

SECRET



2.12

PRIME MINISTER

LAYING OFF WITHOUT PAY

In my minute of 2 December I reported that instructions had been given for the preparation of draft Bills to permit the laying off without pay of employees who were without work because of the industrial action of others. I said that knowledge of the Bills would be tightly restricted.

Draft Bills have been drawn up by Parliamentary Counsel in consultation with officials in the Department of Employment, the legal Departments, and my Department. One Bill covers all employees; the other is confined to the civil and public services. In my view it would be unwise to widen knowledge of the Bills at this stage by sending copies of them to other Departments. Jim Prior agrees. Given priority, it should be possible to consult other Departments, and to prepare final versions, within a week of taking a decision to lay either Bill before Parliament.

The draft Bills include wide powers of lay-off but Jim Prior and I agree that this is inevitable. We also agree that we shall have to do without provision for pension protection in the Bills. My minute of 2 December warned that it would be very difficult to achieve this for the generality of employees; the study by officials has confirmed that this is so. (If we wanted to, however, we could amend the relevant civil/public service schemes without a specific provision in either of these Bills.)

In view of the severe damage which would result from a leak, I have instructed that no further work should be done on the drafts until a decision has been taken to introduce legislation.

I am copying this only to the Secretary of State for Employment and Sir Robert Armstrong.

SOAMES

9 February 1981