CONCLUSIONS of a Meeting of the Cabinet held at 10 Downing Street, S.W.1, on Thursday, 26th November, 1964, at 10.30 a.m.

Present:

The Right Hon. Harold Wilson, M.P., Prime Minister
The Right Hon. George Brown, M.P., First Secretary of State and Secretary of State for Economic Affairs
The Right Hon. Herbert Bowden, M.P., Lord President of the Council
The Right Hon. James Callaghan, M.P., Chancellor of the Exchequer
The Right Hon. Sir Frank Soskice, Q.C., M.P., Secretary of State for the Home Department
The Right Hon. William Ross, M.P., Secretary of State for Foreign Affairs
The Right Hon. Patrick Gordon Walker, Secretary of State for Foreign Affairs
The Right Hon. Lord Gardiner, Lord Chancellor
The Right Hon. Denis Healey, M.P., Secretary of State for Defence
The Right Hon. Arthur Bottomley, M.P., Secretary of State for Commonwealth Relations
The Right Hon. James Griffiths, M.P., Secretary of State for Wales
The Right Hon. Douglas Jay, M.P., President of the Board of Trade
The Right Hon. Herbert Bowden, M.P., Lord President of the Council
The Right Hon. James Callaghan, M.P., Chancellor of the Exchequer
The Right Hon. Anthony Greenwood, M.P., Secretary of State for the Colonies
The Right Hon. The Earl of Longford, Lord Privy Seal
The Right Hon. Richard Crossman, M.P., Minister of Housing and Local Government
The Right Hon. R. J. Gunter, M.P., Minister of Labour
The Right Hon. Fred Peart, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. Tom Fraser, M.P., Minister of Transport
The Right Hon. Michael Stewart, M.P., Secretary of State for Education and Science
The Right Hon. Douglas Houghton, M.P., Chancellor of the Duchy of Lancaster
The Right Hon. Frank Cousins, M.P., Secretary of State for Education and Science
The Right Hon. Frederick Lee, M.P., Secretary of State for Education and Science
The Right Hon. Barbara Castle, M.P., Secretary of State for Education and Science
The following were also present:

Mr. John Diamond, M.P., Chief Secretary, Treasury (Item 6)
Mr. Edward Short, M.P., Parliamentary Secretary, Treasury

Secretariat:

Sir Burke Trend
Mr. P. Rogers
Miss J. J. Nunn
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1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

Sir Winston Churchill

2. The Prime Minister said that Sir Winston Churchill would celebrate his 90th birthday on Monday, 30th November. It would be appropriate that the Cabinet should send a message of greeting and congratulation to Sir Winston on this occasion; and he hoped that it might be possible for him to deliver this message in person.

The Cabinet—

Endorsed the Prime Minister's proposal.

3. The Prime Minister informed the Cabinet that the heavy pressure on sterling which had developed within the last few days had been relieved during the previous afternoon by the offer of the Central Banks of eleven foreign countries, together with the Bank for International Settlements, to put at our disposal resources which would be equivalent to $3,000 million. This gesture provided not only essential technical support for sterling but also convincing evidence that international monetary authorities were convinced of the importance of maintaining sterling as a reserve currency and had sufficient confidence in its basic stability to be prepared to make a considerable effort to reinforce it at a moment of particular stress.

The Chancellor of the Exchequer said that, although the action of the other Central Banks had been very welcome, it afforded no grounds for complacency. It would be particularly important, therefore, that the Government's intentions should henceforward be expounded in terms which would command not only political support at home but also the confidence of foreign holders of sterling. The various measures which the Government had in mind—economies in defence expenditure, the provision of further incentives for the export trade, a critical review of prestige projects and so forth—must be shown to be directed primarily to the release of productive resources in order to ensure the stability and expansion of the economy; and it would be very desirable that all Government spokesmen should stress, in public pronouncements, that this would be the main purpose of the Government's policies.

In discussion there was general agreement with these views. It would be important to convince domestic opinion that a stable currency depended to a considerable extent upon the degree to which other countries believed that our economy was basically sound and healthy. From this point of view international opinion would be liable to attach greater importance to positive and rapid action to increase production and productivity than to the more gradual elaboration of an incomes policy; and for the same reason, it would be desirable...
that in any public discussion of the Government's proposals to nationalise the iron and steel industry Ministers should emphasise the contribution which this measure would make to the expansion of exports rather than the political commitment which it would discharge.

The Prime Minister invited all Ministers to be guided, in any public statements which they might make in the near future, by the main considerations which had emerged from the discussion and to ensure that junior Ministers were similarly advised.

4. The Foreign Secretary said that the recent proposal by the Belgian and United States Governments to attempt to rescue the Europeans who were held as hostages by the rebel Congolese forces in Stanleyville had confronted us with a difficult choice. If we were seen to contribute to the operation by placing facilities on Ascension Island at the disposal of the United States aircraft conveying the Belgian paratroops concerned, we ran the risk that we might provoke the rebel forces to massacre the hostages forthwith and, by appearing to support the Government of M. Tshombe, might alienate opinion in other African countries. On the other hand, if we refused to assist the Belgian and United States Governments, we might be held partially responsible for any disaster which overtook the hostages. In these circumstances the obligation to try to save human life was clearly paramount; and we had therefore agreed that the aircraft engaged in the rescue operation should be given staging facilities on Ascension Island. This had undoubtedly contributed to the success of the operation; and many lives had been saved. In particular, all United Kingdom subjects, with one possible exception, had been rescued. The fact that a number of non-Europeans had also been saved and that we were now seeking to ensure that relief supplies would be provided for the Africans who had suffered during the attack on Stanleyville might moderate to some extent the sharp political criticism of our action which had been expressed by most African countries, with the exception of Nigeria.

The Belgian force were now engaged in a secondary rescue operation elsewhere in the Congo; but thereafter they would be withdrawn and should have returned to Belgium by the beginning of the following week. The humanitarian purpose of the operation would, by then, have been achieved as far as was possible; but an unknown number of Europeans, living in isolated parts of the Congo, would inevitably remain unaccounted for.

5. The Prime Minister said that the Ministers primarily concerned had now completed, under his chairmanship, an initial review of our defence and oversea commitments, which had been directed to considering both our global defence policy in the longer
term and the more immediate issue of the proposals which we might put forward, during the forthcoming discussions in Washington, for reinforcing the interdependence of the member countries of the North Atlantic Alliance in relation to nuclear weapons.

The United Kingdom was attempting to discharge three major defence roles—a commitment to the defence of Europe under the North Atlantic Treaty Organisation (NATO); the role of a nuclear power, which the Government had inherited from their predecessors; and the maintenance of a world-wide military presence, based on our oversea commitments. The resultant burden on our economy made it impossible for us to sustain all three roles indefinitely; and it would be necessary for the Cabinet to consider on a subsequent occasion, when more detailed proposals had been formulated for the purpose, both a revision of the scale of our oversea commitments and the possibility of effecting corresponding reductions in the relevant weapons systems, particularly certain very costly aviation projects. The scope for economies would be conditioned partly by the fact that it was desirable, both in principle and as a means of maintaining the Commonwealth connection, that we should continue to play a significant military role in the Mediterranean and east of Suez and partly by the fact that we might nevertheless be unable, for local political reasons, to retain indefinitely the oversea bases on which our ability to discharge that role at present depended.

For these reasons it would be necessary to make it clear to the United States Government, at the outset of the forthcoming discussions in Washington, that we should henceforward be compelled to relate our defence expenditure more closely to our resources. As regards the European theatre we should not be able to ignore the momentum which the scheme for a mixed-manned surface fleet had now acquired. But this scheme, inasmuch as it would increase the nuclear potential at the disposal of NATO, was strategically unnecessary and economically unwelcome. We must therefore continue to oppose it; but we should do so more effectively by putting forward constructive alternative proposals, which would be directed to the same end as the mixed-manned surface fleet, i.e., the containment of the aspirations of the non-nuclear members of NATO, but would seek to achieve this end without any increase in the nuclear armament of the Alliance. For this purpose we should propose the creation of an Atlantic Nuclear Force (A.N.F.), to which we would commit irrevocably, so long as NATO existed, our V-bomber force assigned to Europe and such Polaris submarines as we might construct. The precise number of these submarines would be for further consideration; but it was relevant to a decision that the construction of some of them was already sufficiently advanced to make it unrealistic to cancel the orders. On the other hand the number to be retained would be smaller than the number which the previous Government had envisaged and would be such as to make it clear that we no longer contemplated the maintenance of an independent nuclear force. We should look to the United States Government to commit an equivalent number of submarines to the proposed A.N.F.
In addition the force might include a mixed-manned component, to which the non-nuclear Powers could contribute; this might be constituted by the mixed-manning of V-bomber squadrons and land-based missiles.

The control of the A.N.F. would raise difficult problems; but it would be essential to make it clear that it would operate in close co-operation with the command system of NATO and that both the United States and the United Kingdom Governments would possess a veto not only on its use but also on any change in the method of control. It seemed unlikely that the French Government would participate in the project at the outset; but it would be desirable to leave the way open for them to do so later.

Although the fact that one element in the force would be contributed by the United Kingdom and that we should retain a veto on its use would imply that the non-nuclear Powers would still not obtain precise equality with us, our surrender of our right to independent nuclear action should go far to meet their susceptibilities; and we might hope to obtain, in return, general agreement to a new initiative for a relaxation of East-West tension. We must also use such bargaining power as our proposal afforded us to dispose of the existing project for a mixed-manned surface fleet. Initially, we should continue to oppose the creation of such a fleet at all. We might find it impossible to sustain that position; but, if so, the Cabinet would have to consider the nature and extent of any contribution which we might have to make to the fleet.

We must also seek, as part of our new initiative, to obtain fresh undertakings not only by the nuclear Powers not to disseminate nuclear weapons but also by the non-nuclear Powers not to acquire such weapons; and we must try progressively to extend the scope of these undertakings.

Finally, we must endeavour, through the A.N.F., to ensure that we and the other members of NATO would be brought into closer consultation on the use of United States nuclear weapons not only within the NATO area but also elsewhere in the world.

The Foreign Secretary said that it would be one of the main political objectives of the discussions to prevent a nuclear alliance between the United States and Western Germany and to keep the way open for a subsequent French Government to join the force. We should have to bear in mind in this connection the German reaction to the recent speech by General de Gaulle at Strasbourg. This had caused some division of opinion within the German Government but had also, for that reason, made them less insistent on an early decision on the proposals for a mixed-manned surface fleet.

The Secretary of State for Defence said that, whereas the proposals for a mixed-manned surface fleet involved the diversion of men and money to the creation of an additional and unnecessary nuclear force, our own project for an A.N.F. was directed to solving the political problem in Europe by establishing joint control of nuclear weapons which already existed. This would require a readiness on our part to commit to the new force both our V-bomber force, which would be operational until about 1970, and the Polaris submarines.
which would be operational until about the end of the 1970s. It would be impracticable to look further at present. In return for this contribution we should seek some reduction in the extent of our commitment to ground defence in NATO, together with a measure of assistance in our main role of peace-keeping overseas. As regards the number of Polaris submarines to be constructed, two were already relatively far advanced, while contracts for another two had been placed and work on the prefabrication of essential parts had been taken a considerable way. No contract had yet been placed for the fifth submarine; but work on the so-called “long lead” items had started. The necessary steps were being taken to ensure that we should not be faced with further unnecessary expenditure on this vessel.

In discussion there was general agreement with the proposals put forward by the Prime Minister as the basis on which negotiations in Washington should begin. The following main points were made:

(a) The commitment of our nuclear forces to the A.N.F. would imply that the French Government would enjoy a degree of independent control over their force de frappe which we should have surrendered in relation to our own deterrent. There was considerable doubt, however, whether the force de frappe would in fact constitute a credible independent deterrent by the time it became operational.

(b) The Chiefs of Staff had endorsed the A.N.F. project in principle from the military point of view.

(c) The size of the reduction to be made in the programme of Polaris submarines could be determined only in the light of a further detailed examination of the requirement, with due allowance for a margin of insurance against accidental damage to one of the vessels. It would also be for consideration, in the light of the negotiations in connection with the A.N.F., how far we should continue research and development in relation to nuclear weapons.

The Cabinet—

(1) Took note, with approval, of the Prime Minister’s statement about the project for the creation of an Atlantic Nuclear Force.

(2) Agreed that the proposals outlined in discussion should be put forward on behalf of the United Kingdom Government at the forthcoming discussions with the United States Government in Washington.

6. The Cabinet considered a memorandum by the Lord President of the Council (C. (64) 17) on the pensions of Ministers and Members of Parliament and other related matters.

The Lord President recalled that the Cabinet had invited him to arrange for a Committee of Ministers under his chairmanship to examine the contributory pension scheme for Members of Parliament recommended by the Lawrence Committee, the position of Ministers in the House of Lords in relation to the daily attendance allowance

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and the payment of a salary to the Leader of the Opposition and the Opposition Chief Whip in the House of Lords. The Committee's recommendations on these matters were as follows:

**Contributory pension scheme**

The Committee considered that the recommendations of the Lawrence Committee should be accepted as a whole and without alteration, notwithstanding that they were more generous than the provisions of other public service pension schemes in that they envisaged no abatement in respect of National Insurance benefits and that widows would be entitled to half the husband's pension instead of one-third, at the expense, as to half, of the Exchequer instead of wholly at that of the contributor. The Committee considered that the risk of repercussions on other public service pension schemes should be accepted in view of the overriding advantage of transferring from Members of the House of Commons to an independent body the invidious responsibility for fixing the terms of the pensions scheme. On the same grounds it seemed desirable to prescribe the scheme fully in the necessary legislation, leaving only minor details for adjustment by Statutory Instrument. It would be necessary to consider whether the Members' Fund could properly be used to supplement the pension payable under the contributory scheme. There was no objection in principle to the Fund's making allowances to Members who for one reason or another failed to qualify for full pension under the scheme or to ensuring that Members whose expectations from the Fund were greater than from the scheme would not be penalised. But there were arguments against allowing the Fund to supplement the benefits normally available under the scheme to those who first became Members at the beginning of a Parliament. It would be desirable, however, for the trustees of the Fund to examine its future needs and scope when the scheme was in operation; and in the meantime the Bill should not be so drafted as to prohibit supplementation of benefits under the scheme.

**Ex officio pensions**

The Speaker had been consulted about the provision of a pension for himself and his widow and had expressed a preference that the pensions should be fixed at the time of his retirement and not in the forthcoming Bill. The Lord Chancellor's pension would be increased by half the amount recommended by the Lawrence Committee; and the Lord Chancellor's widow would continue to receive one-third of her husband's pension in return for the reduction by half of the lump sum to which he would be entitled on retirement. It was proposed that the practice of providing for the Lord Chancellor's salary and pension in a statute fixing judicial salaries should be continued. It could be argued that the pension for the widow of a Prime Minister, to be paid by the Exchequer, should be no more than that which she would have received under the scheme if her husband had contributed to it during the whole of his service in the House of Commons. On the other hand it might be more appropriate that it should be related, as was the pension of the widow of a Lord Chancellor, to the provision made for her husband.
It was proposed that all persons entitled to *ex officio* pensions should withdraw, on appointment, from the contributory scheme. It would be undesirable to extend the new pension rates to existing beneficiaries of *ex officio* pensions; but it would be possible in the forthcoming Bill to apply to them the provisions of the Pensions (Increase) Acts, which would have the effect of increasing their pensions by about 30 per cent.

**House of Lords**

It had been agreed that it would be impracticable to enable Ministers in the House of Lords to draw daily attendance allowances, since the allowances escaped taxation only on the basis that they were intended to reimburse expenses in connection with an office carrying no remuneration. Moreover, the Parliamentary salary payable to Ministers in the House of Commons was paid in recognition of their constituency expenses.

It was proposed that the Leader of the Opposition and the Opposition Chief Whip in the House of Lords should be paid £2,000 and £1,500 a year respectively.

**The Law Officers**

The salaries of the Law Officers had traditionally been paid under the authority of a Treasury Minute; but it would now be appropriate that they should be established by legislation.

In discussion the following main points were made:

(a) The Government might be criticised for enabling Members of Parliament to enjoy more advantageous pension rights than public servants generally; and there was a danger of repercussions not only in the public service but in the nationalised industries. On the other hand a public servant was normally entitled to retire on pension at the age of 60 and would also be better placed than a Member of Parliament in certain other respects. The balance of advantage appeared to lie in accepting the recommendations of the Lawrence Committee as a whole, as though they were in the nature of an arbitration award.

(b) The exceptional demands which the Prime Minister's duties imposed on him and his wife were sufficient to justify a more generous pension for his widow than the scale appropriate to the widow of a Member of Parliament.

(c) While it had proved impracticable to enable Ministers in the House of Lords to continue to draw the attendance allowance, it should be recognised that this would leave them less well off than some of their Ministerial colleagues in the House of Commons.

(d) It would not be possible to arrange for the Bill giving effect to the recommendations of the Lawrence Committee to receive its Second Reading until 18th December; but this would be sufficient to enable the Fees Office to pay arrears of salary at the end of December. It appeared that this arrangement would be generally acceptable to Members.
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The Prime Minister, summing up the discussion, said that the Government approved the proposals in C. (64) 17 and agreed that the legislation giving effect to them should apply the Pensions (Increase) Acts to the beneficiaries of existing *ex officio* pensions. The Lord President and the Chief Secretary, Treasury, should give further consideration to the provision to be made for the widow of a Prime Minister and to any other matters which might arise for decision in the course of the preparation of the Bill.

The Cabinet—

1. Subject to Conclusion (2) below, approved the proposals in C. (64) 17.

2. Agreed that the Pensions (Increase) Acts should be applied to the existing beneficiaries of *ex officio* pensions.

3. Invited the Lord President, in consultation with the Chief Secretary, Treasury, to give further consideration to the provision to be made for the widow and dependants of a Prime Minister and to dispose of matters of detail arising in the course of the preparation of the Bill on the salaries and pensions of Ministers and Members of Parliament.

7. The Cabinet considered a memorandum by the Lord President of the Council (C. (64) 20) on the question whether legislation should be introduced to enable the Greater London Council (G.L.C.) to exercise certain of the functions of a children's authority.

The Lord President said that a firm undertaking had been given during the Third Reading of the London Government Bill that the Labour Party, if they attained office, would prevent the fragmentation of the social services maintained by the London County Council (L.C.C.); and in July 1964 the present Joint Parliamentary Secretary, Ministry of Land and Natural Resources, as chairman of the Labour Party Local Government Committee, had given a further assurance that it would be the intention of a Labour Government to confer certain functions, which required administration over a wider area, on an authority other than the London boroughs. In accordance with that undertaking it was now proposed that responsibility should be placed on the G.L.C. for approved schools; for remand homes, large children's homes and specialised children's homes now administered by the L.C.C. and the Middlesex County Council; for staff training, statistics and research, the prescription of parental contributions and boarding out allowances; and for 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 preventive work in relation to the family, for receiving children into care and boarding them out and for the administration of small children's homes for their own use. Although these proposals were defensible on merits, they were undeniably a compromise which fell short of the
Labour Party's original intentions. Moreover, since they were neither simple nor uncontroversial, they would be likely to expose the Government both to political criticism and to the risk of Parliamentary obstruction designed to impede the progress of other Government legislation. Time could be found for this Bill only at the cost of abandoning one of the Government's other urgent measures; and, even so, there was no guarantee that the Bill could be passed in time to enable the G.L.C. to recruit the necessary staff and to be vested with the transferred properties before 1st April, 1965, when, in the absence of legislation, the London boroughs would resume responsibility for the full range of institutions and services in their areas.

If it were decided not to proceed with the Bill, it would be necessary to admit that it was not possible at this stage to preserve the L.C.C. Children’s Service as an entity in view of the steps already taken by the London boroughs to assume their responsibilities; that the Government had considered whether, short of this, it would be practicable to confer on the G.L.C. certain responsibilities over the Greater London area as a whole; that, in the light of the Government's other urgent commitments, it was not possible to take the necessary action for this purpose in the time available; but that the Government would review the working of the London Government Act in due course and would not rule out the possibility of amending the arrangements for the children's service if they proved to be unsatisfactory. It must be recognised, however, that this undertaking would be largely illusory, since it would be difficult at a later date to deprive the boroughs of functions which they had become accustomed to exercising.

The Home Secretary said that, before the drafting of legislation could be completed, it would be necessary to have discussions with the local authorities concerned on the nature and scope of the functions to be transferred to the G.L.C. and on the difficult questions of rating and finance which would be involved. Such discussions could hardly take place at less than two weeks' notice; and on this basis it would not be possible to introduce a Bill before the Christmas Recess. In these circumstances it was doubtful whether there would be sufficient time after the passage of the Bill for the G.L.C. to recruit the necessary staff and for the Council and the boroughs to revise the plans which had already been made for the administration of the institutions and services for which it was now proposed that the G.L.C. should assume responsibility.

In discussion it was pointed out that the common services which it was proposed that the G.L.C. should administer were all that could now be preserved of the L.C.C. Children’s Service. But this element at least should be safeguarded in fulfilment of the pledges which the Government had given while in Opposition and in the best interests of the children concerned. There was no doubt that the Labour members of the G.L.C. and most of the Labour members of the borough councils were strongly in favour of this course. On the
other hand the boroughs had already made arrangements for the administration of the homes which would have to be shared among them and had made the necessary appointments of staff. It was known that the Children’s Officers of the boroughs considered that matters had gone too far to make it feasible to retain services over a wider area; and it was possible that, by the time the Bill was debated in the House of Commons, the boroughs themselves would be reluctant to lose the functions which they had for some months been organising themselves to discharge. Moreover, to alter the arrangements only a matter of weeks before 1st April, 1965, might put both the G.L.C. and the boroughs in considerable difficulty, even if the Government’s intentions were made clear in advance; and this consideration in conjunction with the difficulty of securing the passage of the Bill in the time available, might tip the balance of advantage against proceeding with the proposals. If, however, the Bill were introduced in January, it appeared inescapable that another Bill already in the programme would have to be abandoned; and, since there could be no certainty that the Opposition would facilitate the passage of legislation to give effect to the proposals under consideration, the Bill to be sacrificed might need to be one of the Government’s major measures.

The Prime Minister, summing up the discussion, said that, while the Cabinet considered the proposed Bill desirable on merits, they could not reach a final decision on its inclusion in the legislative programme until they knew which of the Bills at present in the programme would have to be abandoned if this Bill were introduced.

The Cabinet—

Invited the Lord President of the Council to arrange for the future Legislation Committee to consider which Bill or Bills would have to be excluded from the legislative programme for 1964-65 if the proposed Bill on the Children’s Service in Greater London were introduced in January; and to report to the Cabinet at an early meeting.

Cabinet Office, S.W.1,
26th November, 1964.

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