

cc Mr. Wolfson
Mr. Hoskyns
Mr. Ryder

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NOTE FOR THE RECORD

The Secretary of State for Employment spoke to the Prime Minister at the Eve of Parliament Dinner last night about the proposed extension of Mr. Mortimer's term as Chairman of ACAS to 1981. He told me afterwards that the Prime Minister reaffirmed that she was not prepared to agree to this extension without seeing in writing what changes were envisaged in the terms of reference of ACAS or without Mr. Mortimer undertaking in writing to operate under those revised terms. Mr. Prior emphasised to me that it was quite vital, given the bigger issues relating to industrial relations which the Government wished to tackle, that they should keep a good relationship with Mr. Mortimer and ACAS; and he said he was sure that Mr. Mortimer would do all that was wanted.

I discussed the matter further this morning with Mr. Wolfson and Mr. Prior's Private Secretary, Mr. Ian Fair. To the latter I made it clear that the Prime Minister had again refused authority to offer Mr. Mortimer an extension of his appointment and suggested that we should try to meet the Prime Minister's wishes rather than pursue a further row. To this end I proposed that Mr. Prior should draft a letter to Mr. Mortimer which would set out as precisely as possible the changes which he envisaged in the terms of reference and functioning of ACAS on which the Government would be legislating later this year; that he should circulate that draft to colleagues most closely concerned (Treasury, Industry, Trade) and the Prime Minister, and get their agreement to its terms; that he should then call in Mr. Mortimer and show him the letter to see whether, if it were sent, he would readily accept it and give a positive assurance to work under these terms of reference; and that if Mr. Mortimer gave such an assurance, then he should seek the Prime Minister's approval to send the letter and, at the same time, offer to extend Mr. Mortimer's period of office to January 1981. If Mr. Mortimer indicated, when shown the letter, that he could not work under those terms of reference, then Mr. Prior would need to think of alternative Chairmen for appointment from September 1979 and put these proposals forward to the Prime Minister urgently. Mr. Fair said that he would talk to Mr. Prior and encourage him to proceed on these lines.

15 May 1979