CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W. 1, on Monday, 24th June, 1957, at 3 p.m.

Present:

The Right Hon. HAROLD MACMILLAN, M.P., Prime Minister
The Right Hon. SELWYN LLOYD, Q.C., M.P., Secretary of State for Foreign Affairs.
The Right Hon. Lord EDWARD HEATH, M.P., Secretary of State for Commonwealth Relations and Lord President of the Council.
The Right Hon. JOHN MACLAY, M.P., Secretary of State for Scotland.
The Right Hon. Sir DAVID ECCLES, M.P., President of the Board of Trade.
The Right Hon. IAIN MACLEOD, M.P., Minister of Labour and National Service.
The Right Hon. VISCOUNT HAILSHAM, Q.C., Minister of Education.
The Right Hon. HAROLD WATKINSON, M.P., Minister of Transport and Civil Aviation.
The Right Hon. VISCOUNT KILMUIR, Lord Chancellor.
The Right Hon. PETER THORNEycROFT, M.P., Chancellor of the Exchequer.
The Right Hon. ALAN LENNOX-BOYD, M.P., Secretary of State for the Colonies (Item 1).
The Right Hon. DUNCAN SANDYS, M.P., Minister of Defence.
The Right Hon. D. HEATHcoat AMORY, M.P., Minister of Agriculture, Fisheries and Food.
The Right Hon. HENRY BROOKE, M.P., Minister of Housing and Local Government and Minister for Welsh Affairs.
The Right Hon. LORD MILLS, Minister of Power.
Dr. The Right Hon. CHARLES HILL, M.P., Chancellor of the Duchy of Lancaster.

The following were also present:
Mr. CHRISTOPHER SOAMES, M.P., Parliamentary and Financial Secretary, Admiralty (Items 3 and 4).

Secretariat:
The Right Hon. Sir NORMAN BROOK.
Mr. B. ST. J. TREND.
Mr. H. O. HOOPER.
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1. The Prime Minister said that he had reflected further on the proposals for increases in certain public service salaries which the Cabinet had provisionally approved before the Whitsun recess. He believed that public opinion, while prepared to accept significant increases in the remuneration of Members of Parliament and Parliamentary Secretaries, might react unfavourably to an arrangement whereby senior Ministers in the House of Commons would receive an increase of £1,000 a year in their basic salary and be entitled to draw, in addition, a Parliamentary allowance of £750. A married man with two children and an earned income of £5,000 a year had already benefited from the tax changes in the recent Budget by rather more than £300 a year; and such a man, assuming that he had no other income, would derive a further net benefit of about £360 a year if his earned income was increased from £5,000 to £6,000 a year. Public opinion might well be critical of an addition of this order to the salaries of senior Ministers, especially as the Government had not yet introduced legislation to improve the pensions of the poorer sections of the community.

He therefore suggested to the Cabinet that, while they might reaffirm their earlier decision to improve the remuneration of Members of Parliament by introducing a Parliamentary allowance of £750 a year, they might reconsider the increases in salary which they had envisaged for Ministers. More appropriate increases might be £2,500 a year for Parliamentary Secretaries and £3,750 a year for Ministers of State, the Parliamentary allowance being payable in addition when the Minister was in the House of Commons. The salary of senior Ministers, however, might remain unchanged at £5,000, with the addition of the Parliamentary allowance for a Minister in the Commons. The Financial and Economic Secretaries to the Treasury should be treated as Ministers of State. It would be necessary to make appropriate adjustments in the increases previously envisaged for Mr. Speaker, the Officers of the two Houses of Parliament and the Leader of the Opposition. It would be inadvisable to make any change in the pensions of former Prime Ministers.

In discussion it was suggested that there was some case for adhering to the Cabinet’s original decision. An increase in the salary of senior Ministers was long overdue, and it could be argued that the Government need not adopt a more cautious attitude towards those salaries than towards the salaries of the Chairmen of the Boards of the nationalised industries. Moreover, the existing structure of Ministerial salaries incorporated a scale of relativities which reflected the degrees of responsibility involved, and it would be anomalous if a Minister of State in the House of Commons received, after tax, higher remuneration than a senior Minister in the House of Lords.

It was suggested, alternatively, that, in the case of senior Ministers, the legislation which would have to be introduced should be confined, as regards the remainder of the life of the present Parliament, to enabling them to receive the proposed Parliamentary allowance, but should also provide that the increase in basic salary which the Cabinet had previously approved should come into operation after the next election. If, however, it was felt inappropriate in present circumstances to attach any precise figure to a prospective increase in the salaries of senior Ministers, the announcement of the Government’s proposals, as now modified, should at least indicate that the Government recognised that a more comprehensive adjustment of those salaries would need to be made sooner or later.

The Chancellor of the Exchequer said that further enquiry had shown that it would be possible to introduce a scheme of insurance which would provide Members of Parliament with protection comparable with that which would henceforward be extended to
Ministers of the Crown by the Injury Warrant. Such a scheme would, however, have to be confined to those occasions when Members of Parliament were commissioned by the House of Commons to act in a representative capacity on behalf of the House as a whole, and could not extend to injuries suffered in the discharge of their ordinary Parliamentary duties.

The Cabinet—

(1) Agreed that the proposals for increases in certain public service salaries should be revised on the basis suggested by the Prime Minister.

(2) Took note that the Prime Minister would consider whether it would be appropriate to indicate, in announcing these increases, that the Government recognised that an adjustment of the salaries of senior Ministers was overdue.

(3) Invited the Home Secretary, in consultation with the Chief Whip, to arrange for the necessary preliminary consultations to be undertaken, with a view to an early announcement of the Government’s proposals.

(4) Invited the Chancellor of the Exchequer to arrange for the introduction of a scheme of insurance for Members of Parliament on the lines indicated in the discussion.

Housing

2. The Cabinet had before them a memorandum by the Lord Chancellor (C. (57) 140) reporting the conclusions of a Committee of Ministers which had examined the case for submitting to a public enquiry the application of the Manchester Corporation for leave to acquire agricultural land at Lymm for housing development.

The Lord Chancellor said that the Committee had been unable to reach agreement. It could be argued that the Manchester Corporation would be able to increase their rate of building to 2,300 houses a year or more in the period 1961–65 by making use of sites which were already in prospect; and he himself considered that the Corporation should be required to develop those sites before encroaching on agricultural land. The Minister of Housing, however, took the view that, on a realistic appraisal, the rate of building could not be raised above 2,000 houses a year in that period if the Corporation were confined to the sites already in prospect, and that it would be tantamount to a decision to frustrate the Corporation in their slum clearance policy if they were prevented from pursuing their claim to acquire an additional site under their own control. There was therefore no alternative but to submit the question again to the Cabinet.

The Minister of Housing said that Manchester was confronted with the worst slum problem in England and Wales. A forecast of a rate of new building of 2,300 houses or more during the years 1961–65 was unrealistic in assuming that there would be no delay in the necessary preparations and that neighbouring local authorities, who had no incentive to absorb Manchester’s surplus population, would in fact collaborate fully to that end. The Cabinet’s earlier decision that Manchester’s application should not be submitted to public enquiry had been taken on the assumption that alternative sites for a total of 18,000 houses would be available to the Corporation. It was now established, however, that the alternative sites in prospect would accommodate only 12,000 new houses, a number quite disproportionate to Manchester’s needs. The charge that Manchester had not investigated all possible alternative sites could not be sustained, and it was essential that the Corporation should be afforded an adequate opportunity of demonstrating the strength of their claim for an additional site. He recommended however that, in preference to a public enquiry confined to the Corporation’s application for leave to
acquire a particular site at Lymm, the proposed investigation, a comprehensive enquiry into Manchester's housing needs, should be conducted by an independent person of the standing of a High Court Judge. Such an enquiry, which would enable the facts of the matter to be impartially established, offered the only prospect of resolving the present deadlock.

Discussion showed that several Ministers felt considerable misgivings about the proposal to submit this issue to public enquiry. The alienation of first-class agricultural land would be ill received by a large section of the Government's supporters, and the proposal to develop some of the best farming land in the country would be generally regarded as a test of the Government's attitude towards the interests of the agricultural community and the preservation of the amenities of the countryside. Moreover, a public enquiry would diminish the incentive to the Manchester Corporation to intensify their search for alternative sites. Perseverance might bring such sites to light; but if, as was probable, a public enquiry established Manchester's claim to develop the site at Lymm, a large area of agricultural land would be irrecoverably lost.

On the other hand, the Government's housing policy was now directed mainly towards securing more rapid progress in slum clearance, and their decision in this case would also be regarded as a test of their sincerity in pursuing this policy. Moreover, the suitability of alternative sites from the point of view of Manchester's industries was of great importance. Neither Glossop nor Macclesfield offered adequate industrial potentialities; and, in striking a balance between the legitimate claims of town and country, full weight should be given to the fact that it was on industry rather than on agriculture that the national economy was ultimately dependent.

In further discussion it was agreed that the balance of advantage lay in conceding a fresh public enquiry. This enquiry should, however, be directed primarily to establishing the order in which the various possible sites should be developed if Manchester's housing policy was to be based on a realistic rate of building and the development of high-quality agricultural land was to be deferred as long as possible. The terms of reference of the enquiry should be so drafted as to emphasise this latter stipulation.

The Cabinet—

(1) Agreed in principle that an independent enquiry into Manchester's housing needs should be appointed, on the lines indicated in their discussion.

(2) Invited the Lord Chancellor, in consultation with the Minister of Housing and the Minister of Agriculture, to frame, in the light of the discussion, appropriate terms of reference for such an enquiry and to make recommendations regarding its composition and character.

Retirement Pay

3. The Cabinet had before them a memorandum by the First Lord of the Admiralty (C. (57) 139) recommending that steps should be taken to negotiate a settlement, at a compounded figure not exceeding £2,500, of the claim of Vice-Admiral J. Hughes Hallett to retired pay of £1,200 a year instead of £873 a year as awarded.

*The Chancellor of the Exchequer* said that Vice-Admiral Hughes Hallett's case was not a strong one, and a negotiated settlement could only be justified if the claim could properly be regarded as analogous to the type of claim in private litigation in which a negotiated settlement would be accepted as appropriate.
The Attorney-General said that, while a negotiated settlement would not be inappropriate, the prospects of Vice-Admiral Hughes Hallett's succeeding in establishing his claim if he took it to the courts were, at best, evenly balanced. Whatever misleading information on the subject of retired pay entitlement might have been given to him, the correct entitlement was clearly set out in a code to which he had access. It might be held to imply some admission of liability if the claim were settled at a figure higher than half its compounded value, and the repercussions of such a precedent might be embarrassing. No settlement should, therefore, be sought at a figure exceeding £2,000 and no allowance for costs should be made.

The Cabinet—

Authorised the Parliamentary Secretary, Admiralty to seek to negotiate a settlement of the claim of Vice-Admiral J. Hughes Hallett in respect of his retired pay, at a compounded figure not exceeding £2,000 with no allowance for costs.

Visit of the U.S.S. "Nautilus" to the United Kingdom.

4. The Prime Minister said that in 1955 it had been suggested that the U.S.S. Nautilus should visit this country as soon as agreement had been reached between the United States authorities and ourselves on the exchange of nuclear information; and the United States authorities had been informed that we should welcome such a visit in due course. It was now proposed that this ship should enter Portsmouth in September. It was unfortunate that these arrangements had been made without prior consultation with the Atomic Energy Authority, since there were some grounds for believing that, if the ship was allowed to come to Portsmouth, American interests would exploit the visit to argue that, although we were not prepared to establish our own nuclear reactors in centres of population, we were ready to accept an American reactor in a busy port, thus tacitly demonstrating that the American reactor was safer than the British reactor. From this point of view it would be desirable that, if the visit of the U.S.S. Nautilus could not be postponed, the ship should go either to Milford Haven or to Invergordon.

The Parliamentary Secretary, Admiralty said that it would be unfortunate if, at a time when we were seeking to obtain information from the United States on a variety of nuclear problems, particularly submarine propulsion, we were to refuse to receive the U.S.S. Nautilus at Portsmouth which was our main naval port and the centre of our submarine service. Of the alternatives to Portsmouth, Milford Haven was not a naval port, while Invergordon would have been closed, under the defence economy measures, before the visit of the U.S.S. Nautilus took place. If, however, the objections to receiving this ship in Portsmouth were overriding, it might be possible to arrange for it to visit Portland instead.

The Cabinet—

Invited the Parliamentary Secretary, Admiralty, to consult the Atomic Energy Authority about the suitability of Portland for the reception of the U.S.S. Nautilus.

Cabinet Office, S.W. 1.
25th June, 1957.