance, and monetary policy; this includes overseas financial relations, balance of payments, the reserves, financial aspects of invisible trade, export finance and exchange control.
FUNCTIONS OF THE DEPARTMENT OF ECONOMIC AFFAIRS

I.—Formulation of the plan for economic development

In conjunction with the other Departments concerned the Department will:

(a) prepare medium-term, long-term and very long-range forecasts of the development of the economy; and

(b) construct models of how the economy can and should develop.

(This work will be steered by a high level inter-departmental committee under the chairmanship of the Permanent Under-Secretary of State reporting to the Secretary of State’s Committee on Economic Development.)

II.—Supervising the implementation of the plan

The Department will be responsible for co-ordinating the work of other Departments in implementing the plan and in particular for the following aspects:

(a) policy towards industry;

(b) regional policy;

(c) incomes policy; and

(d) other policies directed to economic growth.

III.—Other aspects of economic policy

The Secretary of State’s Committee on Economic Development will be the forum for considering other issues in the economic field which require collective consideration by Ministers. Where such issues require inter-departmental official consideration they will normally be taken at the high level Committee under the Permanent Under-Secretary of State. In particular the Department will provide the machinery for the inter-departmental consideration of questions of external economic policy.

The Secretary of State will be Chairman of the National Economic Development Council and (if it continues to exist) the National Production Advisory Council for Industry, while the Department will be responsible for the National Economic Development Office and (if they continue to exist) for the Regional Boards for Industry.

The Secretary of State and the Department will be responsible for the co-ordination of information on the broad aspects of economic policy.

Cabinet Office, S.W.1,

16th December, 1964.
TRADE DISPUTES BILL (ROOKES v. BARNARD) AND AN INQUIRY INTO TRADE UNIONS AND EMPLOYERS' ASSOCIATIONS

MEMORANDUM BY THE MINISTER OF LABOUR

Trade Disputes Bill

In accordance with the undertaking given by the Prime Minister before the Election, the Queen's Speech promised a Bill during this session to give workers and their representatives the protection necessary for freedom of industrial negotiation. The need for legislation arises from the House of Lords decision in the case of Rookes v. Barnard. According to this decision a worker who by threatening to strike in breach of his contract of employment is the cause of injury being done to another may be sued in tort (the tort of "intimidation") for damages. Trade union officials who are associated with workers in making such threats may likewise be sued. The full implications of the decision are not clear but it seems that strikes of many different kinds may be affected and not just strikes over the closed shop as in the case of Rookes. Certainly the Trades Union Congress consider that trade union officials are generally hampered in their activities, and they have been pressing for an amendment to the law.

2. The effects of the decision can be negatived quite simply by providing in a short Bill that in the circumstances of a trade dispute it is not actionable in tort to threaten to break a contract of employment or to threaten to induce another to break such a contract.

3. It has been suggested, e.g., by Professor Wedderburn, that the implications of the decision go wider than the circumstances of trade disputes and that any amendment of the law ought to take account of this. These larger questions may well deserve study but in my view it is out of the question to delay action in the trade union field until such a wider examination can be carried out.

4. I propose that the Bill apply to proceedings brought in the Courts after it becomes law, even if the proceedings are in regard to causes of action arising before the Bill becomes law. This means that the Bill will have some retrospective effect. I propose this degree of retrospection because without it proceedings brought after the
passage of the Act, in respect of causes of action arising before, would have to be decided according to the present obscure state of the law, despite the fact that the law would have been clarified by the Act. My proposal would permit proceedings started before the passage of the Act to be settled in accordance with the law as it is now. I think this is a reasonable compromise.

5. I shall have discussions with the Trades Union Congress and the British Employers' Confederation before the Bill is published.

Inquiry into trade unions and employers' associations

6. The decision of the Trades Union Congress to agree to an Inquiry into the trade unions will enable us to answer criticism that the Bill will encourage trade unions to threaten breaches of contract and to take unreasonable action to enforce the closed shop. We can promise a comprehensive examination of these and other problems of industrial relations and explain that what the Bill does meanwhile is restore the legal position as it was thought to be until the judgment in Rookes v. Barnard. The issues raised by the decision of the House of Lords in the case of Stratford v. Lindley can also be considered by the Inquiry.

7. I propose an inquiry into the more important general problems of industrial relations as well as the specific question of trade union law. Possible terms of reference are suggested in the annex. I think the inquiry should be made by a Royal Commission. These are vitally important and controversial issues and we need a body of the highest standing. I would like a small commission composed of independents and without "representatives" of employers or trade unions but this may not be acceptable to the Trades Union Congress.

8. I am at present consulting the Trades Union Congress and the British Employers' Confederation about the inquiry and I shall aim to get full support from both on its scope and composition.

9. I ask my colleagues to agree that

(a) subject to the outcome of my further discussions with the Trades Union Congress and the British Employers' Confederation, I should introduce a Bill amending the present state of Trade Union Law as suggested in paragraphs 2 and 4 above, and

(b) there should be a Royal Commission to inquire into the Role of Trade Unions and Employers' Associations.

R. J. G.

Ministry of Labour, S.W.1.
15th December, 1964.
ANNEX

POSSIBLE TERMS OF REFERENCE FOR AN INQUIRY INTO TRADE UNIONS

"To consider the role of trade unions and employers' associations in promoting the interests of their members and advancing the social and economic well-being of the nation with particular reference to

(a) relations between managements and employees;
(b) productivity and efficiency; and
(c) the law affecting their activities

and to report."
CABINET

RENT BILL

MEMORANDUM BY THE MINISTER OF HOUSING AND LOCAL GOVERNMENT

Introduction

Proposals for legislation to repair the damage done by the Rent Act 1957 have been considered by a Committee of Ministers under the chairmanship of the Lord President. At the invitation of the Committee I now seek authority to have a Bill prepared on the general principles described in this paper.

2. Rent control in its pre-1957 form is still in operation; but the number of tenants enjoying controlled rents and security of tenure is steadily diminishing. It would not be practicable simply to restore control over the properties which were controlled before 1957. Our aim should be to devise a less rigid scheme of rent-fixing which will be fair to both landlord and tenant and lay the foundation for a better relationship between them. I would call this “rent regulation” rather than rent control. Tenants of decontrolled property coming within this scheme would have full security of tenure on Rent Act lines. For tenants outside the ambit of rent regulation, including the tenants of public authorities, and for service occupants, I propose a different form of security against arbitrary eviction. This is described below as “basic protection”.

Rent regulation

3. We are pledged to restore a system of rent control based on fair rents determined by Rent Assessment Committees. I believe this to be a better basis than rents determined, as under the current system, solely by reference to gross rateable values. Gross values, or any variant of them, go out of date too quickly and are for that and other reasons too unreliable to serve as a sole guide; they would produce inequitable results as between different areas and different types of property. That is not to say that they should be ignored altogether in fixing fair rents, and I hope to be able to devise a series of considerations, of which gross value would be one, which would be taken into account by those charged with the duty of settling rents. Other considerations would be the age and condition of the property, any improvements made, the character of the area and the
general level of rents passing, subject, however, to an over-riding requirement that excessive rents attributable to scarcity would not be admissible.

4. This "fair rent" approach seems to me much sounder than one based on prescription of any form of rent ceiling. If our scheme is to last it must cater adequately for adjustment of rent levels with changes in other economic conditions; and I think the system of regulation outlined in the two immediately following paragraphs would be both fair and flexible.

5. If it is to be workable, any scheme which involves setting up tribunals, or as I prefer to call them Rent Assessment Committees, should encourage landlords and tenants to reach agreement before appeal. That is why I propose that before cases reach tribunals rent officers, appointed for the purpose, should try to reconcile differences between the parties.

6. I propose a scheme having these main elements:

(i) We should aim at covering privately-rented furnished and unfurnished properties up to value limits corresponding with those which applied before 1957. Those limits were £100 in London and £75 elsewhere. If we now prescribed £400 in London and £200 elsewhere we would leave out of the scheme—on such estimates as I have been able to make—rather fewer properties than were left out under the old arrangements.

(ii) At the outset the scheme should apply to the whole country, but as local housing shortages are overtaken it should be possible to withdraw parts of the country from the scheme; I would take power to do this by Ministerial order.

(iii) Existing decontrolled rents would be frozen, and could be altered (upwards or downwards) only by the following procedure. If the landlord and tenant agreed a new rent (or the present rent) they would have it registered by a local rent officer. In the case of periodic tenancies registration would fix the rent for, say, three years. If they could not agree they would refer to the rent officer who would attempt to secure their acceptance of his own determination. If accepted, this would become the registered rent; otherwise it would take effect as an interim rent, payable by the tenant pending reference to the Rent Assessment Committee. The tribunal’s decision would be registered and would replace the interim rent.

(iv) The rents of new lettings should all be brought under review by the rent officer at an early stage.

(v) Existing controlled rents should be subject to adjustment by the same method; but it might be necessary to impose a delay before such cases could be brought before rent officers or tribunals to avoid these being swamped.
7. There are three possible ways of securing good and effective rent officers. They could be officers of the local authority; or officers attached to County Courts; or they could be attached to a new tribunal structure—a form of rent service. Each course has advantages and disadvantages. The Committee of Ministers which has examined the proposals favours attachment to local authorities; and by the time this paper is considered by the Cabinet I shall have had a talk with local authority representatives and may be able to report that they accept this general principle. If it is adopted, it will be necessary to prevent Council Committees from seeking to influence the action taken by rent officers and it will probably also be necessary to arrange for the costs of administration to be carried by the Exchequer. Arrangements for the appointment and dismissal of rent officers will have to be gone into in detail with the associations of local authorities.

8. The word "tribunal" has a legal flavour and has also come to be associated with rent control. That is why I prefer the name "rent assessment committees". They need not in all cases have a legally-qualified chairman and my aim would be that each of them should cover as big an area as could conveniently be dealt with. I intend to discuss with the Lord Chancellor how we may best set about appointing the committees and determining their areas.

9. Existing tenants of controlled property will continue to enjoy the security of tenure given by the Rent Acts, under which they can be dispossessed only on a strictly limited number of grounds. The same degree of protection will be given to tenants whose rents are brought back into control by the new scheme of rent regulation. I have considered whether there is any need to add redevelopment to the grounds for possession which are set out in the Rent Act, 1933. I do not think there is. Provided that he can produce evidence of alternative accommodation, there is nothing to stop a landlord applying to the court for possession on account of redevelopment and nothing to stop the court considering his claim; and if, as I assume, we would regard the provision of alternative accommodation as a sine qua non there appears to be no need to alter the existing arrangements.

Security for tenants and licencees not in rent-regulated properties: basic protection

10. The present law in England and Wales provides very little security for the tenant of property which is not rent-controlled. Under our new scheme we shall provide full security for those whose rents are regulated. But the scheme will not apply to tenants of properties outside whatever limits we determine, to tenants in various forms of publicly-owned property, or to service licencees; and I think that those people ought now to be given protection against arbitrary eviction. The same protection will also be applicable, if and when rent regulation is lifted from any part of the country, to all tenants in the area so freed.

11. The Protection from Eviction Bill, which will expire at the end of 1965, will make it an offence for the owner of a property
within the jurisdiction of the County Court—i.e., having a net annual value of £400 or less—to enforce his right to possession without an order from that court. As the Bill is no more than a holding measure until the main legislation can come into force it provides lengthened security of tenure by the simplest and least controversial means—extending County Court discretion in granting suspension of orders for possession. The Bill provides for suspension up to 12 months.

12. I propose that we should include in the Rent Bill permanent provisions against arbitrary eviction based on the same general approach—

- no eviction without a court order;
- no change in the law about duration of notice in periodic tenancies (a weekly tenant is entitled to four weeks’ notice); and
- the County Courts to be given discretion to suspend action on possession orders.

The 12 months’ discretion provided for by the Bill is, however, too long as a permanent arrangement. It is certainly too long for the service occupancies and certain other categories to which I should like the basic security of tenure to apply. I think the right course would be to provide for suspension at the discretion of the court for up to two months. In considering this period it is important to remember that four weeks is the minimum period of notice which any tenant is bound to have. Generalisation about the time taken before the courts can deal with cases can be misleading, but if we assume three to four weeks, then the period from giving notice to the time when the tenant actually has to move is being extended up to three or four months, which seems to me adequate.

13. It would be right that this basic protection should extend to properties of any value, even though this will mean that the jurisdiction of County Courts will have to be enlarged to enable them to deal with issues affecting properties in excess of £400 net annual value.

14. The basic protection ought in my view to extend also to several kinds of letting which have hitherto been exempted from provisions for the protection of the tenant or occupier. The main categories are direct lettings from the Crown, lettings of Council or other publicly-owned houses and lettings of houses occupied by people under licence as part of their employment. If the provisions for basic protection are applied to these lettings it will be necessary to consider giving the landlords special grounds for claiming early possession. I shall consider this further with the Ministers directly concerned. I am already in touch with the Minister of Agriculture about occupants of agricultural-tied cottages; and so far as local authorities are concerned I shall discuss this with them.

Furnished lettings

15. Furnished lettings are covered by the Protection from Eviction Bill. But there are some objections to giving tenants of
furnished premises, on a permanent basis, the same forms of security as are given to tenants of unfurnished premises. The simplest course would be to preserve the existing arrangements under the Acts of 1946 and 1949, which enable rent tribunals to grant security for up to three months at a time. But I understand that this form of protection does not prevent serious oppression of furnished tenants, and it may be necessary to give them greater protection. In this connection it may also be necessary to include in the Bill provisions to make various forms of intimidation by landlords a criminal offence. These matters are being further examined and, subject to the Cabinet's general approval of the principles outlined in this paper, I hope at a later stage to submit proposals both about protection for furnished lettings and about intimidation to the Committee of Ministers.

Conclusion

16. I now seek authority, subject to further examination of particular points with the Ministers concerned, for preparation of a Rent Bill embodying the principles set out above.

R. H. S. C.

Ministry of Housing and Local Government,
Whitehall, S.W.1.
15th December, 1964.
CABINET
CHRISTMAS, 1964

Note by the Prime Minister

I should like to take this opportunity to wish all my colleagues in the Government a very happy Christmas.

I hope that we can all feel that, having regard to the circumstances which we found when we came into office, we have not done too badly since 16th October. We have launched important new initiatives in economic and industrial policy, in defence and foreign policy and in the field of the social services; and in many other respects we have set in hand a good deal of work, which will bear fruit in due course, to achieve the objectives which we set ourselves in our Election Manifesto. We must maintain this momentum; and we must be ready to tackle 1965 with no less energy and determination.

Meanwhile I trust that all my colleagues will have a well-earned rest over the holiday. I hope that they will also take the opportunity to do a little quiet stock-taking in the light of the first few weeks of office and to consider how we can improve still further our handling of Government business. I suggest that, among other things, we should all study afresh the memorandum on Questions of Procedure for Ministers (C. (64) 1) which I circulated on 19th October, 1964. I know that Ministers were very busy at the time when it was circulated and now is a good time to look at it again. It contains a lot of valuable guidance, which has been tested by experience; and it gains added force when it is re-read against the background of a few months of practical Ministerial responsibility. The sections dealing with contacts with the Press, television and public opinion in general are particularly worth attention. Recently, there have been one or two occasions when information about our intentions seems to have leaked prematurely; and this kind of thing, if it continues, is not only bad in itself but tends to undermine the whole concept of collective responsibility. I ask my colleagues to take particular care in this respect; and I would suggest that, for their own protection, they should preferably be accompanied by some responsible witness when they meet representatives of the Press, even if only informally, and that they should also ensure that their Departmental Information Officers are promptly informed of all such meetings and of what has passed on such occasions in order that any follow-up action which may be necessary can be taken. A few simple precautions of this kind can save a lot of subsequent trouble.

H. W.

10 Downing Street, S. W. 1.
23rd December, 1964