

PREM 19/1513

Confidential filing

The Truck Acts, 1831-1940, and the Payment of Wages Act, 1960, - the movement towards cashiers pay.

GOVERNMENT
MACHINERY.

July 1980.

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
16-3-81		1/2/84					
24-3-81		13.2.84					
26-3-81							
3-4-81		21.2.84					
28-4-81		25.10.84					
29-4-81		27.3.85					
15.6.81		15/4/85					
7-3-82							
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11.10.82							
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17.3.83							
23.3.83							
4.7.83							
13.7.83							

PREM 19/1513

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
L(83)9 th Meeting, Minute 1	23.03.83
L(83)41	17.03.83
MISC 14(82) 2 nd Meeting, Minute 3	17.03.82
MISC 14(82) 3	10.03.82
MISC 14(80) 5 th Meeting, Minute 2	05.08.80
MISC 14(80) 17	31.07.80

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES

Signed Wayland

Date 4 February 2014

PREM Records Team

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

Central Policy Review Staff paper: "Cashless Pay"
HMSO, 1981

Signed P. Wayland Date 4 February 2014

PREM Records Team



NDPM

AJ

16/4

~~CCND~~

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

15 April 1985

The Rt. Hon. Tom King MP
Secretary of State for Employment

A handwritten signature in cursive script, appearing to read 'Tom King'.

REFORM OF THE LAW RELATING TO PAYMENT OF WAGES

Thank you for your letter of 26 March setting out the outcome of the second consultative round and your proposals to reform the law in this area.

I am glad to learn that the main proposals to repeal the Truck Acts received strong support and that the response on the proposals for reform were also clear cut. I see no objections to proceeding as you now propose.

It would be helpful, in the context of our responsibilities for the management of the Civil Service, if you could arrange for my officials to receive advance copies of the draft Bill as soon as these become available.

I am copying this letter to the Prime Minister, the members of EA Committee and Sir Robert Armstrong.

A handwritten signature in cursive script, appearing to read 'Nigel Lawson'.

NIGEL LAWSON

GOVT MACHINERY: Truck Acts:

July 1980

116 APR 1985

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CF NBSM
Any PPRS?

DA

MR ADDISON

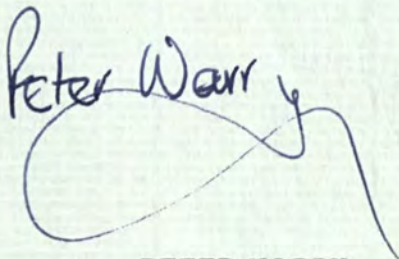
27 March 1985

REFORM OF THE LAW RELATING TO PAYMENT OF WAGES

Repeal of the Truck Acts is sensible but introducing a new law to allow employers to deduct up to 10% of a person's wages for till or stock deficiencies is politically dangerous.

The present law effectively permits deductions for deficiencies only for non-manual employees. Filling a petrol tank, stocking shop shelves or bringing food to a table is all manual labour; thus the number of people in wholly non-manual roles where one can currently apply a deduction is very limited. The actual practice appears to be restricted to one or two fringe petrol station chains.

Proponents argue that the absence of a right to make deductions would be a thieves charter, but natural justice demands that employees should not be penalised unless they can be proved to have been at fault, and clearly if proof is available then existing civil and criminal remedies can be brought to bear. There is little to be gained and much to be lost: we recommend that the Prime Minister, whilst welcoming repeal of the Truck Acts, should rule out any return to this nineteenth century practice.



PETER WARRY

40



Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213...6400

Switchboard 01-213 3000

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
The Treasury
Parliament Street
LONDON SW1P 3HE

26 March 1985

Dear Nigel,

could I have the relevant E(A) minutes for A.F.

NBSM

NBSM

REFORM OF THE LAW RELATING TO PAYMENT OF WAGES

*See E(A)(B) 69
DATE 2/2/85
- attached*

Last October a second consultative document on the reform of the law relating to payment of wages was published. I am writing to set out the results of consultation and how I intend to proceed.

The consultation paper made clear that we intend to repeal the Truck Acts and related legislation. On balance the response strongly favoured this course albeit with continuing opposition from the TUC and some individual unions.

There was equally clear support for the central proposal that deductions from pay would be lawful where authorised under Statute, provided for in the contract of employment or agreed by the individual worker in writing. On deductions for stock or cash deficiencies, we presented two options - an outright ban or a limit to such deductions in any pay period to 10 per cent of gross pay otherwise due. The overwhelming majority of commentators, particularly amongst employers, favoured the latter option, though some suggested a higher limit.

We have already agreed that the Bill, for which I have a place in the 1985/86 programme, will repeal the Truck Acts and associated legislation and permit deductions from employees pay (or a fine or other requirement on the employee to make a particular payment) only if authorised under other statutes provided for in the individual's contract of employment or



otherwise agreed by the individual in writing. An employee will have a right to make a complaint to an Industrial Tribunal if a deduction not in accordance with the criteria is made from his pay. Unless the complaint is otherwise resolved, eg by ACAS conciliation, the Tribunal will be empowered to determine whether or not a deduction has been made in accordance with the criteria and to order the employer to repay any amount unlawfully deducted. Enforcement will be through the County Court and appeal will lie to the Employment Appeal Tribunal on a point of law.

We postponed a decision about deductions from pay to cover stock or cash deficiencies until I could consider the response to alternative options set out in the consultative document. This response conclusively points to limiting deductions in any pay period to a sum not exceeding 10 per cent of gross pay otherwise due. I also propose to provide no limit to such deductions in the payment made when an employee leaves his job.

I am copying this letter to members of EA committee, to the Prime Minister and to Sir Robert Armstrong.

Zu
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ka

Golt Mack July 80

Trade Acts.

PROTECTION OF WAGES: LEGISLATIVE PROPOSALS

Issued for consultation by the Secretary of State for Employment*

Introduction

1. The Government undertook in July 1983 to consult on the form and content of new statutory protections for deductions from pay which would apply to all employees, not just to manual workers. These new provisions would come into force on the repeal of the Truck Acts 1831-1940, the Payment of Wages Act 1960 and other related legislation which act as a barrier to the spread of cashless pay. This paper sets out proposals for legislation on which views are invited.

Repeal of existing legislation

2. The statutory provisions giving manual workers the right to be paid in cash, guaranteeing them freedom to dispose of their wages as they see fit and prohibiting payment in kind would all be repealed as being no longer necessary in modern conditions. None of these provisions has ever extended to non-manual workers. The annex lists the legislation that the Government proposes to repeal.

3. Consultations last year showed widespread support for the repeal of these provisions. Given the wide variety of ways in which non-cash payments can be and are now made, the Government has concluded that the method of wage payment to manual workers need no longer be constrained by statute and can be left to be determined by employers, their employees and, where appropriate, their representatives. The methods of payment for non-manual workers have always been established in this way without statutory restriction or protection and, certainly in modern circumstances, without giving rise to serious practical problems.

* Comments on the proposals should be sent by 7 February 1985 to the Department of Employment, IRD, Room 317, Caxton House, Tothill Street, London SW1H 9NF.

4. As for the freedom to dispose of wages, the consultations did not reveal any actual or potential difficulties which might arise on the repeal of the statutory provision which, as with the other protections, has never extended to non-manual workers.

5. The consultations also failed to reveal any evidence of abuse or potential abuse relating to payments in kind, concerning either manual workers who are covered by statutory provision at present or non-manual workers who are not.

6. Repeal of the statutory provisions would not of course affect the right of employees to sue their employer on a claim that their contractual obligations were not being fulfilled. The Government would nevertheless be ready to consider the re-establishment of protections for freedom to dispose of wages and against payments in kind if it ever became evident that their repeal had engendered significant abuse.

Deductions from pay

7. Although in the earlier consultations a view was expressed that common law protections were sufficient and there was no need to contemplate the continuance of statutory provisions on deductions from pay, there was greater support for the suggestions made in the consultative document for new procedures providing protections for all employees, ie for non-manual workers as well as manual workers.

8. The proposals are:-

(a) Legislation will permit a deduction by an employer from the employee's pay (or a fine or other requirement on the employee to make a particular payment) if it is:-

(1) authorised under other statutes; or

(ii) provided for in the individual's contract of employment either expressly, or impliedly by any means such as collective agreement or custom and practice in the trade or industry in question; or

(iii) otherwise agreed to by the individual in writing.

(b) An employee will have the right to make a complaint to an Industrial Tribunal if a deduction not in accordance with these criteria is made from his pay.

(c) Unless the complaint is otherwise resolved, eg by ACAS conciliation, the Tribunal will be empowered to determine whether or not a deduction has been made in accordance with the criteria and to order the employer to repay any amount deducted unlawfully.

(d) Enforcement will be through the County Court and appeal will lie to the Employment Appeal Tribunal on a point of law.

9. These criteria are broadly those put forward in the previous consultative document. However, a good deal of concern has been expressed about the way in which deductions are sometimes made from pay in respect of stock and cash deficiencies and the substantial proportion of an employee's pay which is deducted in some cases - particularly where the employee may have only limited control over the deficiencies. The practice appears to be by no means uncommon for petrol station cashiers but is also found in other employments, eg bar staff, assistants in small shops, car park attendants. Such deductions (which may be in the form of a fine or other required repayment) need at present, in the case of manual workers and shop assistants, to be made in accordance with Section 1 of the Truck Act 1896 to be lawful, a key requirement being that the employer's right to make deductions is explicit in the contract of employment.

10. It has been argued that the proposals as originally published - relying on contractual agreements - do not provide sufficient protection against arbitrary deductions for deficiencies and situations in which an employee might lose an excessive proportion of his pay. There is a need therefore to consider the case for an additional safeguard in this area. The Government recognise that in some employments the control of stock and cash can pose difficulties; however it may well be thought that such difficulties are best tackled through better selection and training of staff, closer managerial supervision and disciplinary action for poor standards of performance which could of course extend to dismissal. In some circumstances other legal remedies might be appropriate.

11. With these concerns in mind, the Government invites views on alternative proposals for a special protection in respect of deductions (or other required repayments) relating solely to stock and cash deficiencies. These are:-

(a) to make all deductions for cash and stock deficiencies unlawful so that an employee could, if necessary, apply to a Tribunal to order the payment of any amount so deducted.

(b) alternatively deductions which satisfied the criteria in paragraph 8 above would be permissible but subject to a statutory limit on the proportion of wages which could be deducted in any pay period. The form of this would be that whilst deductions could be made in respect of a deficiency in successive pay periods in no one pay period could a deduction for stock or cash deficiencies exceed 10% of the gross pay otherwise due to the employee concerned.

Conclusion

12. Comments on the proposals are invited. They should be sent to the Department of Employment, IRD, Room 317, Caxton House, Tothill Street, London SW1H 9NF by 7 February 1985.

Legislation to be repealed

The Truck Acts 1831-1940

The Payment of Wages Act 1960

The Hosiery Manufacture (Wages) Act 1874

The Payment of Wages in Public Houses Prohibition Act 1883 (as amended)

The Stannaries Act 1887 ss12 & 13

The Shops Clubs Act 1902

The Coal Mines Regulations Act 1887 ss12 & 14

Checkweighing in Various Industries Act 1919 (as amended)

Mines and Quarries Act 1954 s.51(2) (as amended)

The Wages Councils Act 1979 s.17



CEP

WBS PM

BT 25/10

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213 6400.....

Switchboard 01-213 3000

David Peretz Esq
Private Secretary to the
Chancellor of the Exchequer
Treasury
Great George Street
LONDON
SW1

25th October 1984

Dear David,

PROTECTION OF WAGES

Following my Secretary of State's letter of 1 February 1984 to the Chancellor and his more recent letter to Norman Tebbit you may wish to know that the legislative proposals on the protection of wages will be published on 31 October 1984. The answer to the Parliamentary Question will make it clear that legislation will go ahead when the Parliamentary timetable permits.

I am copying this to the Private Secretaries of the Prime Minister, other members of EA, the Lord President and Sir Robert Armstrong.

Yours sincerely,

PETER SMITH
Private Secretary

SECRETARY OF STATE FOR EMPLOYMENT

Gost Machinery

July 20

Truck Acts

25 OCT 1984



Secretary of State

Northern Ireland Office
Stormont Castle
Belfast BT4 3ST

NBPM

~~CEAO~~

AT
23/2

Rt Hon Tom King MP
Secretary of State for Employment
Caxton House
Tothill Street
LONDON
SW1H 9NF

21 February 1984

Handwritten signature: Tom King

You copied to me your letter of 1 February to Nigel Lawson about the issue of a consultative paper outlining new statutory protections for deductions from pay for employees.

I am content with the draft you have circulated and would propose to arrange for it to be brought to the attention of interested parties in Northern Ireland. As you may know, we have our own special reasons for promoting a more cashless society, and it would be very helpful if your officials could keep in close touch with mine at the Department of Economic Development.

I am copying this letter to the Prime Minister, other members of the E(A) Committee, the Lord Chancellor and Sir Robert Armstrong.

Handwritten signature: Tom King

HIDDEN COPIES

- PS/SOS (B&L)
- PS/Mr Butler (B&I)
- PS/PUS (B&L)
- PS/Sir Ewart Bell
- Mr Bloomfield
- Dr Quigley
- Mr Burns
- Mr Carvill
- Mr Lyttle
- Mr Coulson
- Mr Gowdy
- Mr Pearson

GOV MACH : Truck Acts : July 1980



23 JAN 1984



NAPM AT 13/2
PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

13 February 1984

Dear Tom,

PROTECTION OF WAGES: LEGISLATIVE PROPOSALS

I have seen your letter of 1 February to Nigel Lawson about your proposals to consult on the nature of legislation to precipitate the trend towards cashless pay.

Whilst I have no comments on the document itself, I think that I should point out that it would be unfortunate if the issue of the consultative document gave the impression that legislation will be enacted during the next session of Parliament. As you know, your bid for a Protection of Wages Bill has not been recommended by QL for inclusion in the programme; nor did you press it at our meeting earlier in the week. Could I suggest, therefore, that the arranged Question which announces the issue of the consultative document makes it clear that there is no commitment to legislation in the next session.

I am sending copies of this letter to the Prime Minister, other members of E(A), the Lord President, the Lord Chancellor and Sir Robert Armstrong.

John Biffen
JOHN BIFFEN

Rt Hon Tom King MP
Secretary of State for Employment

Gov Maen July 80

Truck Acts

13 FEB 1984



ACNO

CONFIDENTIAL

cc BT



Prime Minister ②
To note. No need to read document.
The timing of the announcement may need to be coordinated with other issues on Government/ Union relations of GCHQ ILO etc.

Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-213 6400
Switchboard 01-213 3000

BT
6/2

The Rt Hon Nigel Lawson MP
Chancellor of the Exchequer
HM Treasury
Great George Street
LONDON SW1

15 February 1984

MT

Dear Nigel

Following consultation last year, my predecessor Norman Tebbit announced in July the Government's intention to repeal the Truck Acts and other related legislation, in order to facilitate the trend towards cashless pay. He also undertook to consult further on new statutory protections for deductions from pay for all employees and not just manual workers.

It is now time to begin those consultations, and I propose to issue the attached consultative document or or after 22 February. I shall inform the House by means of an arranged Question and shall send the document to the CBI and TUC and to others who have a direct interest in the subject. I aim to put final proposals to colleagues on the basis of responses to this document in the early summer.

I am sending copies of this letter and attachment to the Prime Minister, other members of E(A) Committee, the Lord Chancellor and Sir Robert Armstrong.

20

PROTECTION OF WAGES: LEGISLATIVE PROPOSALS

Issued for consultation by the Secretary of State for Employment

Introduction

1. Following consultations last year, the Government announced in July its intention to repeal the Truck Acts 1831-1940, the Payment of Wages Act 1960 and other related legislation in order to facilitate the trend towards cashless pay. It also undertook to consult further on the form and content of new statutory protections for deductions from pay which would apply to all employees, not just to manual workers. This paper sets out proposals for legislation on which views are invited.

Repeal of existing legislation

2. The statutory provisions giving manual workers the right to be paid in cash, guaranteeing them freedom to dispose of their wages as they see fit and prohibiting payment in kind would all be repealed as being no longer necessary in modern conditions. None of these provisions has ever extended to non-manual workers. The annex lists the legislation that the Government proposes to repeal.

3. The consultations last year showed widespread support for the repeal of these provisions. Given the wide variety of ways in which non-cash payments can be and are now made, the Government has concluded that the method of wage payment to manual workers need no longer be constrained by statute and can be left to be determined by employers, their employees and, where appropriate, their representatives. The methods of payment for non-manual workers have always been established in this way without statutory restriction or protection and, certainly in modern circumstances, without giving rise to serious practical problems.

4. As for the freedom to dispose of wages, the consultations did not reveal any actual or potential difficulties which might arise on the repeal of the statutory provision which, as with the other protections, has never extended to non-manual workers.

5. The consultations also failed to reveal any evidence of abuse or potential abuse relating to payments in kind, concerning either manual workers who are covered by statutory provision at present or non-manual workers who are not.

6. Repeal of the statutory provisions would not of course affect the right of employees to sue their employer on a claim that their contractual obligations were not being fulfilled. The Government would nevertheless be ready to consider the re-establishment of protections for freedom to dispose of wages and against payments in kind if it ever became evident that their repeal had engendered significant abuse.

Deductions from pay

7. Although in the earlier consultations a view was expressed that common law protections were sufficient and there was no need to contemplate the continuance of statutory provisions on deductions from pay, there was greater support for the suggestions made in the consultative document for new procedures providing protections for all employees, ie for non-manual workers as well as manual workers.

8. The proposals are:-

(a) Legislation will permit a deduction by an employer from the employee's pay (or a fine or other requirement on the employee to make a particular payment) if it is:-

- (i) authorised under other statutes; or
- (ii) provided for in the individual's contract of employment either expressly, or impliedly by any means such as collective agreement or custom and practice in the trade or industry in question; or
- (iii) otherwise agreed to by the individual in writing.

(b) An employee will have the right to make a complaint to an Industrial Tribunal if a deduction not in accordance with these criteria is made from his pay.

(c) Unless the complaint is otherwise resolved, eg by ACAS conciliation, the Tribunal will be empowered to determine whether or not a deduction has been made in accordance with the criteria and to order the employer to repay any amount deducted unlawfully.

(d) Enforcement will be through the County Court and appeal will lie to the Employment Appeal Tribunal on a point of law.

9. These criteria are broadly those put forward in the previous consultative document. However, a good deal of concern has been expressed about the way in which deductions are sometimes made from pay in respect of stock and cash deficiencies and the substantial proportion of an employee's pay which is deducted in some cases - particularly where the employee may have only limited control over the deficiencies. The practice appears to be by no means uncommon for petrol station cashiers but is also found in other employments, eg bar staff, assistants in small shops, car park attendants. Such deductions (which may be in the form of a fine or other required repayment) - need at present, in the case of manual workers and shop assistants, to be made in accordance with Section 1 of the Truck Act 1896 to be lawful, a key requirement being that the employer's right to make deductions is explicit in the contract of employment.

10. It has been argued that the proposals as originally published - relying on contractual agreements - do not provide sufficient protection against arbitrary deductions for deficiencies and situations in which an employee might lose an excessive proportion of his pay. There is a need therefore to consider the case for an additional safeguard in this area. The Government recognise that in some employments the control of stock and cash can pose difficulties; however it may well be thought that such difficulties are best tackled through better selection and training of staff, closer managerial supervision and disciplinary action for poor standards of performance which could of course extend to dismissal. In some circumstances other legal remedies might be appropriate.

11. With these concerns in mind, the Government invites views on alternative proposals for a special protection in respect of deductions (or other required repayments) relating solely to stock and cash deficiencies. These are:-

(a) to make all deductions for cash and stock deficiencies unlawful so that an employee could, if necessary, apply to a Tribunal to order the payment of any amount so deducted.

(b) alternatively deductions which satisfied the criteria in paragraph 8 above would be permissible but subject to a statutory limit on the proportion of wages which could be deducted in any pay period. The form of this would be that whilst deductions could be made in respect of a deficiency in successive pay periods in no one pay period could a deduction for stock or cash deficiencies exceed 10% of the gross pay otherwise due to the employee concerned.

Conclusion

12. Comments on the proposals are invited. They should be sent to the Department of Employment, IRD, Room 338, Caxton House, Tothill Street, London SW1 by 3 May.

Legislation to be repealed

The Truck Acts 1831-1940

The Payment of Wages Act 1960

The Hosiery Manufacture (Wages) Act 1874

The Payment of Wages in Public Houses Prohibition
Act 1883 (as amended)

The Stannaries Act 1887 s12 & 13

The Shops Clubs Act 1902

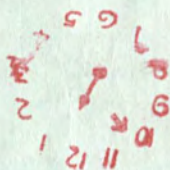
The Coal Mines Regulations Act 1887 ss12 and 14

Checkweighing in Various Industries Act 1919.(as amended)

Mines and Quarries Act 1954 s.51(2) (as amended)

The Wages Councils Act 1979 s.17

Gov Mach" July 80
Truck Acts



FEB 1980
FEB 1980



SECRETARY OF STATE
FOR
NORTHERN IRELAND

The Rt Hon Norman Tebbit MP
Secretary of State for Employment
Caxton House
Tothill Street
LONDON
SW1

CG NO
NORTHERN IRELAND OFFICE
GREAT GEORGE STREET,
LONDON SW1P 3AJ

2 pp's

NBPM

MUS 15/7

13 July 1983

Norman Tebbit

PAYMENT OF WAGES

Thank you for sending me a copy of your letter of 4 July. As you are already aware I believe there are important security as well as economic advantages in promoting a cashless pay regime in Northern Ireland and I therefore particularly welcome the proposal to take the opportunity to denounce formally ILO Convention 95 before 23 September, and introduce a Bill along the lines suggested.

Local consultations, undertaken on the basis of your Department's Consultative Paper, have not revealed any special Northern Ireland peculiarities about which your Department need be aware. Generally speaking, local employer and employee organisations have tended to reflect the views of their British counterparts. We will however, be giving their views more detailed consideration when we come to frame our own Northern Ireland legislative proposals.

In the meantime, it would be extremely helpful - particularly in view of the UK-wide basis of the bulk of the Truck laws - if your officials would keep their counterparts in the Department of Economic Development for Northern Ireland abreast of policy and subsequent legislative developments.

I am copying this letter to the Prime Minister, other members of E(A) and Sir Robert Armstrong.

Norman Tebbit

Gov MACH:
TRUCK ACTS.
JULY 90.

~~RECEIVED~~



1905 JUL 19 1904

CC ✓ NO



Treasury Chambers, Parliament Street, SW1P 3AG

01-233 3000

12 July 1983

The Rt. Hon. Norman Tebbit MP
 Secretary of State for Employment

Norman Tebbit

NBPM

MMS/15/7

PAYMENT OF WAGES

You wrote to me on 4 July about the Truck Acts and related legislation.

I agree that we should take the immediate steps you propose to denounce International Labour Convention 95 concerning the Payment of Wages, while the opportunity exists, and that you should inform the House of this by written answer on 20 July. I welcome the fact that the consultation exercise you have undertaken has shown that there is a clear majority in favour of the reforms you propose.

As you point out in your letter, with the recent publicity surrounding cash shortage deductions for petrol pump attendants, the question of what protections are to replace the current legislation is a very sensitive matter. I am sure you will, therefore, wish to ensure that any announcement makes it quite clear to those who may have reservations about the repeal of the existing legislation that we shall be introducing in its place immediate and stringent safeguards against arbitrary deductions from pay.

I am sending copies of this letter to the recipients of yours.

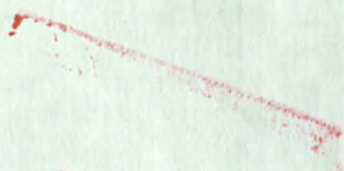
NIGEL LAWSON

Nigel Lawson

Gov. MACH:

TRUCK ACTS:

JULY 80



CONFIDENTIAL

Caxton House Tothill Street London SW1H 9NF

Telephone Direct Line 01-213.....6400.....

Switchboard 01-213 3000

The Rt Hon Nigel Lawson MP
 Chancellor of the Exchequer
 HM Treasury
 Great George Street
 LONDON
 SW1

CC N/O
 (2)
Prime Minister

Mr Tebbit proposes to

denounce the ILOConvention on paymentof wages / cashless pay.

Mus 4/7

4 July 1983

D. Nigel
 PAYMENT OF WAGES

In correspondence last summer Geoffrey Howe and others agreed in principle with my proposal that we should repeal the Truck and related legislation on the payment of wages and introduce simpler but wider protections against arbitrary deductions from pay.

In preparing the ground for this we had a useful discussion at the January NEDC meeting and in March I issued a consultative document arguing the case for reform and parading several possible options.

The period for comment ended on 7 June but partly because of the election some responses were delayed. However we have had a substantial number of responses and on one aspect of the matter it is very important for us to take a decision quickly. Any real progress in this area seems to me to be impossible while we continue to be bound by our ratification of International Labour Convention 95 concerning the Payment of Wages. If we do not denounce this convention by 23 September this year we shall be tied by it for a further 10 years. As required by another convention I have consulted the TUC and CBI about its denunciation and my officials have discussed some technical points with ILO officials. If we are to denounce the convention - and for the reasons set out below I am sure we must, we need to tell the House of this by written answer before the summer recess.

The response to the consultative document show a clear majority for reform based on the proposals in the document with the bulk of respondents favouring repeal of the Truck and related legislation with the re-enactment of provisions about deductions from pay. A number of important bodies such as the CBI, the National Federation of Building Trades Employers, the Chemical Industries Association and the Association of District Councils favoured outright repeal without further legislation in the area of deductions. But the EEF made a positive response on deductions and the CBI expressed a willingness to have more detailed discussions on the form such protection might take if the balance of opinion favoured it. The balance did favour it and the recent publicity surrounding cash shortage deductions for petrol pump attendants convinces me that we must revise or retain the protections currently provided.

CONFIDENTIAL



There was little support for the options of widening the definition of 'coin of the realm' or of extending the four weeks period of notice for reversion to cash payment of wages. But the clearing banks, who oppose removing the right to payment in cash (on the grounds that it might provoke hostility to cashless pay and give them unwilling customers), favoured an extension of the period for reversion. Only the TUC, in notably reasoned terms, two individual unions and the Haldame Society of Socialist Lawyers were opposed to all of the options for change mentioned in the paper.

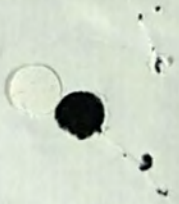
In addition to the options in the consultative document the TUC pointed to another option which can be summarised as 'amending the Payment of Wages Act 1960 to allow payment in specified non cash forms irrespective of the views of individual workers in circumstances where such payment is provided for by collective agreement'. This option does have the advantage of facilitating change to cashless pay in a way that would be consistent with our continued ratification of ILO Convention 95. But this course would give unions a potential right of veto on employers' proposals where they were recognised. They would demand a high price for agreement and prove reluctant in any case to agree to impose cashless pay on even a small minority of any group of members. It might be expected that they would generally contemplate only agreements providing a voluntary cash inducement for individual members. If all the benefits were taken up in this way nothing would be left for improving competitiveness. Other antiquated provisions would remain.

I am not therefore prepared to follow this course and subject to any comments received by 13 July I shall tell the House in a written answer on 20 July that we propose to denounce ILO Convention 95 by 23 September 1961 and that this denunciation would not come into effect until twelve months after it is registered. I shall also tell them that we propose, in due course, to introduce a bill to repeal the Truck and related legislation whilst providing for all workers some form of protection regarding deductions from pay. Further consultations will be held on the exact form such protection will take.

I am sending copies of this letter to the Prime Minister, other members of E(A) and Sir Robert Armstrong.

4 JUL 1993

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CONFIDENTIAL

cc JV



NORTHERN IRELAND OFFICE
GREAT GEORGE STREET,
LONDON SW1P 3AJ

SECRETARY OF STATE
FOR
NORTHERN IRELAND

NBPM

MW 3/3

Rt Hon Norman Tebbit MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
LONDON SW1

2 March 1983

Dear Mr Tebbit

PROPOSALS FOR ISSUING THE CONSULTATIVE DOCUMENT ON UPDATING THE
LAW RELATING TO PAYMENT OF WAGES

Thank you for sending me a copy of your letter of 21 February. We have in Northern Ireland a predisposition in principle towards the ending of the Truck Acts. The loss of cash by armed robbery on the part of paramilitary organisations is a serious problem for us. The matter is thus directly related to the campaign to stamp out terrorism in Northern Ireland.

Even so, the transition to a cashless state would be as complicated here as elsewhere in the country, and we cannot look to any immediate solution. But we might well come to regret having lost for ten years an opportunity to repeal ILO Convention 95. In agreeing that your Consultative Document on the Truck Acts should adopt a fairly neutral approach, I hope that you would be able to put the Government in a position to denounce the Convention by 23 September, should that turn out to seem desirable.

I am sending copies of this letter to the recipients of yours.

Yours sincerely

James Prior

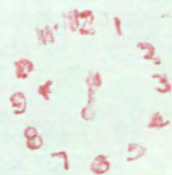
JAMES PRIOR

(Signed on behalf of the
Secretary of State in his
absence)

KW

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53-MAR 1963





Gov MACOM ✓
 RBPM

Treasury Chambers, Parliament Street, SW1P 3AG
 01-233 3000

MMS 2/3

1st March 1983

The Rt. Hon. Norman Tebbit MP
 Secretary of State for Employment

Dear Norman

**CONSULTATIVE DOCUMENT ON UPDATING THE LAW RELATING
 TO PAYMENT OF WAGES**

You wrote to me on 21 February about your proposals for issuing the consultative document on updating the law relating to payment of wages, and consulting the TUC and CBI about denunciation of ILO Convention 95.

I am content with what you propose. I think the revised draft strikes a good balance in setting out dispassionately the criticisms of the legislation, the case for change, and the options for reform.

There are one or two detailed drafting points which my officials will be taking up with yours and which you might consider before the final version is published.

I am copying this letter to the Prime Minister, other members of E Committee, to Quintin Hailsham, Francis Pym, John Sparrow and Sir Robert Armstrong.

GEOFFREY HOWE

[Handwritten signature]

Gaut Mach.
July '80
Truck Acts

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2 - MAR 1983



CABINET OFFICE
Central Policy Review Staff

With the compliments of
John Sparrow

70 Whitehall, London SW1A 2AS
Telephone 01-233 7765

Govt Mach
cc JV



NBPM

CABINET OFFICE
Central Policy Review Staff

MSI/3

70 Whitehall, London SW1A 2AS Telephone 01-233 7765

From: John Sparrow

Qa 06275

CONFIDENTIAL

28 February 1983

The Rt Hon Norman Tebbit MP
Department of Employment
CAXTON HOUSE
S W 1

Dear Norman,

Proposals for Issuing the Consultative Document on
Updating the Law relating to Payment of Wages

Thank you for sending me a copy of your letter of 21 February and the draft consultative document. We have now established a momentum towards the wider introduction of cashless pay, and it will be important to maintain this as our objective when assessing the results of the consultation. My officials would be happy to help in that exercise at the appropriate time. I would hope that any wider objections to repeal of the Truck Acts would not become an impediment to further progress.

I am sending copies of this letter to the recipients of yours.

Yours sincerely,

John

John Sparrow

CONFIDENTIAL

Govt Mach.
July 80,
Truck Acts.

11-11-80
11-11-80

Gaut March

LEC JV



JJ70
Secretary of State for Industry

NRBPM

MUS 25/2

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB
TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

24 February 1983

The Rt Hon Norman Tebbit MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
London SW1

Dear Secretary of State

Thank you for sending me a copy of your letter of 21 February.

I understand that CBI policy is still in favour of repeal of the Truck Acts and related legislation, but I am content that in the light of the reaction of the employer members at NEDC the consultative document should adopt a fairly neutral approach, and I am content with the text which you circulated.

I am copying this letter to the recipients of yours.

*Yours sincerely
P Jenkin*

PATRICK JENKIN

(approved by the Secretary of State
and signed in his absence)

200 Machinery: July 80 :
Truck Acts

25 FEB 1983



CONFIDENTIAL

Govt Mach (2)
Prime Minister

To note X.

Caxton House Tothill Street London SW1H 9N&F
Telephone Direct Line 01-213.....6400
Switchboard 01-213 3000

MW 21/2

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
Treasury
Great George Street
LONDON
SW1

21 February 1983

D. Geoffrey.

PROPOSALS FOR ISSUING THE CONSULTATIVE DOCUMENT ON UPDATING THE
LAW RELATING TO PAYMENT OF WAGES

We agreed, in the light of the cautious response from employers at January's NEDC meeting, that the consultative document on the Truck Acts should adopt a fairly neutral approach; advancing a range of options but making clear that any meaningful change would necessitate denunciation of ILO Convention No 95. The immediate object of the exercise would be to prepare the ground for freeing ourselves from the constraints of Convention 95 to enable us thereafter to pursue whichever legislative option we decide on.

... The attached consultative document, prepared by my officials in consultation with yours and those of other Departments directly concerned, reflects this change of emphasis.

I propose to issue the consultative document, accompanied by a Press Notice, on 10 March. I shall tell the House by means of an arranged Question and shall send the document to key NEDC representatives. At the same time I shall write separately to the TUC and CBI consulting them specifically about denunciation of ILO Convention 95. Officials will write to other interested parties inviting views on the substantive issue only.

Timing is important as we need to have completed consultations in time to make a decision on denunciation well before September (as you know any denunciation must be registered by the ILO no later than 23 September). We could then proceed with any changes to the legislation as Parliamentary time permits, and taking account of the fact that denunciation takes effect 12 months after it is registered by the ILO.

CONFIDENTIAL

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I should therefore be grateful if colleagues would let me know, by 27 February, whether they are content with these proposals. I am sending copies of this letter to the Prime Minister, other members of E Committee, the Lord Chancellor, Francis Pym, John Sparrow and Sir Robert Armstrong.

J. Norman

CONFIDENTIAL

PROPOSALS FOR UPDATING THE LAW RELATING TO THE PAYMENT OF WAGES

1. There is a general consensus that the payment of wages by cheque or direct credit transfer (rather than in cash) brings important benefits - not just to employers and employees but to the community as a whole. Employers gain directly from reduced costs and hence improved competitiveness, which in turn improves job prospects. Employees benefit through the reduced risk of theft or loss from pay packets, and the advantages of operating a bank account. The community benefits from a reduction in the scope for robbery and theft - often involving violence.

2. The CPRS consultative document "Cashless Pay - Alternatives to Cash in Payment of Wages" (HMSO 1981) discussed ways in which the trend towards non-cash forms of payment might be encouraged. Response to the paper showed general agreement on the benefits of cashless pay and the need for faster progress. Several respondents suggested that the Government could help accelerate progress by setting an example in the payment of wages to its employees* and by changing the legislation which gives certain employees a statutory right to be paid in cash. In a discussion of cashless pay at the National Economic Development Council in January 1983, Council members endorsed the principle of achieving more rapid progress.

*Less than 1 in 20 non-industrial civil servants are now paid in cash. A scheme has recently been launched to encourage the remainder to change to cashless pay.

3. Following these consultations, the Government now believes that a reconsideration of the law relating to the payment of wages is necessary. This Paper explains the present position, and seeks comments on a number of alternative ways in which the legislation might be brought into line with modern requirements in order to help accelerate progress on cashless pay.

Current position

4. The main body of the Truck legislation, which comprises the four Truck Acts 1831-1940 and a number of related provisions in other Acts, was passed in the nineteenth century to protect manual workers from abuses then associated with the payment of wages. To tackle these abuses, which largely concerned payment in kind and the practice of requiring workers to buy goods from company shops, the legislation provided protections in four main areas:-

(i) Payment in cash. Employees covered by the Acts have a right to be paid in cash. The Payment of Wages Act 1960 allows an employer to arrange for wages to be paid into an individual's bank account or by cheque, postal order or money order where that individual gives consent in writing. Either party can terminate such an agreement at four weeks notice.

(ii) Deductions from wages. The 1831 Act has the effect of making deductions illegal, with the exceptions set out in the Act or authorised by other statutes.

(iii) Freedom of workers to dispose of their wages as they see fit. An employer cannot lawfully interfere with the right of a worker to dispose of his wages as he wishes.

(iv) Payment in kind. The Acts have the effect of prohibiting such payments.

5. Annex 1 gives details of the above and of provisions in other Acts, which raise similar considerations to those surrendering the Truck Acts.

Criticisms of the legislation

6. A number of criticisms have been levelled at the existing legislative position. For example, the Truck Acts can have the unintended effect of making technically unlawful certain deductions from pay, or provision of non-cash benefits, which would be positively welcomed by employees. It may also be argued that many of the provisions of the Acts are anomalous, and appear outdated in the later years of the twentieth century. Indeed the very word "Truck" with its associations with the nineteenth century* has been cited as illustrating how antiquated the legislation is.

*Truck abuses were largely associated with the hand-made nail making, hand loom weaving and framework knitting industries of the eighteenth and nineteenth centuries and with the practices of butty colliers and similar individuals employed by the iron and coal masters of that period.

7. In the nineteenth century "manual worker" was a concept which was difficult to interpret and it is even more inappropriate now. Moreover some see it as anomalous that manual workers are subject to provisions which are considered unnecessary for others. Alternatively it might be asked why non manual workers should be excluded from provisions thought necessary for others. It was uncertainties and anomalies such as these which led the Karmel Committee on the Truck Acts* to conclude in 1961 that the Acts should be repealed and their essential provisions replaced by legislation appropriate to modern conditions and covering all workers, not just manual employees.

8. A further criticism, raised by many of those who commented on the CPRS paper, is that the statutory right of some employees to be paid in cash is an obstacle to the introduction of cashless pay. Many firms express reluctance to negotiate changes which can be disrupted subsequently by individuals exercising their statutory right to payment in cash. The ability of a small number of employees to refuse a change accepted by the majority may, therefore, prevent the potential economic benefits to both employers and employees of a switch to cashless pay from being realised.

9. Some indication of the deterrent effect of the legislation on the transition to cashless pay is given by the unequal proportions of manual ^{and non-Manual} employees paid by non-cash methods. Whilst only 35% of the latter group ^(who are not covered by the Truck Acts) are still paid in cash, for manual workers the proportion is as high as 78%.

*Report of the Committee on the Truck Acts (HMSO 1961)

The case for change

10. The Government considers that methods of wage payment should in general be determined by the parties concerned in the light of their particular circumstances. They would not seek to impose any obligation upon employees to accept cashless pay. But any removal of the statutory right to payment in cash would allow greater freedom in reaching agreement where both parties were convinced of the benefits of cashless pay.

11. It is widely accepted that the Truck legislation is complex, outdated and full of anomalies and uncertainties in terms of its aims and scope; that it is an obstacle to desirable change towards cashless pay; and that most of the undesirable practices at which it was aimed no longer exist and are unlikely to reappear. Moreover it runs counter to the well established principle that terms and conditions of employment are essentially matters to be determined contractually rather than by legislation. The Government therefore believes that changes in the legislation are desirable.

Options for reform

12. There are various ways in which the question of reform might be approached. Options range from small amendments to the relevant legislation to its total repeal. The following paragraphs set out some possible approaches.

13. Amendments to existing legislation. One approach to the difficulty the Truck legislation gives rise to in relation to progress towards cashless pay would be to amend the Payment of Wages Act 1960 so as to provide that an employee's agreement to be paid other than in cash once given to an employer should be irrevocable except with the consent of both parties. Alternatively provision could be made to make any such agreement binding for a substantially longer period than the four weeks currently provided for under the Payment of Wages Act.

14. A further option would be to amend the Truck legislation so that 'current coin of the Realm' included, for the purposes of the legislation, specified non cash methods of payment. The provisions of the Payment of Wages Act 1960 would then become unnecessary.

15. Although the above options would meet one of the main criticisms of the Truck legislation they would represent partial reform and the opportunity to modernise the legislation in the whole area of payment of wages including some of the moribund provisions listed in annex 1 would be lost.

16. Repeal of the Truck legislation accompanied by introduction of new statutory protections. Although the Truck legislation is archaic and largely irrelevant to modern conditions it does provide specific statutory protections in respect of deductions from pay. These protections have the general effect of prohibiting stoppages from the pay of manual workers except for deductions authorised in the Acts or other statutes.

17. These protections on deductions predate and are additional to the right of all employees (under section 8 of the 1978 Employment Protection (Consolidation) Act) to *be informed* about deductions and to claim to an Industrial Tribunal that such information is not provided. There is little evidence about the scale and nature of any problems arising from deductions from pay but if the Truck Acts were to be repealed there would be a case for allowing Industrial Tribunals to hear claims from all categories of employees about the basis on which any deductions were made. This issue and a possible approach are discussed more fully in Annex 2.

18. Repeal of the Truck Acts would also remove the specific protections they afford in respect of employees' freedom to dispose of wages as they see fit and of payment in kind. There is no evidence that these abuses are a contemporary problem requiring new protections.

19. Repeal of existing legislation without replacement. If this option were to be followed it would not affect the rights of employees at common law to sue employers who they thought were not fulfilling their contractual obligations. The Government accepts though that there may be powerful arguments against relying solely on potentially expensive common law remedies in this area.

All

20. ~~the~~ options discussed above would remove or severely limit a manual worker's absolute statutory right to be paid in cash. The main difference between them in this respect is the speed with which this change would come about. With most of the options the change would be effected once the legislation was in force. Making an individual's decision to accept cashless pay irrevocable except by agreement would mean the change would be gradual.

International implications

21. Action on the lines of ^{any of} the above options, with the probable exception of repeal without replacement, would enable the UK to continue to comply with the relevant provisions of the European Social Charter. Under the Charter an undertaking is given "to permit deductions from wages only under conditions and to the extent prescribed by national law or regulations or fixed by collective agreements or arbitration awards".

22. The other relevant international obligation is derived from an International Labour Convention (No 95) concerning the protection of wages, which the UK has ratified. Although the Convention is in some respects less restrictive than the Truck legislation in that it provides for non-cash pay through collective agreements,

the Truck Acts are the UK's means of complying with most of its provisions. Legislative changes on the lines discussed above would mean that the UK could no longer adhere to the Convention. It is open to the UK to denounce the Convention before mid-September 1983 but not thereafter until 1992.

Conclusions

23. The provisions of the Truck legislation are largely concerned with tackling specific abuses associated with the payment of wages in the eighteenth and nineteenth centuries. Reform of the legislation is clearly desirable and the Government would welcome views on the matters discussed in this paper and in particular on the various options put forward.

24. Comments should be sent to the Department of Employment, IRD, Room 338, Caxton House, Tothill Street, London SW1H 9NF by 7 June 1983.

CURRENT TRUCK AND RELATED LEGISLATION

(i) The Truck Act, 1831

Consolidated and extended a series of laws reaching back to 1464. Its main purpose was to protect workers in certain trades from abuses associated with payments in kind.

Section 3 of the Act laid down that the entire amount of the wages earned by or due to a worker must be paid in cash, with the exceptions listed in the Act. These covered deductions in respect of such items as fuel, materials, tools, food and rent. The deductions permitted under the Act had to be agreed to in writing by the worker. The words underlined above had the effect of making illegal any deductions not specifically sanctioned by the Truck Acts or other statutes.

Section 8 of the Act had the effect of allowing a worker to be paid by cheque only if he consented, and if the cheque was drawn on a bank which was both licensed to issue notes and within 15 miles of his place of work. The intention was to remove the abuse whereby a worker, unable to cash his cheque, was forced to exchange it for goods at the company shop. This became an absolute bar to payment by cheque when private banks ceased to issue their own notes.

(ii) The Truck Amendment Act, 1887

Extended the scope of the 1831 Act to cover nearly all employees engaged in manual labour (except domestic servants).

(iii) The Truck Act, 1896

Completed the structure of the general legislation, consolidated the provisions on deductions to ensure that stoppages from wages were fair and reasonable and that the worker was informed of his liability to and the fact of any deductions. These cover deductions in respect of: disciplinary fines; bad or negligent

work or injury to the materials or other property of the employer; the use or supply of materials, tools or machines, standing room, lights, heat, or anything else done or provided by the employer.

(iv) The Truck Act, 1940

This was of a purely technical nature and had no effect on the main body of the Truck legislation.

(v) Payment of Wages Act, 1960

Enables the wages of manual workers, at their written request, to be paid into a bank account, or by cheque, postal order, or money order if the employer agrees. Such an arrangement holds good until either party ends it by written notice. Four weeks notice of termination must be given unless employer and employee agree in writing to make a change in a shorter period.

(vi) The Hosiery Manufacture (Wages) Act, 1874

Aimed at prohibiting employers from letting frames and machinery to workers or making any form of deductions for such purposes.

The Karmel Committee consulted appropriate bodies and in the light of their comments recommended complete repeal of this measure.

(vii) The Payment of Wages in Public-Houses Prohibition Act, 1883 (as amended)

Prohibits the payment of wages to any workman in a public house or other place used for the sale of alcoholic drinks.

Karmel recommended repeal but re-enactment in new legislation to replace the Truck Acts. The abuse at which it was aimed is no longer current and the Act could probably now be repealed without replacement. Such repeal might render superfluous s.185 of the Mines and Quarries Act which is a parallel provision.

(viii) The Stannaries Act, 1887

Sections 12 and 13 appear relevant. Section 12 is similar to the payment of wages provisions of the Truck Acts. Section 13 concerns deductions. The Act applies to mines and tin works in the stannaries of Cornwall and Devon. The Act as a whole may well be obsolete. If so it could be repealed. If not sections 12 and 13 should be repealed in the event of repeal of the Truck Acts.

(ix) The Shop Clubs Act, 1902

Made it illegal for an employer to make it a condition of employment that a worker should join a shop club or thrift fund except under certain conditions. The mischief at which it was aimed is no longer current and it would seem, as Karmel recommended, that the Act could be repealed.

(x) The Coal Mines Regulations Act, 1887, s.12 and 14.

Checkweighting in Various Industries Act, 1919 (as amended, see Statutes Rev, page 275)

Mines and Quarries Act, 1954 s.54 (as amended by Mines and Quarries (Tips) Act, 1969 s.163

These three Acts contain provisions in respect of deductions. Karmel considered that their nature precluded them from consideration within the context of the Truck Acts. But it may be that the abuses at which they were aimed ^{are} no longer current or adequately covered by other legislation. It is for consideration whether the relevant provisions could now be repealed.

(xi) The Wages Councils Act, 1979, s.17

This section, which re-enacts s.14 of the Wages Councils Act 1959 as amended by Schedule 7 to the Employment Protection Act 1975, applies a version of the Truck Acts provisions to the statutory minimum remuneration of a worker employed in an industry which is subject to an order of a Wages Council. Karmel saw no reason for a special provision of this nature.

DEDUCTIONS FROM PAY

1. There is little evidence as to the scale and nature of any problems arising from deductions from pay, but it is clear that they are made for a wide variety of reasons, eg for bad time keeping, for facilities provided, as fines for bad workmanship, or to provide recompense for damage to employers' property, cash or stock shortages, overpayment of wages and so on. It would be neither feasible nor desirable for these to be specified in detail in any new statutory provisions. The problems created by attempts in the Truck Acts to define different types of deductions amply demonstrate the pitfalls of adopting such an approach.

2. There are several possible approaches to providing new statutory protections but any new protection should, so far as is possible, be simply expressed and avoid introducing uncertainties into what is undoubtedly a difficult area. In effect the provisions might provide a statutory safety-net against the minority of cases where deductions might be held to be arbitrary and without any legal basis. Such provisions might have three main elements:-

(a) Given that industrial tribunals can already make awards in cases involving inadequate notification of deductions, it would be logical to use the tribunals to hear other complaints by aggrieved workers concerning deductions. Provisions could be made for a complaint to be presented to a tribunal within a specified time against an employer on the grounds that the employer was making an unlawful

deduction from pay, and it would be for the complainant to establish that the deduction was unlawful.

(b) Unless the complaint was otherwise resolved eg by using the services of the Advisory, Conciliation and Arbitration Service, it would be for the tribunal to determine whether the deduction was unlawful as to the grounds for the deduction.

(c) To reduce the areas of uncertainty which would undoubtedly arise any legislation would need to indicate the criteria by which a deduction should be found to be lawful or unlawful. These criteria, could be designed to permit deductions if they were:

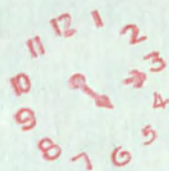
- (i) authorised under other statutes; or
- (ii) provided for in the individual's contract of employment, or otherwise agreed by the individual; or
- (iii) made in accordance with collective agreement or custom and practice.

3. Industrial Tribunals would then be empowered to determine whether or not a deduction had been made in accordance with the above criteria and to order an employer to repay

the amount deducted. There is already provision in regulations governing the procedure of industrial tribunals for enforcement of tribunal decisions by the County Court without the necessity of instituting a separate action for recovery in

that court. (In Scotland awards of industrial tribunals are directly enforceable without the necessity of registration in any court). The Employment Appeal Tribunal already has jurisdiction to hear appeals from industrial tribunals on points of law.

21 FEB 1983





Case

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

19 November 1982

NBAM

ms 22/11

The Rt. Hon. Norman Tebbit, MP
Secretary of State for Employment,
Caxton House,
Tothill Street,
LONDON SW1

In Name

Thank you for your further letter of 12 November
about the repeal of the Truck Acts.

My officials have been in touch with NEDO and you
will be glad to know that a place has been found
for a discussion on cashless pay on the agenda for
the January meeting of the NEDC.

I am sending copies of this letter to the Prime
Minister, other members of E Committee, John Sparrow
and Sir Robert Armstrong.

[Handwritten signature and scribbles]

GEOFFREY HOWE

Govt Mach, July '80, Truck
Ads



22 NOV 1982

CONFIDENTIAL



Prime Minister

Govt. Mach.

Ms 16/11

FCS/82/187

SECRETARY OF STATE FOR EMPLOYMENT

Denunciation of ILO Convention No 95

1. Further to my minute of 1 November, FCO Legal Advisers have now completed their consultations with your Department's Solicitors and have concluded that given the terms of Article 3 of the Convention repeal of the Truck Acts would necessitate denunciation of the Convention. They have suggested some minor amendments to your proposals which would enable us to continue to give effect to the rest of the Convention. I hope these can be considered as they might help us to deal with any criticism in the ILO of our denunciation of Convention 95, which will follow hard on the heels of our denunciation of Convention 94 on 20 September.
2. I am sending copies of this minute to the Chancellor of the Exchequer, other members of E Committee, Sir Robert Armstrong and the head of the CPRS.

16 November, 1982

(FRANCIS PYM)

CONFIDENTIAL

Govt Mach, July '80, Truck Acts.

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QUEEN ANNE'S GATE LONDON SW1H 9AT

NBPM

Mus 15/11 13 November 1982

Dear Norman

REPEAL OF TRUCK ACTS - CASHLESS PAY

Thank you for sending me a copy of your letter of 19 October to Geoffrey Howe.

I am generally content with your proposals for the repeal of the Truck Acts and their replacement with up-to-date legislation. We have, of course, been encouraging industrial staff to accept pay by methods other than by cash but have met with limited success; and we can expect to meet resistance to the proposal to remove the statutory right of employees covered by the Truck Acts to receive their wages in cash. Their opposition could, as suggested by John Sparrow in his letter of 21 October and in Geoffrey Howe's letter of 1 November, be defused by building into the legislation a right to reasonable access to cash.

I shall, for my part, have to ensure that any new legislation does not conflict with my statutory functions in relation to the Police Service and in particular with the provisions of the Police (Discipline) Regulations 1977. Provided, however, that new legislation is drafted in terms of "employers" and "employees" - as is the case with the Health & Safety at Work etc Act 1974 and the Employment Protection (Consolidation) Act 1978 - there may be no need to provide specific exemption for the police who are not "employees" in the normal sense of that term. My officials are in touch with yours on this point.

I am sending copies of this letter to the Prime Minister, members of E Committee, John Sparrow and Sir Robert Armstrong.

Norman
Tebbit

The Rt. Hon. Norman Tebbit, MP.

CONFIDENTIAL

Track Act, Coblenz Puy

Government Meeting July 1968

12 NOV 1982

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✓ JV



Govt. Mach.

Caxton House Tothill Street London SW1H 9N XF

Telephone Direct Line 01-213.....7789.....
Switchboard 01-213 3000

NBPM

rec 12/11

The Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
Treasury
Great George Street
LONDON SW1

12 November 1982

D. Geoffrey

TRUCK ACTS

Thank you for your letter of 1 November about my proposals for repealing the Truck Acts.

It is a pity that it seems unlikely that it will be possible to get the subject of cashless pay on the NEDC agenda before March. But I do not think the timing problems for action on the Truck Acts are as serious as you suggest.

I understand that following the discussions foreshadowed in Francis Pym's letter of 1 November, the FCO legal advisers now accept that it will be necessary to denounce ILO Convention 95 if we are to repeal the Truck Acts. Any denunciation must take place before 23 September 1983. Under Convention 144 denunciation must be preceded by full consultations with CBI and TUC. However an NEDC discussion in the Spring would leave time for these consultations and would enable us to meet the September deadline. Nor would there be any difficulty in having legislation ready for introduction when parliamentary time permits. There has never been any realistic prospect of legislating this session.

The essential objective is to move to a position enabling us to denounce Convention 95 by September 1983, and to move in a way that is least likely to disrupt the spread of cashless pay.

We have already had the CPRS consultative exercise on cashless pay, and the consultation on legislation necessarily involves putting forward clear proposals on the Truck Acts. To start that process before an NEDC discussion on the wider issues is something we had always agreed could be damaging and should be avoided. There is certainly no case for starting the legislative consultations a long time before we need to.

I understand that the parties are now all agreed that cashless pay should be discussed by NEDC and I hope that you will be able to secure a slot for it on an agenda by April next year. Meanwhile my officials will, in consultation with other departments,

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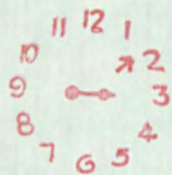
be preparing proposals for public consultation on the lines set out in my letter of 19 October. We would be ready to go ahead quite soon after the NEDC discussion.

I am copying this, as before, to the Prime Minister, other members of E Committee, John Sparrow and Sir Robert Armstrong.

J. Norman

CONFIDENTIAL

12 NOV 1982





CONFIDENTIAL

From the Secretary of State

The Rt Hon Norman Tebbit MP
Secretary of State for Employment
Caxton House
Tothill Street
London SW1N 9NA

9 November 1982

Norman Tebbit

CASHLESS PAY: REPEAL OF THE TRUCK ACTS

Thank you for copying to me your letter of 19 October to Geoffrey Howe.

The consultations which you propose will be a useful step towards promoting the wider use of cashless pay and I agree with your suggested way of proceeding. I have only two comments.

First, as paragraph 9 of the Note by Officials implies, the Truck Acts do not apply to merchant seamen; merchant shipping legislation deals with these matters in the light of the special conditions of seafaring. However, the arguments for facilitating moves to cashless pay still apply, and when the general Truck Acts have been repealed we would propose making similar changes to our own provisions. Most of this could in fact be done by amending Regulations under existing primary powers. It is possible, however, that we will wish to amend Sections 7 and 8 of the Merchant Shipping Act 1970 to alter the provisions regarding the timing of payment of wages and the rendering of accounts of wages, which it is felt hinder the full exploitation of computerised payrolls. Your proposed legislation could provide a very appropriate vehicle for this and, if you are content, I should like to begin consultation with both sides of the shipping industry about the necessary changes to Sections 7 and 8 once your own consultations are under way.

Second, you mention consultation with the CBI and TUC, but not any other bodies. I can understand that you may not wish to broaden the consultations unnecessarily, but I would think it worthwhile, in view of the size of the retail sector and the



From the Secretary of State

fact that it is not a member of the CBI, to include the Retail Consortium.

I am copying this letter to the recipients of yours.

A handwritten signature in cursive script, which appears to be "Arthur". The signature is written in dark ink and is positioned to the right of a vertical line that extends downwards from the top of the signature.

LORD COCKFIELD

GOV. MACH : THE TRUCK ACTS : JULY 1980



LIB NOV 1982



NBPM

CABINET OFFICE

Central Policy Review Staff

MSS/11

With the compliments of
John Sparrow

70 Whitehall, London SW1A 2AS
Telephone 01-233 7765



cd 30
Go Mad

CABINET OFFICE
Central Policy Review Staff

70 Whitehall, London SW1A 2AS Telephone 01-233 7765

Qa 06128

From: John Sparrow

CONFIDENTIAL

5 November 1982

The Rt Hon Norman Tebbit MP
Department of Employment
CAXTON HOUSE
S W 1

Dear Norman,

Cashless Pay: Repeal of the Truck Acts

I have seen Geoffrey Howe's letter of 1 November to you. I have also seen Francis Pym's letter of 1 November saying that there are doubts as to whether it is necessary to renounce ILO Convention No 95. It is regrettable, but perhaps not unexpected, that there is a delay in getting Cashless Pay on to the NEDC Agenda. However, there is no doubt that we should press on with our moves to introduce cashless pay, always bearing in mind the need to bring the TUC along with us insofar as it is possible to do so.

If, as a result of the discussion between the FCO Legal Advisers and your Solicitors, it emerges that there is in fact no need to denounce ILO Convention No 95, the time constraints are relieved. It would then seem worthwhile to continue with the original proposal and discuss cashless pay at NEDC in March and publish the consultative document shortly afterwards. Only a little time will have been lost as a result of the delay at NEDC.

On the other hand, if, as we previously thought, the ILO Convention has to be renounced before September 1983, I agree with the Chancellor's proposal that we should press ahead without a NEDC discussion and undertake the consultation exercise forthwith.

I am sending copies of this letter to the Prime Minister, members of E Committee, and to Sir Robert Armstrong.

Yours sincerely,
John

John Sparrow

Gov Mack July 80
Truck Act

1980
JUL 12 11 21 AM
FBI

1982

CONFIDENTIAL

de JV



NORTHERN IRELAND OFFICE
GREAT GEORGE STREET,
LONDON SW1P 3AJ

SECRETARY OF STATE
FOR
NORTHERN IRELAND

4 pp's.

Rt Hon Norman Tebbit MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
LONDON SW1H

NBPM
ms 2/4

2 November 1982

TRUCK ACTS

I am replying to your invitation to comment on the course of action outlined in your letter of 19 October to the Chancellor of the Exchequer.

I am happy to give my support to your proposals. The existing legislation is undoubtedly archaic and simplified provisions are badly needed.

There is, however, one particular Northern Ireland aspect which I should like your Department to bear in mind in the longer term. As you are aware, the bulk of the Truck legislation pre-dates the setting up of a devolved administration in Northern Ireland and applies throughout the United Kingdom. Where there have been amendments, there is usually corresponding Northern Ireland legislation. On the face of it, therefore, there might be some merit in extending to the Province any new Bill sponsored by your Department, thereby eliminating the need for an equivalent Northern Ireland Order-in-Council. This is an option which I should like left open for the time being.

In the meantime, I should be grateful if your officials would keep mine informed of developments, both on the proposal to denounce International Labour Convention No 95 and on any subsequent Truck legislation.

I am copying this letter to the recipients of yours.

CONFIDENTIAL



3 m's

NBS PM

FCS/82/177SECRETARY OF STATE FOR EMPLOYMENTDenunciation of ILO Convention No. 95

1. Thank you for sending me a copy of your letter of 19 October to the Chancellor of the Exchequer about his proposals to repeal the Truck legislation and replace it by more limited statutory provisions. The point of concern to the Foreign and Commonwealth Office is, of course, the proposed denunciation of ILO Convention No. 95.
2. On the papers available here, FCO Legal Advisers are not convinced that denunciation is entirely necessary. They are in touch with your Solicitors. I hope that a decision on denunciation can be suspended until those consultations are complete.
3. I am copying this minute to the Chancellor of the Exchequer, other members of E Committee, Sir Robert Armstrong and the head of the CPRS.

(FRANCIS PYM)

Foreign and Commonwealth Office
1 November 1982

Court Mach, July^c 80, Truck Acts.



MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

CONFIDENTIAL

The Rt Hon Norman Tebbit MP
Secretary of State for Employment
Caxton House
Tothill Street
London
SW1N 9NA

NRBPM

mm 2/4

1 November 1982

Thank you for copying to me your letter of 19 October to Geoffrey Howe.

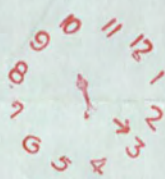
I can see no objection on Departmental grounds to your proposal to repeal the Truck legislation and to replace it with more up-to-date provisions. As you may know, agricultural workers are protected by the agricultural wages legislation which provides for minimum rates of pay and sets other terms and conditions for those employed in the industry. This legislation would not be materially affected by the repeal of the Truck Acts and I can therefore see no particular problems from the agricultural point of view.

✓ I am copying this letter to the Prime Minister, other members of E Committee, John Sparrow and Sir Robert Armstrong.

PETER WALKER

Gov. MACH : The TRUCK ACTS .
JULY 1980

11 NOV 1982



A circular postmark containing the numbers 1 through 12 arranged in a circle around a central figure that appears to be a stylized '1' or a similar symbol.



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

1 November 1982

The Rt. Hon. Norman Tebbit MP
Secretary of State for Employment

MBPM

rus 2/11

Dear Norman

You wrote to me on 19 October about consultation on your proposals to repeal the Truck Acts.

I am broadly in agreement with your proposed course of action. My only reservation would be that raised by John Sparrow in his letter to me of 21 October; namely that if a strong TUC reaction of our initial proposals seems likely to endanger the whole initiative, we should be prepared to look again at the possibility of a statutory right to "reasonable access to cash".

I am concerned, however, that we are running into timing problems on this exercise. As you know we have succeeded in the face of CBI and TUC indifference in obtaining their agreement in principle to a discussion of cashless pay at a future NEDC meeting. But no firm date has yet been fixed, and with strong competition from other pressing agenda items there is every likelihood that we may have to wait until March for a discussion.

This delay may jeopardise both our denunciation of ILO 95 and any possibility of repealing the Truck Acts in this Parliament. With some regret, I have been driven to the conclusion that we must therefore consider abandoning the NEDC discussion and moving directly to the announcement of the consultation exercise. The real risk of serious delay if we wait for a discussion is likely to outweigh any possible benefits. I would hope that by simply ceasing to press for a NEDC discussion we can avoid the TUC or CBI taking affront, particularly in view of their previous lack of enthusiasm for the raising of cashless pay in this forum.

Pressing ahead without a NEDC discussion would emphasise the importance of the consultation exercise, and the approach which it is to adopt. We ought not to be seen to have already made up our minds about repealing the Truck Acts, which would both increase the likelihood of a hostile union reaction and raise employers' expectations of early action. You will wish to give this matter some consideration, and copy recipients may also have views.

I am sending copies of this letter to the Prime Minister, other members of E Committee, John Sparrow and Sir Robert Armstrong.

GEOFFREY HOWE

[Handwritten signature]

Get Mach, July '80, Truck Acls.

9 out 11/10

CONFIDENTIAL

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

28 October 1982



JF 1838

Secretary of State for Industry

The Rt Hon Sir Geoffrey Howe QC MP
The Chancellor of the Exchequer
HM Treasury
Great George Street
LONDON
SW1P 3AG

NBPM

Mr 29/10

Dear Geoffrey,

CASHLESS PAY

I have seen Norman Tebbit's letter to you of 19 October.

2 I am in general agreement with what he proposes, as legislation to remove obstacles to cashless pay would be a sensible and timely step into the modern world. I hope, therefore, that it will be possible to have the NEDC discussion fairly soon, so that we can get on with the process of educating public opinion on this subject, and be in a position to denounce ILO Convention 95 by next September.

3 I am sending copies of this letter to the Prime Minister, the other members of E Committee, John Sparrow and Sir Robert Armstrong.

*Yours
Patel*

Govt
Mach

CONFIDENTIAL



cc J.V.
Prime Minister (2)

MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

MUS 28/10

TELEPHONE 01-218 9000
DIRECT DIALLING 01-218 2111/3

MO 21/1

28th October 1982

mt

Jean Norman

I was very glad to see the proposal in your letter of 19th October to repeal the Truck Acts and related legislation and to replace them as necessary by simple statutory protection against arbitrary deductions from pay. This will be particularly valuable for the Ministry of Defence: we have some 48,000 industrial employees, about 50% of the total, who draw their weekly pay in cash. We estimate that we would save some 50 posts i.e., something in excess of £250,000 per annum if all our Industrials were paid by non-cash methods. We have had a fair measure of success over the years in persuading individual Industrial employees to agree to non-cash methods of payment but we have been frustrated by the Truck Acts from making legally water-tight agreements with the industrial trade unions for more general application. My officials made this point very strongly in evidence to CPRS officials when they were preparing their discussion paper.

I am generally content with the course of action you propose and strongly endorse the need to complete our consultations in time to take the decision to denounce the ILO Convention before 23rd September 1983. We simply cannot afford to wait another 10 years before making this long-overdue reform. The only other point I want to make is that the Annex to your letter gives a fairly long list of Acts to be repealed or amended. I hope we

The Rt Hon Norman Tebbit MP

CONFIDENTIAL

CONFIDENTIAL



will be able to tackle this in one comprehensive piece of legislation but if there are major problems with the repeal of one or more elements we should still make every effort to ensure the removal of the right of manual employees to insist on payment in cash.

I am copying this letter to the Prime Minister, other members of E Committee, John Sparrow and Sir Robert Armstrong.

Yours ever
John

John Nott

Govt. Mach: Truck Act 1831-1940
7/80

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27 OCT 1980

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✓ SV
Prime Minister (4)

CABINET OFFICE
Central Policy Review Staff

MS 21/10

70 Whitehall, London SW1A 2AS Telephone 01-233 7765

Qa 06107

From: John Sparrow

CONFIDENTIAL

21 October 1982

Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
Treasury
Great George Street
SW1

Dear Geoffrey,

Cashless Pay

Norman Tebbit sent me a copy of his letter of 19 October outlining his proposals to repeal the Truck Acts.

I am pleased to see that he proposes to make an announcement and initiate the consultation process a few weeks after the discussion at NEDC.

However, there is just one reservation (expressed in my letter to you of 29 June) of which I should perhaps remind you. If the discussion at NEDC indicates that resistance by the TUC and others to the repeal of the Truck Acts is likely to be serious, it may be desirable to defuse this resistance by returning to the CPRS proposal for a statutory right to "reasonable access to cash".

I am sending copies of this letter to the Prime Minister, other members of E Committee and to Sir Robert Armstrong.

Yours sincerely,

John

John Sparrow

CONFIDENTIAL



Prime Minister (2)

Caxton House Tothill Street London SW1H 9NAF
 Telephone Direct Line 01-213.....6400
 Switchboard 01-213 3000

MS 19/10

Rt Hon Sir Geoffrey Howe QC MP
 Chancellor of the Exchequer
 Treasury
 Great George Street
 LONDON SW1

19 October 1982

D. Geoffrey,

Following the consultative exercise on the published CPRS discussion paper on Cashless Pay, MISC 14 agreed in correspondence that, in principle and notwithstanding TUC opposition, the archaic and complex Truck legislation should be repealed and replaced as necessary by simple statutory protection against arbitrary deductions from pay. I was invited to bring forward proposals.

... I attach a note by my officials which briefly outlines what is involved. At this stage I should be glad to know whether colleagues would be content with the following course of action:-

(a) I propose to announce by written answer to a Parliamentary Question that the Government intends to consult interested parties on proposals for repealing the outdated Truck legislation and for replacing it by new provisions concerning deductions from pay.

(b) I would simultaneously issue legislative proposals for consultation reflecting the conclusions in the attached note.

One point in the proposals to which I draw your attention is that they make no provision for tribunals to consider whether a deduction though properly made was unreasonable in amount. Existing legislation and Karmel's proposals in 1961 incorporate the concept of reasonableness and it will certainly be raised in consultations. However given the implications it could have for the volume and nature of cases brought to tribunals, I think it best not to raise expectations by mentioning it in the proposed consultative document.

The further consultation suggested at (b) will be essential if we are to make sensible statutory provision concerning deductions from pay, since this is a grey area about which little useful information is readily available. Moreover repeal of the Truck legislation will entail the preliminary step of denouncing International Labour Convention No 95 (concerning Protection of Wages), and we are committed to preceding such denunciation by consultation with the CBI and TUC.



Timing is important. Under the terms of the Convention we can denounce it any time between now and 23 September 1983 (after which the opportunity will not recur for 10 years). We therefore need to be sure that we have completed any consultations, at least on the issue of our attitude to the ILO Convention, in time to take a decision well before September 1983.

As we agreed through MISC 14 you are aiming to introduce a paper later this year at NEDC on the general subject of promoting cashless pay. We hope that that tripartite discussion will focus constructively on the economic and other advantages of speedier progress towards cashless pay, about which there is a large measure of agreement. But there will inevitably be some discussion of the Truck legislation and the TUC representatives will no doubt re-affirm their opposition to removal of manual workers' statutory right to payment in cash.

It would clearly be wrong to pre-empt the NEDC discussion by a previous announcement on the lines I have indicated above; but I think I should go ahead with the announcement a few weeks thereafter. I would then propose to allow about two months for the consultations, after which it would be open to us to denounce the ILO Convention. This would clear the way for us to proceed with repeal of the Truck legislation when Parliamentary time permits.

I should be glad to know whether colleagues are content with these proposals. I am sending copies of this letter and attachment to the Prime Minister, other members of E Committee, John Sparrow and Sir Robert Armstrong.

J. Norman

PROPOSED REPEAL OF TRUCK AND RELATED LEGISLATION: SUBSTITUTION
OF NEW PROVISIONS CONCERNING DEDUCTIONS FROM PAY

Note by Officials

Current position

1 Current legislation comprises the four Truck Acts 1831 to 1940 and a number of related provisions in other Acts. The Truck legislation applies only to manual workers (except domestic servants) and provides protections in four main areas:-

(i) Payment in cash. Employees covered by the Acts have a right to be paid in cash. The Payment of Wages Act 1960 allows an employer to pay wages into an individual's bank account or by cheque, postal order, or money order, if the individual agrees. Either party can terminate such an agreement at four weeks notice.

(ii) Deductions from wages. The 1831 Act has the effect of making deductions illegal, with the exceptions set out in the Acts or authorised by other statutes.

(iii) Freedom of workers to dispose of their wages as they see fit. An employer cannot legally interfere with the right of a worker to dispose of his wages as he wishes.

(iv) Payment in kind. The Acts have the effect of prohibiting such payments.

2 Annex 1 gives details of the above and of related provisions in other Acts. Most of the latter would need to be repealed in consequence of repeal of the Truck Acts.

3 The last comprehensive review of the Truck legislation was undertaken by the Karmel Committee which reported in 1961. The Committee concluded that the Truck Acts should be repealed and their essential provisions be replaced by legislation appropriate to modern conditions and covering all workers, not just manual employees.

4 It is widely accepted that the Truck legislation is complex, outdated and full of anomalies and uncertainties; and that most of the undesirable practices at which it was aimed no longer exist. There remains, however, concern at the possibility of abuse in the area of deductions from wages. As the complex Truck legislation does not lend itself to sensible amendment, the most practical course is to repeal it in its entirety, at the same time making revised statutory provision concerning deductions from pay.

Deductions from pay

5 One effect of total repeal of the Truck legislation without replacement would be the loss of the specific statutory protections they afford in respect of deductions from pay. An employee would still have his rights under Section 8 of the Employment Protection (Consolidation) Act 1978 to information about deductions. He would have access to an industrial tribunal where he claimed that such information had not been provided. The employee would also retain his contractual rights at common law.

How new statutory protections on deductions from pay might be provided

6 There is little evidence as to the scale and nature of the problems arising from deductions from pay, but it is clear that they are made for a wide variety of reasons, eg for facilities provided, bad workmanship, damage to employers' property, cash shortages, overpayment of wages etc. It would be neither feasible nor

CONFIDENTIAL

desirable for these to be specified in detail in any new statutory provisions. The problems created by attempts in the Truck Acts to define different types of deductions amply demonstrate the pitfalls of adopting such an approach.

7 Any new statutory protections should, so far as is possible, be simply expressed and avoid introducing uncertainties into what is undoubtedly a difficult area. In effect the provisions should provide a statutory safety-net against the minority of cases where deductions might reasonably be held to be arbitrary and unjustifiable. Such provisions might have three main elements:-

(a) Given that industrial tribunals can already make awards in cases involving inadequate notification of deductions, it would be logical to use the tribunals to hear other complaints by aggrieved workers concerning deductions. Provision could be made for a complaint to be presented to a tribunal against an employer on the grounds that the employer was making an unlawful deduction from pay, and it would be for the complainant to establish that the deduction was unlawful.

(b) Unless the complaint was otherwise resolved it would be for the tribunal to determine whether the deduction was unlawful as to the grounds for the deduction.

(c) To reduce the areas of uncertainty the legislation would need to indicate the criteria by which a deduction should be found to be lawful or unlawful. These criteria, however expressed, should permit deductions if they were either:

- (i) authorised under other statutes; or
- (ii) provided for in the individual's contract of employment, or otherwise agreed by the individual; or
- (iii) made in accordance with collective agreement or custom and practice.

8. Industrial tribunals could be empowered to order an employer to repay the amount deducted. There is already provision in regulations governing the procedure of industrial tribunals for enforcement of tribunal decisions by the County Court without the necessity of instituting a separate action for recovery in that court.

Exemptions

9. Any new provisions would not apply to the Police, Armed Forces and possibly, the Merchant Navy. These groups are subject to other statutes. Other minor exclusions may be necessary.

International implications

10. The UK has ratified ILO Convention No 95 (concerning The Protection of Wages). The Truck Acts are the UK's means of complying with the provisions of this Convention, which covers much of the same ground. The UK would need to denounce the Convention before repeal of the Truck Acts took effect. Convention No 95 can only be denounced during a 12 month period which occurs once every 10 years. We are already within such period which ends 23 September 1983. Any such denunciation will

only take effect 12 months after it has been registered by the ILO. Under the provisions of another ILO Convention which the UK has ratified (No 144 concerning Tripartite Consultations to promote the Implementation of International Labour Standards) the CBI and TUC must be consulted about proposals for the denunciation of ratified conventions.

11. There may also be implications in respect of parts of the European Social Charter which the UK has ratified.

CURRENT TRUCK AND RELATED LEGISLATION

(i) The Truck Act, 1831

Consolidated and extended a series of laws reaching back to 1464. Its main purpose was to protect workers in certain trades from abuses associated with payments in kind.

Section 3 of the Act laid down that the entire amount of the wages earned by or due to a worker must be paid in cash, with the exceptions listed in the Act. These covered deductions in respect of such items as fuel, materials, tools, food and rent. The deductions permitted under the Act had to be agreed to in writing by the worker. The words underlined above had the effect of making illegal any deductions not specifically sanctioned by the Truck Acts or other statutes.

Section 8 of the Act had the effect of allowing a worker to be paid by cheque only if he consented, and if the cheque was drawn on a bank which was both licensed to issue notes and within 15 miles of his place of work. The intention was to remove the abuse whereby a worker, unable to cash his cheque, was forced to exchange it for goods at the company shop. This became an absolute bar to payment by cheque when private banks ceased to issue their own notes.

(ii) The Truck Amendment Act, 1887

Extended the scope of the 1831 Act to cover nearly all employees engaged in manual labour (except domestic servants).

(iii) The Truck Act, 1896

Completed the structure of the general legislation, consolidated the provisions on deductions to ensure that stoppages from wages were fair and reasonable and that the worker was informed of his liability to and the fact of any deductions. These cover deductions in respect of: disciplinary fines; bad or negligent

work or injury to the materials or other property of the employer; the use or supply of materials, tools or machines, standing room, lights, heat, or anything else done or provided by the employer.

(iv) The Truck Act, 1940

This was of a purely technical nature and had no effect on the main body of the Truck legislation.

(v) Payment of Wages Act, 1960

Enables the wages of manual workers, at their written request, to be paid into a bank account, or by cheque, postal order, or money order if the employer agrees. Such an arrangement holds good until either party ends it by written notice. Four weeks notice of termination must be given unless employer and employee agree in writing to make a change in a shorter period.

(vi) The Hosiery Manufacture (Wages) Act, 1874

Aimed at prohibiting employers from letting frames and machinery to workers or making any form of deductions for such purposes.

The Karmel Committee consulted appropriate bodies and in the light of their comments recommended complete repeal of this measure.

(vii) The Payment of Wages in Public-Houses Prohibition Act, 1883 (as amended)

Prohibits the payment of wages to any workman in a public house or other place used for the sale of alcoholic drinks.

Karmel recommended repeal but re-enactment in new legislation to replace the Truck Acts. The abuse at which it was aimed is no longer current and the Act could probably now be repealed without replacement. Such repeal might render superfluous s.185 of the Mines and Quarries Act which is a parallel provision.

iii) The Stannaries Act, 1887

Sections 12 and 13 appear relevant. Section 12 is similar to the payment of wages provisions of the Truck Acts. Section 13 concerns deductions. The Act applies to mines and tin works in the stannaries of Cornwall and Devon. The Act as a whole may well be obsolete. If so it could be repealed. If not sections 12 and 13 should be repealed in the event of repeal of the Truck Acts.

(ix) The Shop Clubs Act, 1902

Made it illegal for an employer to make it a condition of employment that a worker should join a shop club or thrift fund except under certain conditions. The mischief at which it was aimed is no longer current and it would seem, as Karmel recommended, that the Act could be repealed.

(x) The Coal Mines Regulations Act, 1887, s.12 and 14.

Checkweighting in Various Industries Act, 1919 (as amended, see Statutes Rev, page 275)

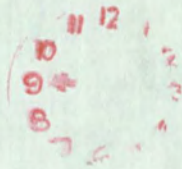
Mines and Quarries Act, 1954 s.54 (as amended by Mines and Quarries (Tips) Act, 1969 s.163

These three Acts contain provisions in respect of deductions. Karmel considered that their nature precluded them from consideration within the context of the Truck Acts. But it may be that the abuses at which they were aimed are no longer current or^{are} adequately covered by other legislation. It is for consideration whether the relevant provisions could now be repealed.

(xi) The Wages Councils Act, 1979, s.17

This section, which re-enacts s.14 of the Wages Councils Act 1959 as amended by Schedule 7 to the Employment Protection Act 1975, applies a version of the Truck Acts provisions to the statutory minimum remuneration of a worker employed in an industry which is subject to an order of a Wages Council. Karmel saw no reason for a special provision of this nature.

19 OCT 1982





Govt Mach

DEPARTMENT OF HEALTH AND SOCIAL SECURITY
ALEXANDER FLEMING HOUSE
ELEPHANT AND CASTLE LONDON SE1 6BY
TELEPHONE 01-407 5522 EXT

The Rt Hon Norman Tebbit
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
London SW1

✓
MAB

April 7 1982

Norman Tebbit

MISC 14(82)3 - CASHLESS PAY: RECOMMENDATIONS FOR ACTION

This report by the CPRS was not circulated until shortly before the meeting on 17 March, and a copy did not arrive in this Department until it was too late to arrange for us to be represented. I note from the minutes, however, that the Chancellor of the Exchequer said that, since the Group had not had time to discuss the report, he would write to you to set out his own views; and he asked colleagues to do likewise in the hope that it might be possible to reach agreement in correspondence on the next steps.

Although the report discusses some matters for which I am responsible, and concludes with a specific recommendation that I should ensure that my Department takes cashless and monthly pay considerations into account when planning the longer-term future of social security benefit payments, my Department was not consulted during the preparation of the report. If it had been, it would have pointed out that we already do this, but that we have encountered substantial political and public resistance in proceeding even as far as we have done in trying to introduce such changes as we have made. We are currently seeking, for example, to persuade mothers to receive benefits four-weekly rather than weekly, and to receive their money paid direct into their bank accounts. We have had to exempt a substantial number of cases on grounds of hardship. We were also pressured into giving a free option to all existing weekly-paid beneficiaries, and the indications are that over 70 per cent of those who are being given the choice will opt to stay on weekly payment, despite our putting the option to them in terms of an "inertia sell" whereby they had to opt out rather than in. We shall continue to press forward with our attempts to introduce more modern methods of transfer payments, but this experience illustrates the very real political difficulties. Copies go to other members of Misc 14 and John Hoskyns.

Norman Fowler

NORMAN FOWLER

11.01 APR 1982



110
Mr. Langkster - No. 10
has already seen this



and
approved
publication

CABINET OFFICE

Central Policy Review Staff

With the compliments of

J. R. Ibbs

70 Whitehall, London SW1A 2AS

Telephone 01-233 7765

Govt Machinery

see the paper

R.

1876



CABINET OFFICE
Central Policy Review Staff

70 Whitehall, London SW1A 2AS Telephone 01-233 7765

From: J. R. Ibbs

CONFIDENTIAL

Qa 05394

15 June 1981

Dear Chancellor,

Cashless Pay: Alternative to Cash in Payment of Wages

Our discussion document, about which you wrote to the Secretary of State for Employment on 21 April, is being published today. I enclose a copy.

I am also sending a copy to the Prime Minister and to other members of MISC 14.

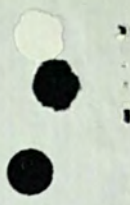
yours sincerely,

J R Ibbs

The Rt Hon Sir Geoffrey Howe QC MP
H M Treasury
S W 1

CONFIDENTIAL

16 JUN 1954





Sur
ce. h. hugham

MISC 14

Gut Mach

CF

HMT
DOI

10 DOWNING STREET

From the Private Secretary

D/M
CSD
(CPRS)

MR. IBBS
CABINET OFFICE

+ CO

This is just to confirm that the Prime Minister is content that the CPRS report on cashless pay should be published.

I am sending a copy of this note to the Private Secretaries to members of MISC 14, the Secretary of State for Employment and Sir Robert Armstrong.

T. P. LANKESTER

29 April 1981

055

E. R.

cc Press Office

PRIME MINISTER

1
→ see Ibbot's ChEx
of 16-3-81

You should know that the CPRS
are planning to publish a report they
have done on cashless pay. Copy
attached. The Chancellor and Sir Keith,
and also Mr. Heseltine who has been
involved as a member of MISC 14, are
keen that it should be published as
soon as possible.

Content?

R
.

28 April 1981

CONFIDENTIAL



cc Post office

TL (O/R)

to see

MS

21/4

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

21 April 1981

The Rt. Hon. James Prior MP
Secretary of State for Employment

Comish (CPRS) rang on

23/4 to say that he hoped
we wd agree formally to
publication after the bank strike
- wd you tell him all is well?

CASHLESS PAY: ALTERNATIVES TO CASH IN PAYMENT OF WAGES

will request of required MS
23/4

Thank you for copying to me your letter of 9 April to Robin Ibbs. I note that you are content for publication of the CPRS report (subject to some minor amendments) to go ahead and I think we should aim to publish the report as soon as possible.

I understand from contact between my officials and CPRS that it should be possible to arrange for publication of the report at the end of May or early June. We will however have to bear in mind the possibility of a bank strike; a strike would clearly be an unfortunate backdrop against which to release the report, particularly if it lasted long enough to cause serious problems for personal customers and thus call into question the merits of cashless pay. But we need to make only contingency arrangements to accommodate this; it would be sensible to go ahead as planned (ie publication in late May/early June) and only change the publication date if an extended bank strike had occurred meanwhile.

I note your suggestion that it might be best to set the deadline for comments on the report a little later than end October, as suggested in Robin Ibbs' letter. I doubt whether in practice there is much difference between what you and Robin Ibbs have in mind on the length of the consultation period. I believe he would be happy to accommodate you on this aspect. Can I suggest therefore that we agree now on a consultation period of six months from the date of publication (assuming that the bank strike and other eventualities do not delay publication beyond June).

I am copying this letter to the recipients of yours and Robin Ibbs.

GEOFFREY HOWE

CONFIDENTIAL

21 APR 1981



Geoff Howe

MR



2 MARSHAM STREET
LONDON SW1P 3EB

My ref: H/PSO/12645/81

Your ref:

- 2 APR 81



See below

I have seen a copy of Robin Ibb's letter to you of 16 March, with which he enclosed the CPRS draft discussion document on cashless pay. I see no need for us to discuss this again in MISC 14 and, subject to the Prime Minister's approval, would be content for the document to be published as drafted.

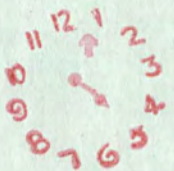
I am copying this letter to the recipients of Robin Ibb's'.

Yours aw

MICHAEL HESELTINE

The Rt Hon Sir Geoffrey Howe QC MP

3 APR 1981



Gov Mark



DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

Secretary of State for Industry

26 March 1981

Rt Hon Sir Geoffrey Howe QC MP
Chancellor of the Exchequer
HM Treasury
London SW1

TZ

27/3

Dear Geoffrey,

CASHLESS PAY

Robin Ibbs sent me a copy of his letter of 16 March and the draft discussion document on cashless pay.

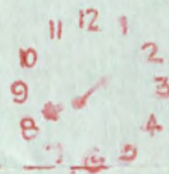
2 I support the publication by the CPRS of a document along these lines. A significant move towards cashless or monthly pay would benefit industry and will only come about if deep rooted attitudes can be changed. The best way of helping to do this is through stimulating a non-partisan public debate.

3 The follow up action proposed by Robin seems basically right, but I suggest the document should be more widely circulated for comment. In addition to the CBI, the Association of British Chambers of Commerce and the various bodies representing small firms should certainly receive copies. I assume that the Post Office and National Girobank would also be on the list.

4 I am sending copies of this letter to the Prime Minister, to the other members of MISC 14, to Jim Prior, Sir Robert Armstrong and Robin Ibbs.

*Yours,
Kevin*

27 MAR 1981





Press Office
DNCM

Gov Mail

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

24 March 1981

J R Ibbs Esq
Central Policy Review Staff
Cabinet Office
Whitehall
LONDON
SW1A 2AS

MAM

TL

Dear Robin

CASHLESS PAY : ALTERNATIVES TO CASH IN PAYMENT OF WAGES

Thank you for your letter of 16 March enclosing the draft CPRS report on this subject.

As you know, I share your view that there are important benefits to be gained from a shift towards cashless methods of wage payment. It is of course a sensitive issue, particularly as regards the Truck Acts, and I welcome the cautious treatment of this issue in the report and the way in which it is handled within the wider context of the scope for government action. I think this is the right approach. I also agree with the emphasis in the report on the key importance of the parties most clearly involved - employers, banks and employees, rather than the government - making progress.

I am therefore strongly in favour of the report being published as soon as possible and hope that other Ministers will feel able to clear the report by correspondence. I do however have some minor drafting amendments to suggest (in the attached annex) which you may like to take on board.

Finally I am also happy with the procedure for handling the report suggested in your letter.

Copies of this letter go to the recipients of yours.

2
JRH

GEOFFREY HOWE

SUGGESTED AMENDMENTS

I. In paragraph 12d on page 8, the fourth sentence:

"Unions, although in many cases understanding the advantages of change for their members may concentrate on the disadvantages."

is perhaps rather untactful. I would suggest instead:-

"Unions, partly perhaps for historical reasons may tend to over-estimate the disadvantages of change."

II. In paragraph 20(b) on page 10, the seventh sentence:-

"There would be no obligation for pensioners or widows to alter their present method of payment."

is perhaps not entirely clear in context. I suggest that the following might convey more clearly what is I think the intended meaning:-

"There would however be no obligation for pensioners or widows to accept a change in the method by which they are paid at present if they did not want it."

III. Similarly, in paragraph 22 on page 11, the second sentence:-

"The provision which the Acts provide against arbitrary and unfair deductions may however be greater than the small number of complaints might seem to indicate."

might perhaps be redrafted as follows to bring out more clearly what is presumably the intended meaning:-

"The degree of protection which the Acts provide against arbitrary and unfair deductions might seem greater than strictly necessary given the small number of complaints."

24 MAR 1991



CONFIDENTIAL



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Dugher

Gork Mach

7

CABINET OFFICE
Central Policy Review Staff

70 Whitehall, London SW1A 2AS Telephone 01-233 7765

From: J. R. Ibbs

Qa 05291

16 March 1981

Dear Chancellor,

attached

Cashless Pay: alternatives to cash in payment of wages

You will recall that MISC 14, at its meeting on 5 August last year (MISC 14(80) 5th Meeting, Item 2), asked the CPRS to draft a discussion document for publication in due course. Since then we have had a number of further discussions, including a talk with the TUC (as MISC 14 envisaged) and with two or three unions. We have also kept in close touch with the Committee of London Clearing Bankers who themselves launched a campaign for monthly non-cash payment earlier this year. The CLCB has indicated that publication of a CPRS document on these lines in the spring or early summer would in their view be helpful.

A draft discussion document, with publication in view, is enclosed. It has been seen in earlier draft by the main interested departments (DE, Treasury, CSD, DOE, DOI, MOD, HO and DHSS) and we have so far as possible taken account of their comments. The document, if published, would however be one for which the CPRS only was responsible, and it would be prefaced by the normal disclaimer.

The document makes it clear that the way forward lies primarily with the parties most clearly involved - employers, banks, unions and employees. The role of Government - as employer, payer of benefits and legislator - is discussed in paragraphs 16 to 26. More detailed material on the Truck Acts and Payment of Wages Act is in the two Annexes (including at Annex B a brief discussion of options for repeal or amendment).

The Rt Hon Sir Geoffrey Howe QC MP
H M TREASURY
S W 1

CONFIDENTIAL

There has been some difference of view between departments as to whether the document places too much or too little emphasis on the Truck Acts. Our own view is that the protection given to manual workers by the Acts is not an overriding barrier to progress. There is a good deal of evidence that a positive approach by employers and banks (including, if necessary, appropriate incentives) can get results on a voluntary basis. The banks are not asking for legislative change (which they feel might be counter-productive in union attitudes), and the TUC and unions - while generally openminded on the case for more non-cash payment in appropriate circumstances - would almost certainly strongly oppose the removal of current protection. Nevertheless, the Acts in their present form are perceived by some employers as an important obstacle to progress. And within the public sector this view is shared by the MOD so far as their industrial staff are concerned and by the Chief Inspector of Audit in his recently published report on payment of local authority manuals. The draft document aims to put the Acts into the wider context without giving them undue prominence, but at the same time to discuss the issues fairly (and in Annex B the pros and cons of legislative options including the status quo). We do not make any recommendations, and think it would be premature to do so. One of the purposes of the document is to obtain a better political assessment of reactions than is available at present. But we think there would be justifiable criticism if the document failed to discuss adequately one of the few aspects of the problem that is a direct responsibility of Government. In short, I think that the balance of the draft is about right.

It would now be helpful to know whether you, and other Ministers to whom I am copying this, agree that a CPRS discussion Document in this form should be published. If so, subject to the Prime Minister's agreement to publication, we think that it would be desirable to publish it as soon as HMSO can make the necessary arrangements, and in any case by the early summer.

If publication goes ahead, a certain amount of follow-up action will be desirable in order to try to ensure that the report has the maximum possible effect. We suggest:

- (a) a press notice at time of publication underlining the main points;
- (b) sending copies of the document to the CBI, banks and the TUC;

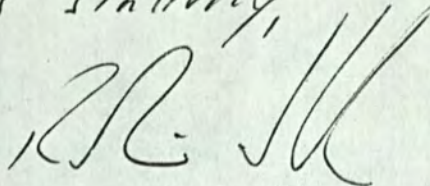
CONFIDENTIAL

- (c) a discussion in NEDC later this year (as envisaged at the MISC 14 discussion last year), probably based on the document;
- (d) a further report to Ministers by officials when the comments on the report (which we suggest should be asked for by the end of October this year) have been received and collated;
- (e) consideration, in the light both of reaction to the report and other developments (e.g. the progress of the banks' own campaign), of any further Government action to give impetus to the movement to cashless monthly pay.

If publication is agreed, I should be grateful to know whether these proposals for follow-up action are also agreed.

It may well be possible to clear this in correspondence, but, if you or other Ministers feel that a discussion is required, I would suggest that this should be fitted in at a MISC 14 meeting later this month.

I am sending copies of this letter and of the draft document to other members of MISC 14 and to the Secretary of State for Employment. I am also sending a copy to Mr Lankester (No. 10 Private Office) in view of the fact that the Prime Minister's agreement is required to the publication of any CPRS document, and to Sir Robert Armstrong.

yours sincerely,


J R Ibbs

CASHLESS PAY: ALTERNATIVES TO CASH IN THE PAYMENT OF WAGES

Introduction

1. In 1979, 13½ million British employees were paid in cash, over half the total. This is a million fewer than in 1976. The number of employees without current accounts in banks is also falling. Perhaps the days of the bulky weekly pay-packet are numbered, as employees, employers and banks of all kinds increasingly see the advantages of cashless pay. By this we mean earnings being paid directly into an employee's account with a bank (including the National Girobank, Co-operative Bank, or Trustee Savings Bank), or payment by cheque. There is also movement from weekly to monthly pay, although the difference remains as one of the most obvious distinctions between white collar employees and the rest of the labour force.
2. Yet movement in these directions is slow. There are disadvantages as well as advantages in cashless pay. There may be obstacles to its growth which could be removed. The Government may be able to focus attention on what the CPRS believes to be an important subject; indeed the main aim of this report is to encourage wider discussion of methods of payment (and the benefits and difficulties of changing them) among employers, employees, banks, unions and the public generally. We hope that all those concerned will re-examine existing attitudes and look for means of solving some of the difficulties which stand in the way of useful change. The Government also has a part to play as an employer and provider of benefit payments. Current legislation (the Truck Acts and the Payments of Wages Act) is held by some to be a barrier: broadly, the latter Act requires that manual workers (but not other employees) must be paid in cash unless they request otherwise.
3. The Central Policy Review Staff has been doing some work on this subject during the past year, and Ministers have decided that the time has come to assist public discussion of an important subject by publishing this discussion paper. It first looks at the advantages and disadvantages of the various methods of payment (cash, cheque or bank credit transfer) and frequency of payment (weekly or monthly, with fortnightly or four weekly pay as possible alternatives). The current position and recent trends in the United Kingdom are described and compared with those in some other countries (paragraphs 5 to 9). The benefits, and the difficulties, of further movement towards non-cash payment, whether weekly or monthly, are summarised (paragraphs 10 to 15). The role of Government is discussed (paragraphs 16 to 26). Finally, our conclusions are set out (paragraphs 27 and 28), and comments are invited (paragraph 29).

4. In preparing the report, the CPRS has had discussions with the CBI, the TUC, a number of firms and unions both large and small, nationalised industry, banking (the Committee of London Clearing Bankers, the Inter-Bank Research Organisation (IBRO), Barclays Bank, the Post Office's National Girobank, the Co-operative Bank and the Trustee Savings Banks) and Government Departments. We are grateful for their help; the responsibility for this report is however our own.

Britain and other countries

5. Details of how British people were paid in 1979 are set out in Table 1. It is worth noting that those paid in cash include 78 per cent of manual workers (showing that the Payment of Wages Act is not a total barrier to non-cash payment), and 35 per cent of non-manual workers (despite the fact that they are not covered by the Act).

Table 1: Methods by which the wages of British employees were paid in 1979
percentages

	Manual	Non-manual	All employees
Cash: weekly in cash	77)	34)	53)
monthly in cash	1) 78	1) 35	1) 54
Non-cash: weekly by bank credit	7)	6)	6)
weekly by cheque	6) 21	4) 65	5) 45
monthly by bank credit	5)	43)	25)
monthly by cheque	3)	12)	9)
Total	100	100	100

Source: IBRO

Note: The totals include very small numbers of staff paid by transfer into accounts other than bank accounts (notably building society accounts), and therefore not included in the itemised figures.

Table 2 shows there has been a significant reduction in the proportion of the population paid in cash over the period 1969-79. In the period 1969-76 movement was most marked among non-manual workers, and was often accompanied by a move to monthly payment. Since 1976 the change has been concentrated on manual workers, where the steady progress of the preceding period has been maintained. Among manual workers there has been much less tendency to associate the switch from cash with a move from weekly to monthly pay. Manual workers making a

change from cashless pay are increasingly being paid by cheque, although this is an alternative which may not offer as full advantages as payment into a bank account.

Table 2: Method of payment of wages and salaries, 1969, 1976, 1979

	<u>percentages</u>								
	Manual			Non-manual			All employees		
	1969	1976	1979	1969	1976	1979	1969	1976	1979
Cash	89	82	78	52	35	35	75	59	54
Bank credit	6	11	12	30	47	49	15	27	31
Cheque	5	6	9	17	16	16	10	12	14
Other non-cash	-	1	1	1	2	-	-	2	1

Source: IBRO

6. Between 1976 and 1979 the percentage of employees with bank current accounts rose from 51 per cent to 57 per cent. About 40 per cent of those employees who are paid weekly in cash already have current bank accounts. Other figures show that only 15 per cent of the adult population possess no bank or savings account at all (including building society and national savings bank accounts).

7. There is a strong contrast with methods of payment in most other developed countries. Comparisons may vary in statistical definition, but, according to IBRO, only 1 per cent of US workers, and 5 per cent of Canadian and West German workers, are paid weekly in cash. In France, under 25 per cent are paid in cash, and all workers are paid monthly: over the last decade government and unions have actively pursued monthly cashless payment of wages as part of a wider move towards single staff status. In the Netherlands, the change to monthly cashless pay (now covering 85 per cent of workers) has mainly been brought about by banks and employers. Legislation on the same lines as the Truck Acts has not been repealed, but the Dutch government has helped by paying all its employees by Giro or cheque. Italy and Spain, in contrast, have a higher proportion of workers paid weekly in cash than the United Kingdom.

8. One must of course bear in mind that each country has its own institutions, traditions and attitudes bringing their own advantages and problems; for example, most French banks are open on Saturdays, shops in the United States are often ready to cash cheques, and the system of giro banks and savings banks is highly

developed in several continental countries. Nevertheless, the much higher prevalence of cash (and weekly) payment in the United Kingdom as compared with most other developed countries is striking.

9. There is a wide variety of factors influencing the present United Kingdom position, and the pace of change. The following paragraphs attempt to summarise these factors under two headings: the advantages of change on the one hand, and the obstacles or problems on the other. Since the benefits, and associated obstacles, of moving from weekly cash to non-cash payment still on a weekly basis differ in a number of respects from those involved in moving to non-cash payment on a monthly basis, these are dealt with separately.

Benefits from change to non-cash payment

10. For movement from cash to non-cash (even though still on a weekly basis), the main benefits are -

a. For employers, there can be considerable administrative savings and gains in efficiency from ~~changing~~ the method of payment from weekly cash to weekly credit transfer to employees' bank accounts. These mainly arise from staff no longer needed to make up pay packets; working time otherwise lost when staff queue up to be paid on pay day; in payments for security of cash at the workplace (either for security guards and installations, or for insurance cover); and possibly a day or so's cash flow savings. Payment by cheque will also produce savings, but is more expensive to the employer than payment into bank accounts. Depending on circumstances, an employer may wish to offer an incentive scheme to give the necessary momentum to the changeover to one or another form of cashless pay. Possibilities include single lump-sum payments, payments to cover bank charges, or improved conditions of service, e.g. to lessen white collar-blue collar distinctions in other ways. It may sometimes be desirable on general grounds of staff relations to extend incentives to employees who have already made the change. But even where some of the financial benefit is passed on to employees, considerable savings* can still be secured.

b. For employees, there are often worthwhile advantages from being paid into bank accounts - less cash at risk of theft or loss, facilities for paying bills by cheque or standing order, access to other banking services

* Details of such savings, and advice on how to change methods and frequency of payment, are contained in a booklet entitled 'Payment of Wages: introductory guidelines for employers' published by the High Street Banks and obtainable from 10 Lombard Street, London, EC3V 9AP.

(including personal loans at rates more favourable than hire purchase). Employees paid by cheque do not enjoy all of these benefits, though to some a simple cheque transaction may seem less baffling than a bank account. Continuing advances in information technology will improve the speed and convenience of the services that the banks can offer (for example, more rapid transfer of funds from employer to employee's bank account, and further growth in the number of automated cash dispensing machines offering cash at all times). Such advances in technology will in turn make bank accounts more attractive to employees now being paid in cash or by cheque.

c. For the banks, there are gains from acquiring new customers. These are most obvious when movement to payment into bank accounts takes place on a monthly rather than a weekly basis, but banks are also generally prepared to accept, and in some cases seek out, business on the basis of weekly payment into bank accounts (7 per cent of manuals and 6 per cent of non-manuals are so paid). Even if the banks' profit on such current accounts alone may be modest, they gain new customers for other banking services. The National Girobank in particular can expect to pick up a worthwhile proportion of employees opening new bank accounts, not least because of its convenient opening hours. This should provide some useful additional business for sub-post offices.

d. For the police, for firms and for many members of the public, there are clear security gains from reducing payment in cash. There are large risks for staff in transporting and paying out cash. The Home Office Standing Committee on Crime Prevention (and its sub-committees) - on which police, CBI, TUC, the security industry and various commercial interests are represented - have from time to time discussed the benefits in terms of crime prevention of eliminating payment of wages in cash. Less payment by cash would reduce opportunities for robberies with violence, which have been increasing (including robberies and attempted robberies from security vans which numbered 187 in 1979, resulting in 33 injuries). Moreover, employees receiving their pay in bank accounts would be more likely to use cheques rather than cash for many of their own payments. This should reduce other opportunities for robbery or theft. Opportunities for cash robbery would obviously still exist (from banks, post offices, shops etc. and cash in transport between them): only 20 per cent of cash carried by security vans at present is for wages. Nevertheless, there would be fewer targets to be defended. The elimination (or reduction) of payment in cash would be an important step in the right direction.

e. Non-cash payment is also a step in reducing differences between blue and white collar workers, and thus may contribute to movement towards single staff status.

Benefits of monthly pay

11. There are additional benefits if non-cash payment is made monthly (or, as a halfway house, fortnightly) -

a. For the employer, the savings are larger, partly because wages themselves have to be calculated less frequently, and partly because there are likely to be cash flow advantages once the transition has been made and assuming payment in arrears. (Again, payment by cheque secures fewer savings than payment into bank accounts.) Analysis by the clearing banks has led them to estimate total average savings per employee moved from weekly cash pay to monthly pay by bank credit at about £30 per year, or nearly 60p per employee per week. This figure is an average which covers wide differences between firms, and savings for smaller employers (eg where payment is only a minor part of a job for a single employee) are likely to be less. The move to monthly pay may also encourage the simplification of pay arrangements.

b. For the employee, monthly payment into bank accounts may make budgeting easier. Recurrent payments - such as mortgage interest, hire-purchase repayment, budget accounts for shops, gas and electricity, and in many cases rent and life assurance - tend increasingly to be on a monthly basis.

c. The banks gain considerably from a change to monthly (or fortnightly) pay into bank accounts rather than weekly pay, because the average balance in the new customers' current accounts is likely to be a good deal higher. The increase in the banks' business could lead to reduced bank charges (or less pressure to increase them), and greater scope for the use of cash dispensing machines.

d. A move to monthly non-cash pay is a more significant step towards single staff status than the move to weekly non-cash payment. Eliminating differences in methods of payment can be seen as one element of a longer term process of moving towards single status.

Problems of weekly cashless pay

12. Despite these advantages, there are a number of problems and difficulties (excluding the Truck Acts, which are discussed at paragraphs 21-26 below) which stand in the way of more rapid movement away from cash payment. Where the move is from weekly cash to weekly non-cash, the main points are -

a. Employees who are not paid in cash still have to be able to obtain cash at convenient times, and will need either to draw money from an account or to cash an employer's cheque. Access to a bank during opening hours may not be possible from the place of work (due to distance or work schedules). The fact that banks (except for National Girobank, the Co-op bank outlets in shops and a few foreign-owned banks) are not open on Saturday in this country is sometimes a serious handicap. There are various possible solutions to this difficulty, eg a bank can arrange for a sub-branch to be opened in a large factory for limited periods during the week, or automated cash dispensers can be provided at the factory (or in town centres). But banks are not always ready to help in this way for various reasons, eg the security risks of a sub-branch or a cash dispenser may be high, and cash dispensers are relatively expensive (they cost around £20,000 to buy) and need fairly intensive use to justify their cost.

b. Employees may also be justifiably concerned about extra costs falling on them if they move to non-cash payment into a bank account. The level of bank charges in the future is unpredictable (even if the bank offers free facilities for an initial period), particularly as the employee is likely to be uncertain how his average balance will settle down. In contrast to a post office savings banks or building society account (and in contrast to many of the savings banks used in other countries for payment of wages), a bank current account offers no interest incentive.

c. There are also deep-seated social attitudes, particularly among some older workers, which are slow to change, such as a preference for seeing one's money in cash, being accustomed to cash budgeting, reluctance to let one's wife (or husband) know the size of the paypacket (which bank statements would reveal), or institutional preferences and prejudices (eg unfamiliarity with clearing banks as compared with post offices, trustee savings banks, co-ops, or building societies). There may be fears that a computer-based system could break down. This would not apply to payment by cheque, but in industries where there are small firms which may go out of business very rapidly there can be anxiety that payment by cheque involves the risk that the cheque may bounce.

d. Lack of understanding and unwillingness to change on the part of other parties involved - employees, unions and banks - can also be unhelpful. Employers may not appreciate the savings that can be made, or may overestimate the difficulty of making a change. They may also be reluctant to accept the case for sharing the benefit with employees where this is possible. Unions, although in many cases understanding the advantages of change for their members, may concentrate on the disadvantages. The clearing banks have not in the past shown themselves particularly interested in new weekly paid customers. More might be done to attract people at present unwilling to open bank accounts. For example, there is often real concern about the level of possible bank charges; more thought might be given to ways of meeting this concern, e.g. through guarantees of free banking services. There is also a case for more flexible bank opening hours. In particular, Saturday opening by those banks which are at present open only on weekdays seems likely to be helpful. Despite staff opposition in current circumstances, there should be a wide area of common employee-employer interest in attracting more bank customers, particularly when technological change is reducing the manpower required to meet existing customer needs. Finally, the time at present needed by the banking system between receiving pay information from the employer and crediting the employees' accounts should, if possible, be shortened.

Problems of monthly cashless pay

13. Where the move is to monthly non-cash pay, some additional problems can arise -
 - a. Where bonus payment schemes are linked to short-term gains and losses in productivity, the success of the scheme for both employer and employees may be greater if payment reflects the effort of the immediately preceding week. Monthly payment may obscure the link between pay and productivity (unless the scheme itself is substantially altered), and make it more difficult to question mistakes. In some cases simplification of payment schemes may be a necessary pre-condition of the change.
 - b. There are immediate transitional problems for employees in any movement from weekly to monthly pay in arrears. These can be solved by the employer arranging for a temporary loan to the employee, but, depending on the precise phasing arrangements, this may carry with it a temporary cash flow disadvantage for the employer before the cash flow gains start to accrue.
 - c. Social attitudes are again important. The move to monthly budgeting may be particularly difficult for people who have been used to managing from week to week, and some of whose major payments out may still be on a weekly basis. A move to fortnightly pay may be useful as a half-way house.

Benefits and problems - general assessment

14. The difficulties outlined in paragraphs 12-13 above are real ones, but some have more force than others and they are in general more transitional than long-term in character. We believe that, given adequate co-operation and flexibility on the part of all concerned, they can be much reduced, if not entirely solved.

15. Overall, despite the difficulties, there are undoubtedly gains in efficiency for the economy as a whole in switching from weekly payment in cash. This is because a widespread switch from weekly payments in cash to monthly payments via banks would bring substantial cash savings. While cash is sometimes an appropriate payment mechanism, it is in general more costly (for the reasons outlined in paragraphs 10 and 11 above) for the payment of relatively large sums, such as wages, on a regular basis. This argues for some form of action to draw attention to the advantages of a switch from cash to non-cash wage payments (preferable on a monthly basis), and to reduce so far as possible the difficulties outlined in paragraphs 12-13 above.

The Role of Government

16. The primary responsibility for tackling the barriers to more rapid movement to cashless, monthly pay must lie with those most directly concerned: the employers, banks, and employees themselves. The Government may be able to help spread understanding of the potential benefits, not least in helping to prevent crime. But the Government also has a more direct role as paymaster of its own employees, as the channeller of funds to pensioners and others who receive benefits, and as a framer of legislation should this be needed.

(a) Payment of wages in public sector

17. The Government is directly responsible for payment of industrial and non-industrial civil servants. It is perhaps surprising that for significant numbers cash payment (normally weekly) is still the practice. Out of 540,000 non-industrial civil servants, roughly 9,000 monthly-paid and 40,000 weekly-paid staff are still paid in cash. If these and a further 80,000 weekly-paid staff paid other than in cash could be persuaded to move to monthly payment into bank accounts, there would be a saving in the region of 500 staff now doing pay work. The total savings from staff and other factors, including cash flow effect, could be of the order of nearly £8 million a year. There are difficulties in imposing changes in the frequency and method of payment on existing staff, and in securing a voluntary switch without offering financial incentives. It is proposed however that, beginning in the near future, new entrants to the non-industrial Civil Service should in general as a condition of service be paid monthly into bank accounts. Given the turnover of staff, this should achieve 75 per cent of the potential savings within about five years. At the same time serving weekly paid staff (whether or not paid in cash at present) will have the option of changing to monthly pay by bank credit if they wish. Given the savings that can be achieved, we hope that ways can be found of encouraging them to do so.

18. There are roughly 155,000 industrial civil servants, most of them employed in various establishments of the Ministry of Defence and the Department of the Environment. At present, all are paid weekly, some 40 per cent of them in cash and a high proportion of the others by giro cheque, which is considerably more expensive than credit transfer into a bank account. Here, too, further progress towards monthly pay by credit transfer, if this could be achieved, would bring large savings in money and staff.

19. In the public sector more widely, there is a mixed picture of progress in some areas (for example, North Thames Gas obtained a worthwhile switch to credit payment by offering a lump sum payment to employees who made the change), and little change in others. So far as local government is concerned, the 1979/80 report of the Chief Inspector of Audit gives a valuable analysis, including detailed figures (based on a sample review) which demonstrate striking differences between the average annual costs of payment in cash as opposed to payment by credit transfer or cheque. The report estimates that the cost of paying 2.6 million local government employees is over £25 million, and that this cost could be halved if all employees were paid by bank credit or cheque, and reduced to £2 million or £3 million if they were also paid monthly. The CPRS believes that local authorities should take a close look at the possibility of making such savings, particularly now when the alternative may be painful cuts in services. We have little doubt that there is scope for savings on a similar proportionate scale in other parts of the public sector (eg the National Health Service).

(b) Payment of benefits

20. Apart from its role as employer, the Government is also directly involved on a massive scale in money transfer payments to pensioners and other recipients of social security benefits. Roughly a thousand million such payments are made each year, at a cost to public expenditure of administering these payments of well over £300 million at current prices. At present most of these payments are made weekly and cashed at post offices. In their reply to the First Report from the Social Services Committee on arrangements for paying social security benefits (Cmd. 8106), the Government set out proposals for the future. Payment by credit transfer would be offered from mid-1982 onwards to most beneficiaries who wanted it. Payment would be at four-weekly intervals, or quarterly, in arrears. There would be no obligation for pensioners or widows to alter their present method of payment. Child benefit would be paid four-weekly in arrears by credit transfer or order book, except for more vulnerable families in defined categories who could keep weekly payment if they wanted. Other benefits would be paid on the lines proposed for pensions. The Government has asked for views on these proposals. The potential gain in efficiency and savings in public expenditure is considerable.

(c) The Truck Acts and Payment of Wages Act

21. Current legislation affecting methods of payment consists of the Truck Acts, 1831-1940, and the Payment of Wages Act, 1960. A brief history of these Acts is given in Annex A. The legislation applies to manual workers (excluding domestic servants) only. Its effect is as follows -

- a. employees must be paid in cash, except if they themselves make a written request (which can be withdrawn at any time at a month's notice) to be paid by credit transfer, cheque, postal or money order;
- b. only those forms of deduction specified in the Acts are legal;
- c. all payments in kind are prohibited;
- d. no restrictions can be placed on the way in which workers should spend their wages.

22. The number of individual complaints by employees under the Acts to the Factories Inspectorate is small, and they mostly concern deductions. The provision which the Acts provide against arbitrary and unfair deductions may however be greater than the small number of complaints might seem to indicate. Wider interest in the Acts, and criticism from employers and industry, centre on the requirement to pay manual workers by cash unless they ask otherwise. This is the relevance of the Acts to the subject of this report. Two earlier enquiries into the working of the Acts are summarised in Annex A, paragraphs 5 to 8.

23. There are also treaty obligations dealing, among other matters, with methods of payment and deductions. These arise from the United Kingdom's ratification of the Protection of Wages Convention (No. 95), 1949, of the International Labour Organisation (ILO). The existing provisions of the Truck Acts and the Payment of Wages Act are the vehicle for United Kingdom compliance with the Convention.

24. It will be evident from paragraphs 10-15 above that the Payment of Wages Act is only one factor in a complex interplay of factors affecting change in methods of payment. The Act has not prevented a significant number of firms from attempting, often successfully, to obtain the voluntary agreement of their manual workers to the switch from cash to cashless pay.

25. Limited recent survey evidence from the private sector (based on 200 firms, only 5 per cent of whom mentioned the Truck Acts) suggests that only a small minority of employers put the Acts high on their list of significant obstacles to the movement to cashless pay. Nevertheless some do. And in the public sector there are undoubtedly areas (e.g. industrial civil servants and local authority manuals) where the Acts in their present form are perceived as a significant brake on progress. Moreover, we believe that a number of firms, faced with legislation which is uncertain and potentially tricky in its application, may give up rather than make a change to cashless, monthly pay even though this change would come to be seen as useful by all concerned. Some of the uncertainties stem from attempts in the Truck Acts to define 'manual worker' in terms which were probably unclear even in Victorian times and are now anachronistic as well. The legislation may also forbid deductions from pay or the provision of non-cash benefits which are nevertheless regarded as desirable on all sides. A company which is considering reorganising its entire payments system on a non-cash, monthly basis may be deterred by the risk that individual employees could subsequently demand a return to cash payment for which there would no longer be any facilities.

26. Despite these problems, the CPRS does not believe that the Truck Acts, and specifically the Payment of Wages Act, have been an overriding obstacle to the movement to cashless pay; a number of other social and economic obstacles mentioned above seem to us to have been more important barriers. We note also that the banks do not advocate any amendment to the Truck Acts. Nevertheless, the Acts in their present form are undoubtedly one of the obstacles, and one which is under the Government's control. If it were felt that legislative change was either necessary or desirable, a number of options could be considered (see Annex B).

Conclusion

27. The CPRS believes that there are significant general advantages in the movement to cashless pay (particularly by direct transfer to bank accounts) and to monthly rather than weekly pay. Non-cash payment benefits the economy as a whole as a result of resource gains from greater efficiency of pay systems. It results in significant cost savings for employers, and additional customers for banks. Society benefits from reduced opportunities for violent crime. The erosion of one of the traditional distinctions between manual and non-manual workers contributes to longer term movement towards single staff status. Employees also benefit from increased security and access to a wide range of banking services. There are undoubtedly transitional difficulties for employees who have become accustomed to weekly payment, and budgeting, in cash. But action by both employers and banks, in consultation with employees and their unions, can go a long way to ease or solve these difficulties.

28. Despite these advantages, progress in the United Kingdom has been far slower than in most other developed countries. Nearly four-fifths of manual workers, and over one-third of non-manual workers, are still paid weekly in cash. The steady but slow trend towards more cashless pay will doubtless continue in any case. But the CPRS believes that it would be for the general benefit if the trend could be accelerated, and that this should be possible if all those concerned are prepared to re-examine attitudes and to adopt a positive approach in tackling the transitional problems. We hope that this report can contribute towards this objective.

Comments

29. The main aim of this paper is to stimulate wider public discussion, particularly by those directly concerned, of the issues. But comments would be welcome, particularly on matters that lie within the Government's direct responsibilities (paragraphs 16-26). Any comments should be sent by 31 October 1981 to:

Central Policy Review Staff,
Room 429,
Cabinet Office,
70 Whitehall,
London, SW1A 2AS

The Central Policy Review Staff will forward comments to other Departments as appropriate.

A BRIEF HISTORY OF THE TRUCK ACTS

1. The Truck Act, 1831, consolidated and extended a series of laws reaching back to 1464. Its central purpose was to protect workers from abuses associated with payments in kind, and in particular from having to buy goods on credit and often at inflated prices at company shops. However, it seems not to have been very successful. The Truck Amendment Act, 1887, extended the scope of the 1831 Act, in particular to cover virtually all employees engaged in manual labour other than domestic servants. The Truck Act, 1896, completed the structure of the general legislation: it aimed to ensure that deductions from wages and payments in respect of disciplinary fines, bad work, use and supply of materials and tools etc. were fair and reasonable. In general, only deductions expressly sanctioned by the Act are legal. There was a further Truck Act in 1940, but this was of a purely technical nature.

2. The Truck Act, 1831, had the effect of allowing a worker to be paid by cheque only if he consented, and if the cheque was drawn on a bank which was both licenced to issue notes and within 15 miles of his place of work. The intention was simply to remove the abuse whereby employers paid their employees by drafts on distant banks which the employees could not possibly cash and so were obliged to exchange for goods at the company shop. This restriction became an absolute bar to payment by cheque when, in England and Wales, private banks ceased to issue their own notes. This cannot have been the intention of those who framed the Act. Nor could they have foreseen the development of credit transfer facilities.

3. Following a judgment in which Pye Radio Ltd was stopped by the Truck Acts from moving away from cash payment, the Payment of Wages Act, 1960, removed certain of the restrictions imposed by the Acts. In particular it enabled manual workers to be paid by credit transfer, postal order, money order or cheque, but only at the written request of the worker, or of a person authorised by him to act on his behalf, and with the agreement of the employer. A worker's agreement to payment by means other than cash can be withdrawn at any time on giving a month's notice.

4. There has been no subsequent legislation.

Reviews of the Truck Acts

5. In recent years there have been two enquiries into areas covered by the Acts: the Karmel Committee on the Truck Acts, which reported in 1961, and the 1972 report on "Methods of Payment", by the Department of Employment's National Joint Advisory Council (which consists of representatives of the CBI, TUC, nationalised industries and the Department of Employment).
6. The Karmel Committee found that the Truck Acts were outdated, not least because they discriminated between manual and non-manual workers in a way which was no longer justified. It concluded, nevertheless, that there was still a need for protective legislation to cover abuses by employers over deductions from pay. The Committee recommended that the Truck Acts should be replaced by new legislation establishing safeguards for all, not just manual workers, over deductions from pay, with the right to appeal to a tribunal. No action was taken on these recommendations.
7. The Committee did not regard itself as being directly concerned with the Payment of Wages Act. It did say, however, that while it thought the legislation concerning deductions should apply to all workers, and not just manual workers, it did not think that as a consequence the Payment of Wages Act should be similarly extended in scope. It thought therefore that the Act might need consequential amendment to ensure that it continued to apply only to manual workers.
8. The relative advantages of different methods of paying wages and salaries were considered in the 1972 report of the National Joint Advisory Council, and the Council also considered the possibility of amending the current legislation. The CBI suggested to the Council that the law should be more flexible, while the TUC thought that current safeguards should be retained and that, if the law should be changed, it should be to extend the Acts to cover all employees. The Council concluded that the present legislation was not the main impediment to the more widespread introduction of non-cash forms of payment and that there was no reason, therefore, to believe that a change in the law would greatly accelerate the changeover.

THE TRUCK ACTS: OPTIONS

1. The CPRS sees the choice as lying between three main options:

Option 1: do nothing

2. The case for leaving the legislation as it stands is that, even if some aspects of the Acts are outdated, a number of changes provide a protection for manual workers which should not be diluted. It can be argued that repeal, or even amendment, of the Payment of Wages Act in particular would bring about situations in which some employees could in effect be forced to open a bank account, and that this would be undesirable. It is true that even total repeal would only put manual workers in the same legal position as non-manual workers at present (and 35 per cent of these are still paid in cash), and that employers are almost certainly more constrained by collective bargaining in this area than by legislation. There is nevertheless a limited number of cases where bargaining power is weak and the interest of employees in payment of cash (e.g. because of a lack of adequate facilities to draw cash, or distrust of an employer's solvency) runs counter to the employer's interests. There would doubtless be concern about possible hardship arising in such cases. At worst, an attempt to impose changes might lead to opposition even to sensible changes on a voluntary basis within the present law. The net result might be to set back, rather than advance, the slow movement towards cashless pay which is already taking place.

Option 2: repeal both the Truck Acts and the Payment of Wages Act

3. The case for repeal is: first, that many of the provisions are now either anomalous or anachronistic (eg the distinction between 'manual' and other workers); secondly, that the Acts do at least to a small extent hinder progress; and thirdly, that this is one of the few positive actions to encourage a desirable trend which is open to the Government. Manual employees (like non-manuals at present) would continue to be protected against methods of payment which are not acceptable to them either by the terms of their contracts of employment, or by their collective bargaining strength.

4. The case against this option is that set out under option 1 above. Further, whatever is done about the payment of wages, the Karmel Committee was clear in 1961 that some protection against improper deductions, with right of appeal to a tribunal, was needed, and that this should be extended to non-manual as well as manual workers (see Annex A). There is undoubtedly some scope for abuse in this area, and Karmel's conclusion probably still stands (although there is little recent direct information on the subject). New provisions (which could

be incorporated in the Employment Protection legislation) to provide minimum protection appropriate to modern conditions would probably be required. Finally, repeal would place the United Kingdom in breach of the ILO convention mentioned in paragraph 23 above. But a number of other Western countries have not ratified the Convention. The United Kingdom could follow them: repeal of ratification could not however take place before 1983.

Option 3: amendments to make the legislation less restrictive

5. The case for this approach is that, while wholesale repeal might be regarded as too radical, there might be general support for sensible amendments to the Truck Acts, in the context of helping movement towards cashless pay. So far as the payment of wages is concerned there is a range of possibilities. The following (either taken together or separately) could be worth considering. The first two modify the existing rules. The third goes further and is equivalent to gradual repeal -

- i. give workers the right to opt into payment in cash, rather than to opt out as at present. This would be the least controversial, but also the least significant amendment. However, it would establish cashless payment as the norm, and so have some presentational and psychological effect. It would also make it easier to provide for non-cash payment as a normal condition of service for new employees.
- ii. withdraw the present right to revoke a decision to accept cashless pay, except with the employer's agreement (or possibly to restrict the employees' right to revoke to, say, the first three months after the decision). This would remove any threat of reversion to cash which employees might be thought to be able to make against employers who have got rid of the means of handling cash payments and which may discourage some employers from moving away from cash in the first place.
- iii. maintain the protection given to existing employees under the Payment of Wages Act (or as amended by i. or ii. above); but withdraw the protection from employees who accept new contracts of employment, or who take up new jobs. This would amount to gradual repeal while protecting those who did not change jobs. It would recognise the existing practice in some new factories.

6. There are two further less attractive possibilities. The first, which follows the French legislation, would be to give the current protection only to workers, probably non-manual as well as manual, earning less than a specified wage (e.g. a specified proportion of the average wage). This is an arbitrary approach, and would have the undesirable effect of adding new weight to the Truck Acts in the case of those workers who remained covered. The second possibility, which has been adopted in some other countries, is to make a change to cashless pay for the whole of a particular workforce possible when, say, the recognised unions or a given proportion of the workforce agree. It might however be argued that this impinges too much on the rights of individual workers. Moreover, trade unions might be unwilling to make such agreements against the wishes of a minority, however small, who refused to accept payment other than in cash. In addition, amending legislation would have to find a way round the legal difficulty that individual contracts of employment between employer and employee should always prevail in law over a collective agreement if there is any suspicion of conflict.

7. So far as deductions are concerned, it might in any case be desirable to bring forward amended provisions as under Option 2 above (paragraph 4).

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