CABINET

CONCLUSIONS of a Meeting of the Cabinet held at
10 Downing Street, S.W.1, on Thursday, 30 November, 1972,
at 11 a.m.

Present:
The Right Hon. EDWARD HEATH, M.P., Prime Minister

The Right Hon. SIR ALEC DOUGLAS-HOME, M.P., Secretary of State for Foreign and Commonwealth Affairs (Items 1-5)
The Right Hon. WILLIAM WHITELAW, M.P., Secretary of State for Northern Ireland
The Right Hon. ROBERT CARR, M.P., Secretary of State for the Home Department
The Right Hon. SIR KEITH JOSEPH, M.P., Secretary of State for Social Services
The Right Hon. MARGARET THATCHER, M.P., Secretary of State for Education and Science
The Right Hon. PETER WALKER, M.P., Secretary of State for Trade and Industry
The Right Hon. THE EARL JELLICOE, Lord Privy Seal
The Right Hon. MAURICE MACMILLAN, M.P., Secretary of State for Employment

The Right Hon. ANTHONY BARBER, M.P., Chancellor of the Exchequer
The Right Hon. LORD CARRINGTON, Secretary of State for Defence (Items 1-5)
The Right Hon. JAMES PRIOR, M.P., Lord President of the Council
The Right Hon. GEOFFREY RIPPON, Q.C., M.P., Secretary of State for the Environment
The Right Hon. GORDON CAMPBELL, M.P., Secretary of State for Scotland
The Right Hon. JOHN DAVIES, M.P., Chancellor of the Duchy of Lancaster
The Right Hon. JOSEPH GODBER, M.P., Minister of Agriculture, Fisheries and Food
The Right Hon. SIR GEOFFREY HOWE, Q.C., M.P., Minister for Trade and Consumer Affairs

The following were also present:
Mr. PATRICK JENKIN, M.P., Chief Secretary, Treasury (Items 4-7)  The Right Hon. FRANCIS PYM, M.P., Parliamentary Secretary, Treasury
Secretariat:
The Right Hon. Sir Burke Trend
Mr. J. J. B. Hunt
Mr. H. F. T. Smith
Mr. P. Benner
Mr. K. T. Barnett
Mr. I. T. Lawman

<table>
<thead>
<tr>
<th>Item</th>
<th>Subject</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PARLIAMENTARY AFFAIRS</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>OVERSEA AFFAIRS</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Icelandic Fisheries Dispute</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Spain</td>
<td></td>
</tr>
<tr>
<td></td>
<td>New Zealand/Australia</td>
<td></td>
</tr>
<tr>
<td></td>
<td>United Nations</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>INDUSTRIAL AFFAIRS</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Value Added Tax</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Agricultural Wages</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ban on Lamb Exports</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>POLICY ON EDUCATION</td>
<td>8</td>
</tr>
<tr>
<td>5</td>
<td>PARLIAMENTARY QUESTIONS ON THE ACTIVITIES OF</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>THE INSTITUTIONS OF THE EUROPEAN COMMUNITIES</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>REPORT OF THE SELECT COMMITTEE ON PARLIAMENT</td>
<td>12</td>
</tr>
<tr>
<td>7</td>
<td>DEFAULTS ON THE HOUSING FINANCE ACTS</td>
<td>14</td>
</tr>
</tbody>
</table>
1. The Cabinet were informed of the business to be taken in the House of Commons in the following week.

2. The Foreign and Commonwealth Secretary said that the most recent Ministerial negotiations in Reykjavik about the Icelandic fisheries dispute had again ended in deadlock. He would have the opportunity to discuss the matter with the Icelandic Foreign Minister, Mr. Augustsson, at the forthcoming meeting of North Atlantic Treaty Organisation (NATO) Ministers; but he did not expect to be able to make any further significant progress, since it seemed clear that Mr. Augustsson and the Icelandic Prime Minister, Mr. Johannesson, were not prepared to make any further concessions to us unless they could be assured of the concurrence of the two Communist Ministers in the Icelandic Government. We must therefore face the probability that we might shortly need to provide naval protection for our trawlers. For the present, however, the arrangement under which one frigate was on station just outside the 50-mile limit and another was within 36 hours' steaming seemed adequate.

The Foreign and Commonwealth Secretary said that at his recent meeting in Madrid with the Spanish Foreign Minister, Señor Lopez Bravo, he had been able to avoid any direct conflict of view on the question of Gibraltar; and it had been agreed that the subject should be deferred for a further period. It had also been agreed that a personal representative of the Foreign Minister should meet the Chief Minister of Gibraltar, Sir Joshua Hassan, for informal discussion of the issues involved.

He had also been impressed by the greater interest which the Spanish Government were now showing in developing co-operation with us in a number of fields, including defence, in marked contrast to their attitude at his last meeting with Señor Bravo six months before.

The Foreign and Commonwealth Secretary said that it seemed likely that the Australian General Election would result, as the New Zealand General Election had already done, in a Labour Government. In both countries Labour Administrations might be opposed to any overt discrimination in favour of the Old Commonwealth in our immigration policy.

The Cabinet—

(1) Took note of the statements by the Foreign and Commonwealth Secretary.
the Organisation must be reduced from 31 per cent to 25 per cent of the Organisation's budget. As against the time when the matter would be put to the vote they had obtained the support of other members of NATO; and this placed us in an embarrassing position. Nevertheless, an important issue of principle was involved, since contributions to the United Nations were determined by "capacity to pay", as measured broadly by Gross National Product; and on this basis of calculation a United States contribution of 25 per cent was too low. There was therefore a good case for instructing the United Kingdom Delegation to abstain on the vote and, possibly, for proposing that the Secretary General of the United Nations, Dr. Waldheim, should organise a re-examination of the system of financing the United Nations before any final decision was taken.

In discussion it was suggested that, in view of the growing pressure in the United States for some reduction in their contribution to the cost of the defence of Western Europe, it might not be in our interest to abstain on a proposal which the United States Administration judged would relieve them of part of a comparable burden. Our abstention in defence of principle would not have any practical effect on the issue in the United Nations, especially since our only supporters were likely to be Spain and Malta. Moreover, a reduction in the United States contribution would not result in any increase in our own contribution, since the forthcoming admission to membership of the Federal Republic of Germany and the German Democratic Republic should broadly offset the reduction in the United States contribution. Nevertheless, the United States action could be regarded as having deprived us of the opportunity to press for a reduction in our own contribution which would have been open to us if the United Nations had been able to look forward to the German contributions without any reduction in the degree of United States support.

The Prime Minister, summing up the discussion, said that, on balance, it seemed likely to be in our interest to vote in support of the United States proposal. But we should suggest that the Secretary General should promote a review of the kind suggested by the Foreign and Commonwealth Secretary; and we might also express to the United States Secretary of State, Mr. Rogers, our concern about the manner in which the matter had been allowed to reach the point of virtual decision without adequate prior consultation between the United States Government and ourselves.

The Cabinet—

(2) Took note, with approval, of the Prime Minister's summing up of their discussion and invited the Foreign and Commonwealth Secretary to take action accordingly.
3. The Cabinet considered the measures to be adopted in order to ensure a more convincing presentation of Government policy in relation to Value Added Tax (VAT) both in the forthcoming debate on the Opposition Motion seeking postponement of the introduction of VAT and in the country generally.

In discussion the following main points were made—

(a) The forms which had been issued for completion by retailers in preparation for the introduction of the new tax were unnecessarily complicated and would be liable to lead to confusion and misunderstanding. It was probably too late to reissue them on a more simple and intelligible basis; but the need for clarification should be borne in mind for the future.

(b) There was at the moment considerable public scepticism that price reductions would be made in all cases where the introduction of VAT should result in a reduction in the amount of tax payable. It would be important to ensure, if necessary by the institution of special administrative arrangements for the purpose, that price reductions were in fact enforced in such cases; and this consideration would be particularly relevant in relation to those goods about which public opinion was especially sensitive, e.g. children's clothing, as distinct from other articles, e.g. jewellery and similar luxury goods, where considerations of social policy did not apply with equal force.

(c) Urgent measures were needed to counteract an increasing ground-swell of hostility to VAT. This was to a large extent caused by misunderstanding of the scope and purposes of the tax; but it was also provoked to a lesser extent by deliberate misrepresentation on the part of those who were opposed to the Government's European policies in principle.

The Prime Minister, summing up the discussion, said that the Chancellor of the Exchequer should consider whether any action could be taken in order to simplify the administration of VAT, particularly as regards the forms to be completed by retailers. He should also pursue the measures which he was already taking to enlist the support of responsible editors and journalists in order to ensure the balanced presentation of the Government's policy as regards the new tax. For this purpose he should consider, in consultation with the Home Secretary, whether any further publicity measures were needed, including a Press campaign early in 1973, in order to improve public understanding of the detailed operation of VAT.

It was essential that, as had been agreed in the Government's recent discussion of counter-inflationary measures with the Confederation of British Industry and the Trades Union Congress, the effect of VAT on prices should be the subject of close and continuing observation in order to ensure that reductions in the amount of tax payable were fully transferred to the public in the form of lower prices. The Chancellor of the Exchequer, in consultation with the
other Ministers principally concerned, should consider whether any further action was required for this purpose.

The Cabinet—

(1) Took note, with approval, of the Prime Minister's summing up of their discussion.

(2) Invited the Chancellor of the Exchequer, in consultation with the other Ministers principally concerned, to consider the issues referred to in the Prime Minister's summing up of their discussion and to report the conclusions to the Prime Minister.

The Cabinet were informed that Orders deferring the implementation of the increases in minimum wages recently recommended by the Agricultural Wages Boards for England and Wales and for Scotland were shortly to be laid before Parliament. In view of the fact that the Scottish Agricultural Wages Board had seen fit, after the beginning of the "freeze" on wages, to make a further increase in the minimum wage which they had recently recommended in order to bring minimum agricultural wages in Scotland to the same level as had just been recommended by the Board for England and Wales, the Government's attitude during the debate on the Orders would need very careful consideration.

The Prime Minister, summing up a brief discussion, said that the action of the Scottish Board appeared at first sight to be indefensible; and the Secretary of State for Scotland should verify whether the Board had in fact been in order in recommending an additional increase after the "freeze" had begun. Even so, a strict application of the Government's counter-inflationary policy would require that no assurance should now be given that this recommendation would be implemented at the end of the "freeze", since it would clearly be prejudicial to the success of the Government's policy if an isolated exception were permitted to a principle which was otherwise being firmly maintained. On the other hand the Scottish National Farmers' Union had recently agreed to issue a helpful statement, urging farmers not to increase wages during the "freeze"; and it might be desirable, both in order to avoid prejudicing this initiative and for reasons of general policy, to refrain from pressing the issue to the point of decision at this juncture. The relevant Order had been drafted on this basis.

The Cabinet—

(3) Took note, with approval, of the Prime Minister's summing up of their discussion.

The Minister of Agriculture, Fisheries and Food said that in the light of the public concern about rising meat prices he had examined the possibility of holding the price of lamb at its present level, despite the increasing world demand for meat, the seasonal increase in domestic demand and the issue of licences by the French authorities for the import of lamb. The recent increases in the price of lamb—which amounted to some 20 per cent in the last
month—had been due largely to substantial sales of British production to the continent of Europe, particularly France; and, despite the fact that consumer resistance had led to a temporary fall in price in the last few days, the only way of halting the upward trend was to impose a ban on exports. Such a ban would probably be needed until the beginning of the new lamb season next May, although it was not proposed that any specific period should be announced. A ban would not result in our imports of lamb from New Zealand being diverted to Europe, since New Zealand lamb did not have ready access to Continental markets. But it would be unpopular with British farmers and might lead to problems with the European Economic Community (EEC) after January 1973. It should be possible, however, to resolve these problems without undue difficulty since no sheep meat regulation had yet been promulgated by the Community. If the ban was agreed, it would be desirable to announce it that day and arrange for it to come into effect early in the following week. The EEC would need to be notified of the announcement in advance.

In discussion it was suggested that the recent rise in the price of lamb and the lack of cheaper meat reinforced the need for the Government to be seen to be taking action to limit increases in food prices in the interests of the pay and prices standstill, particularly in cases where they were able to exert some influence. The objective should be to encourage British farmers to produce more lamb in order that shortages might be reduced and the price might be stabilised. On the other hand, the Government had encouraged farmers to expand production of lamb for export, citing particularly the opportunities provided by the EEC market; and this had been a powerful factor in enlisting the support of the farming community for our membership of the Community. As a result our farmers had already had considerable success in building up a substantial export trade to Europe; and a ban on exports at this juncture would represent a severe, and possibly permanent, setback to this initiative, the effects of which would be felt most sharply by those farmers, such as hill farmers, who were least able financially to withstand it. Moreover, confidence in the EEC as an expanding British market would be shaken; and the Government’s supporters would not understand why the Government had themselves taken action which must inevitably have this effect. In the short term we could expect merely to anticipate further price increases, not to secure an actual reduction; and there would inevitably have to be a substantial increase when the ban was lifted, perhaps at a time when seasonal prices were high and in any event at a difficult juncture in relation to the second stage of the counter-inflationary policy. We should also verify that a ban of the kind envisaged, of which seven days’ notice would have to be given to the EEC, would not infringe any Community regulations, since the worst outcome of all would be to impose a ban and then to be forced by the Commission to rescind it.

The Prime Minister, summing up the discussion, said that the majority of the Cabinet judged that the objections to a ban on the export of lamb outweighed the advantages. The effect of rising food prices during the standstill, however, was so important in the
context of the public attitude to the Government’s counter-inflationary policy that the matter might need to be considered again. In the meantime it was desirable to have more precise information about the effect which a ban on exports would have on the price of lamb; whether such a ban would be permissible under the Treaty of Rome; and, if so, what the attitude of the EEC would be likely to be.

The Cabinet—

(4) Took note, with approval, of the Prime Minister’s summing up of their discussion.

(5) Invited the Minister of Agriculture, Fisheries and Food to circulate information about the effect on lamb prices of a ban on exports.

(6) Invited the Chancellor of the Duchy of Lancaster to arrange for further consideration of the legal implications of such a ban under the Treaty of Rome.

(7) Invited the Foreign and Commonwealth Secretary to seek the advice of the United Kingdom Delegation to the European Economic Community on the attitude of the Community to such a ban, on the assumption that it was not contrary to our Treaty obligations.

CONFIDENTIAL

Policy on Education

4. The Cabinet considered memoranda by the Secretary of State for Education and Science (CP (72) 133) and by the Secretary of State for Scotland (CP (72) 136), to which were attached draft White Papers on Educational Policy in England and Wales and in Scotland.

The Secretary of State for Education and Science said that proposals for future strategy for education, based on three Programme Analysis and Review Reports prepared by the Education Departments, had recently been submitted to, and approved by, the Home and Social Affairs Committee. White Papers setting out the Government’s proposals had subsequently been drafted and were now before the Cabinet for their agreement. Broadly speaking, the drafts proposed a 10-year strategy, the principal features of which were—

(a) A major expansion of nursery education.

(b) A programme for improving or replacing obsolete secondary schools.

(c) An increase in the building programme for special schools for handicapped children.

(d) The continued improvement in the staffing ratio in schools, although at a reduced rate.

(e) Improved arrangements for the training of probationary teachers and the in-service training of qualified teachers.
The continued expansion of higher education, although at a rather lower rate.

This constituted a balanced programme for continued expansion. The implications in terms of expenditure corresponded to the relevant sums for the education programme which would be included in the White Paper on Public Expenditure due to be published towards the middle of December. For later years the programme was described in sufficiently flexible terms to avoid entailing a precise financial commitment. It was proposed that both reports should be published on 6 December.

The Secretary of State for Scotland said that the strategy proposed in the Scottish White Paper was broadly the same as for England and Wales, although there were certain significant variations. These arose partly from the differences in the educational systems of the two countries and partly from the fact that the Committee of Enquiry into Teacher Education and Training (the James Committee) had not been concerned with Scotland.

In discussion, the proposals in the draft White Papers were generally welcomed. It was suggested that there might be some criticism of the proposed reduction in the rate of expansion of higher education; but the Cabinet were assured that the universities themselves were not likely to find the proposals unpalatable so far as student numbers were concerned, although they might be less satisfied as regards the implied restraints on unit costs. It must be accepted that the employment expectations of individuals entering higher education would have to be revised, since there were unlikely to be sufficient jobs in future at the level at present regarded as appropriate for graduates. Even so, the Government would need, in presenting the proposals to the public, to emphasise that, despite the adjustment of the education programme now envisaged, the expansion of higher education would continue; and, more generally, the positive aspects of the Government's policy should be stressed throughout the White Paper. In particular it should be made clear that the proposed major expansion in nursery education was not being achieved by abandoning expansion in any other direction. Appropriate arrangements, including Ministerial speeches and broadcasts in the regions, should be made in order to secure the maximum presentational impact for a major development of the Government's social policies.

In further discussion the following main points were made—

(a) It was agreed that the title for the White Paper for England and Wales should be "Education: A Framework for Expansion".

(b) It should be made clear in both White Papers that they were concerned primarily with the allocation of resources and with questions of organisation, not with the content of education. Otherwise it might be suggested that the Government were evading issues—for example, unruly behaviour in schools and the persistence of semi-illiteracy—about which there was considerable public concern.

(c) The wording of the paragraphs in the White Paper for England and Wales dealing with play groups might usefully be
further reviewed in consultation with the Department of Health and Social Security.

(d) It was suggested that the differences in emphasis between the two White Papers on certain issues might result in misunderstanding and, possibly, political embarrassment. The Cabinet were assured, however, that these differences were defensible by reference to the respective educational systems of the two countries and should not give rise to significant criticism.

(e) It was agreed that, pending a definite decision on the possibility of relating tuition fees more closely to economic costs and introducing a loan element into the support system for postgraduate students, it would be preferable to omit all reference to these topics.

The Prime Minister, summing up the discussion, said that, subject to the drafting points which had been raised in discussion, the Cabinet agreed that the two White Papers should be published on 6 December. They represented a major policy initiative by the Government and should be presented as such. Their positive aspects should be stressed; and it should be made clear, in particular, that the proposed major expansion in nursery education would be accompanied by a continuance of the expansion of higher education and of the programmes for upgrading or replacing obsolete schools and for improving the numbers and training of teachers. In view of the importance of the Government's proposals, it might be desirable for debates to take place in one or both Houses of Parliament when time permitted.

The Cabinet—

(1) Took note, with approval, of the Prime Minister's summing up of their discussion.

(2) Invited the Secretaries of State for Education and Science and for Scotland, subject to consideration of the drafting points mentioned in discussion, to arrange for the White Papers to be published on 6 December.

(3) Invited the Secretaries of State for Education and Science and for Scotland, the Home Secretary and the Lord President of the Council to consider the arrangements for ensuring that the White Papers received maximum publicity.

(4) Invited the Lord President of the Council and the Lord Privy Seal to consider whether arrangements should be made for debates in one or both Houses of Parliament in due course.
5. The Cabinet considered a memorandum by the Lord President of the Council (CP (72) 131) to which was annexed a note by an interdepartmental working group of officials discussing the treatment of Parliamentary Questions about the European Economic Community after the United Kingdom became a member of the Community on 1 January 1973.

The Lord President of the Council said that the working group had recommended that Ministers should answer Questions about decisions taken, or under consideration, by the Council of Ministers and all its subordinate bodies and, in particular, about the attitude adopted in the Council and its subordinate Committees by United Kingdom Ministers and officials; that they should answer Questions about the attitude adopted by their officials in the Management and Regulation Committees on which member Governments were officially represented; and that they should be prepared to reply to Questions which merely sought information on the activities of Community institutions for which there was no direct Ministerial responsibility. Questions should be answered by the Minister with policy responsibility for the particular subject raised in the Question. Those which were of a general nature, however, should be answered by the Foreign and Commonwealth Secretary or, as now occurred in practice in appropriate cases, by the Chancellor of the Duchy of Lancaster, without being formally transferred.

The Ministerial Committee on Parliamentary Procedure had agreed that Departments should follow these proposed guidelines, which should not be made public at this stage. Whether a reply should be refused in certain cases would depend upon the substance and terms of the Question; but in practice Ministers would probably be able to frame their Answers in a way which did not amount to an outright refusal to reply. When Ministers had had some experience of Questions on Community matters it should be possible to reach a clearer view about their appropriate treatment, particularly as regards those relating to actions of the Council of Ministers which had been taken against the views of United Kingdom Ministers or seeking information on matters not strictly within the area of Ministerial responsibility.

The Prime Minister, summing up a brief discussion, said that the Cabinet agreed that the proposed guidelines should be observed by Departments but should not be made known publicly. It would be necessary, however, for Ministers to ensure that they were not drawn by irresponsible Questions from Members who were opposed to British membership of the Community into premature disclosure of the proposals which we intended to put forward, or the attitudes which we had it in mind to adopt, in negotiations within the Community. It would be preferable initially to adopt a restrictive approach to Questions on Community matters than to commit ourselves to a more generous practice in answering Questions which
experience might lead us to regret when it was too late. The Lord President of the Council should inform the Speaker in confidence of the Government's policy on these issues.

The Cabinet—

(1) Took note, with approval, of the Prime Minister's summing up of the discussion.

(2) Invited the Lord President of the Council to inform the Speaker in confidence of the Government's proposed approach to Parliamentary Questions on European Community matters.

(3) Invited the Chancellor of the Duchy of Lancaster, in consultation with the Lord President of the Council, to arrange for Departments to be informed of the guidelines which should be observed in dealing with such Questions.

6. The Cabinet considered a memorandum by the Lord President of the Council (CP (72) 127) about the Report of the Select Committee on Parliamentary Questions.

The Lord President of the Council said that the Select Committee had been established following a report in the *Sunday Times* that civil servants in the Department of the Environment had prepared a "bank" of draft Parliamentary Questions on housing matters, with a view to their being tabled by Government supporters for oral answer when the Secretary of State for the Environment was first in the Questions list. The then Secretary of State had made a statement to the House of Commons about these allegations on 13 December 1971. The Select Committee had been given wide terms of reference in order that consideration of the "Question bank" issue might take place within the wider context of a review of Question Time procedure generally. The most important conclusion of the Select Committee, whose Report had now been considered by the Ministerial Committee on Parliamentary Procedure, was that it was not the role of civil servants to seek to redress the Party balance of Questions on the Order Paper and that civil servants should not be asked to prepare Questions which had that object. While this conclusion was not entirely satisfactory from the Government's point of view, the Ministerial Committee recommended that it should be accepted, mainly because nothing less would have ensured the agreement of the majority of the Select Committee. It was the most favourable conclusion which was likely to be generally acceptable to the House of Commons; and to reject it might revive controversy about an incident in which there was now little interest. It was one element in a number of proposals which had the objective of arresting the recent decline in the quality and value of Question Time; and it could be presented in that light. The Ministerial Committee were satisfied that the limitation on the assistance given to Ministers by
civil servants which was implicit in this decision need not lead to any further restriction on the unqualified service which they rendered to the Government of the day; indeed, the Select Committee themselves had specifically distinguished between the preparation of a "bank" of Questions for use as a means of redressing the Party balance of Questions and the proper use of "inspired" Questions designed to enable Ministers to deal adequately with matters of current interest and concern. It might still be necessary, however, for the Government to re-emphasise that the traditional political neutrality of civil servants did not connote impartiality as between the Government in office and the Opposition and that it was proper for civil servants to place themselves freely at the disposal of the Government except where to do so could be shown to be improper by reference to clear rules or precedents. In accepting the Select Committee's conclusion the Government would not be admitting that the action taken in the particular case which had been the occasion of their inquiry had been improper; and support for that contention could be found in the Select Committee's Report.

As regards the remainder of the Report, the Ministerial Committee recommended acceptance of the proposed experiment in the rationing of oral Questions and the introduction of a system of "priority" written Questions. They were not, however, in favour of the proposed extension of the Prime Minister's Question Time on Tuesdays or of the introduction of a new Friday Question Time. The remainder of the recommendations were of a minor nature; and the Ministerial Committee's conclusions about them were set out in the Annex to CP (72) 127.

The Prime Minister, summing up a brief discussion, said that the Cabinet agreed that the balance of advantage lay in accepting that civil servants should not in future be asked to prepare Parliamentary Questions with the objective of redressing the Party balance of Questions. This would be in no sense an admission of past impropriety; nor should it imply any further restriction on the assistance given to Ministers by civil servants. He would arrange for appropriate guidance on this matter to be included in the standard document on "Questions of Procedure for Ministers". The Cabinet approved the other proposals in CP (72) 127.

The Cabinet—
(1) Took note, with approval, of the Prime Minister's summing up of their discussion.
(2) Invited the Lord President of the Council to announce in the House of Commons at the earliest opportunity the views which had been reached by the Government on the Report of the Select Committee on Parliamentary Questions.
The Cabinet considered memoranda by the Secretary of State for the Environment (CP (72) 132), the Secretary of State for Scotland (CP (72) 134) and the Secretary of State for Wales (CP (72) 130) about the action to be taken against local authorities who were failing to implement the provisions of the Housing Finance Acts.

The Secretary of State for the Environment said that in England three defaulting local authorities remained. He had made a default Order against Clay Cross Urban District; and an extraordinary audit of their housing accounts was in progress. They were unlikely to respond to the Order; and the audit might therefore result in the imposition of a surcharge of over £500 on the non-implementing members of the Council and, possibly, in their eventual disqualification. The London Borough of Camden, who had refused to assess fair rents for their dwellings, had been informed that a default Order against them was being considered. If they failed to respond, he proposed to make the default Order and, if necessary, to follow it up by a direction for an extraordinary audit. The withholding of housing subsidy might also be considered. A default Order had been made against the third recalcitrant local authority, Conisbrough Urban District; and it was hoped that they might comply with it. If they did not do so, however, he proposed to issue a direction for an extraordinary audit.

The Secretary of State for Wales said that he had made default Orders against Merthyr Tydfil County Borough and Bedwas and Machen Urban District, who were the only Welsh authorities still refusing to implement the Act. It seemed unlikely that either of them would comply with the Order. If they did not do so, he proposed on 8 December to appoint Housing Commissioners to discharge certain of the housing functions of the two authorities and to hold a Press conference in Cardiff on that date in order to explain the reasons for this action.

The Secretary of State for Scotland said that 20 Scottish local authorities continued to refuse to implement the Act. Local enquiries had been held in relation to four of these, including Glasgow, and had now reported that they were in default. He proposed to issue default Orders against these four authorities. If they failed to comply, two courses of action were open to him, the more advantageous of which was that he should assume responsibility for certain of their housing functions. Arrangements were being made for further local enquiries to be held in relation to the other local authorities concerned.

The Prime Minister, summing up a brief discussion, said that the Cabinet agreed that action on the lines proposed in the memoranda by the Housing Ministers should be taken against those local authorities who were still refusing to implement the provisions of the Housing Finance legislation. It would no doubt be argued
in some quarters that such action to enforce rent increases was inconsistent with the Government’s counter-inflationary policies; but fairness demanded that the few recalcitrant authorities should come into line with the great majority who were already charging fair rents to their tenants. In view of the sensitive political issues involved, however, the Cabinet should be promptly informed of any substantial further developments; and they should be consulted in particular about any action which was likely to involve the surcharge or disqualification of local councillors.

The Cabinet—

Took note, with approval, of the Prime Minister’s summing up of their discussion.

Cabinet Office,  
1 December, 1972.