

MR. LANKESTER

Non-Coal Pneumoconiosis

The Chancellor of the Exchequer wishes to see the Prime Minister this afternoon about the non-coal pneumoconiosis scheme, seeking her agreement to raise the matter in Cabinet on Thursday.

2. The issue is about the amount of compensation payments to be made under the Pneumoconiosis Etc. (Workers' Compensation) Act 1979, passed in April with all-Party support. The payments would be prescribed in regulations to be approved by both Houses of Parliament. The Act provided for lump sum compensation to people outside the coal industry, disabled by pneumoconiosis, etc., who had no other means of redress.

3. Home and Social Affairs Committee approved the proposals of the Secretary of State for Employment for the amounts of the payments at its meeting on 30th October (14th Meeting). It was pointed out at the meeting that there were likely to be repercussions for the NCB scheme of compensation for miners. The Chief Secretary said that there could be no question of the Government finding extra money, estimated at £30 million, to top up the NCB scheme. The Committee decided, however, that despite this possibility, the Government had a clear commitment to provide realistic levels of compensation, and went on to approve the Secretary of State's scheme.

B, C. 4. Following the meeting, the Chief Secretary and the Secretary of State for Energy have corresponded (letters of 5th and 8th November respectively) to see whether any topping up amounts for the NCB scheme could be found within the NCB cash limits. The advice is "No". In the light of that advice, and because of the risk of, and extent of, possible repercussions, the Chancellor of the Exchequer wishes to re-open the non-coal scheme in Cabinet.

A 5. The Home Secretary was gravely displeased at the Chief Secretary's intention to re-open the matter after H Committee had approved it, and wrote to him in the terms of his letter of 9th November. In the light of his views, the Prime Minister will certainly need to consult him before deciding whether to allow the matter to be brought to Cabinet, and it may be best to have him along at any meeting with the Chancellor of the Exchequer.



6. On the question of bringing the matter to Cabinet, the following points are relevant:-

- (i) "Questions of Procedure for Ministers" says that the only automatic right of appeal is if Treasury Ministers are unwilling to accept expenditure as a charge on the Contingency Reserve. In this particular case, expenditure on the non-coal scheme would not be such a charge; but it appears that any consequential expenditure on the NCB scheme would be. Otherwise "Questions of Procedure" say that the Prime Minister will only entertain appeals to the Cabinet after consultation with the Chairman of the Committee concerned.
- (ii) If the matter is to be re-opened, the Secretary of State for Employment must be informed promptly, since he is about to lay the regulations before Parliament.
- (iii) What are the Chancellor's counter proposals. Presumably he wishes to lower the amounts of compensation to be paid under the non-coal scheme - is this realistic? The proposed payments are not particularly generous and, compared with the rates set in 1974 for the NCB scheme, have not been fully uprated for inflation. Or does the Chancellor wish to see only the provision for widows amended? As far as widows are concerned, the non-coal scheme is more generous than the NCB scheme, because the necessary evidence is available, and would be difficult to disregard.
- (iv) If the matter is to be raised in Cabinet, it is too late for a paper to be prepared for this week's meeting. Would it not be best to take it the following week? (The agenda for Cabinet is light both this week and next.)
- (v) An alternative to bringing it to Cabinet would be to refer it back to H Committee to enable the NCB aspects to be further considered and, if necessary, the non-coal scheme revised. Would the Prime Minister and the Home Secretary prefer this course?



7. The Prime Minister will wish to hear what the Chancellor of the Exchequer and the Home Secretary have to say before deciding whether the matter should be re-opened. However, any further consideration of the substance should be on the basis of firm alternative proposals from Treasury Ministers.

*L.*

*M.* (M. J. Vile)

13th November 1979



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