10 DOWNING STREET

From the Private Secretary

2 August 1982

The Prime Minister has seen Lord Cockfield's letter to your Secretary of State of 30 July about Lord Rochester's amendment to the Employment Bill.

On the details of Lord Rochester's amendment, the Prime Minister has commented that a "threshold" of 500 employees, rather than 200, would be more acceptable to the CBI and other representatives of industry, and that she sees this as a strong argument for increasing the threshold to at least 500.

I am copying this letter to John Rhodes (Department of Trade), Peter Jenkins (HM Treasury), Muir Russell (Scottish Office), Michael Pownall (Chief Whip's Office, House of Lords), Jim Nursaw (Law Officers' Department) and Christine Duncan (Lord Advocate's Department).

W. F. S. RICKETT

Barnaby Shaw, Esq.,
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From the Secretary of State

Prime Minister (2)

MES 30/7

The Rt Hon Norman Tebbit MP
Secretary of State for Employment
Department of Employment
Caxton House
Tothill Street
London
SW1H 9NF

30 July 1982

Dear Norman,

I am writing following the decision at Cabinet on 29 July to accept in principle Lord Rochester's amendment to the Employment Bill providing for a statement in Directors' Reports about company policies on employee involvement.

I assume that you will be consulting the CBI and the Institute of Directors, and indeed anyone else you may think appropriate (for example, accountants). I doubt whether they will welcome the move but we do need to reduce opposition as far as we can.

I imagine that the statement on Monday announcing our decision to accept Lord Rochester's amendment will avoid any commitment to the details of his proposals. There is the further point about the method of implementation, for example between a clause in your Bill standing on its own, a clause in your Bill amending the Companies Acts or indeed an Order under the Companies Acts. Difficult questionsof both vires and policy arise and my Solicitor is in touch with your Solicitor on the question of vires with a view to consulting the Law Officers.

From the Secretary of State

As to the details of Lord Rochester's amendment, we will have to consider carefully whether the range of matters to be disclosed is sensible and also whether the threshold of 200 employees should be increased, for example to 250 to bring into line with other comparable provisions, or even to 500.

I am sending copies of this letter to the other members of the Cabinet, to the Attorney General and to the Lord Advocate.

Yours, Arthur

LORD COCKFIELD