

CONFIDENTIAL



File

SAP

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

Structure and Composition of Economic Committees

The Prime Minister has now considered your submission of 10 June (AO83/1621). Her reactions to the proposals summarised in paragraph 14 are as follows:-

- (i) She agrees to the establishment of a smaller committee on economic strategy on the lines proposed. She does not think it necessary to include the Lord President, and the Secretary of State for Industry now also covers trade. She would like to add the Chancellor of the Duchy of Lancaster and the Secretary of State for Energy. She agrees that it is not necessary to add the Chief Secretary to the Treasury.
- (ii) She is content with the constitution of the sub-committee on economic affairs (E(EA)), subject again to the points that the Secretary of State for Industry now also covers trade and she would like to add the Chancellor of the Duchy of Lancaster. She would like to be chairman of this committee and maintain the arrangement previously operated in respect of E(NI) that she would reserve the right to ask the Chancellor of the Exchequer to chair some of the meetings, depending on the agenda.
- (iii) The Prime Minister would wish to maintain E(LF) under her chairmanship. She agreed to wind up E(TP) and E(PU), and to retain E(NI), EX, E(DL), E(PSP), which she would like to extend to cover public sector pay as a whole.

- (iv) Because of her decision to retain E(LF) the Prime Minister would not want a new Ministerial Sub-Committee on Local Authority Expenditure to be established.

- (v) The Prime Minister would prefer to deal with prospects for, and handling of, major industrial disputes in the main Economic Strategy Committee, adding the Home Secretary and the others mentioned in the last sentence of your paragraph 12 as necessary.

- (vi) The Prime Minister suggests that the existing Official Committee (PSP(O)) should deal with pay in the public trading sector, shadowing the expanded remit of the Ministerial Committee.

If you have any difficulties about any of these points, you may find it convenient to have a word with the Prime Minister when you meet her to discuss business tomorrow morning.

E. E. R. BUTLER

16 June 1983

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10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

Ministerial Cabinet Committees

The Prime Minister has now had an opportunity of studying your minute of 10 June, and has agreed all the recommendations in it, including the draft question and answer at Annex J. On points where there are open questions, she does not think it necessary to include the Chancellor of the Duchy of Lancaster on OD(EM) and she would like to include the Home Secretary in MISC 7. She agrees that a Minister of State ^{From the Prime Office} should be added to L Committee. Some of the compositions of the Committees are affected by Ministerial appointments, and the Prime Minister has changed the membership lists as follows:

- (i) She has deleted the Home Secretary from DOP, and the last two names on the list should be the Chancellor of the Duchy of Lancaster and the Secretary of State for Trade and Industry.
- (ii) The Secretary of Trade and Industry replaces the separate Secretaries of Trade and Industry on OD(E).
- (iii) The Prime Minister does not think that it should normally be necessary to invite the Minister of Agriculture, Fisheries and Food and the Secretary of State for Energy to attend OD(FAF) and has deleted the sentence to that effect from Annex F.

F.R.B.

16 June 1983

Agree these proposals?

FERS

11.6.

Ref. A083/1621

PRIME MINISTER

Structure and Composition of Economic Committees

Now that the new Administration has been formed, you will wish to review the structure and composition of Cabinet Committees and Sub-Committees on the economic side. The following proposals are submitted for your consideration.

Ministerial Committee on Economic Strategy

2. Earlier this year you considered the possibility of having a smaller Economic Strategy Committee but decided to take no action for the time being. Before the Election E had 17 members including several non-economic Ministers who were included on a personal basis. There is a strong case for a much smaller Strategy Committee to deal, under your chairmanship, with major issues which cannot be resolved in, or are inappropriate for, specialised Sub-Committees, and which do not require discussion by the whole Cabinet, or require discussion by a small group of "economic" colleagues before they go to the Cabinet.

3. On the assumption that you will want to confine the membership to those Ministers with wide-ranging, rather than specialised, economic responsibilities, [together with Mr Whitelaw as the Minister second in seniority to yourself,] the composition might be:

- Prime Minister
- [Mr Whitelaw]
- Chancellor of the Exchequer
- Secretary of State for Industry & Trade
- Secretary of State for Employment
- Secretary of State for Trade

4. Possible additions are:

- ~~Chancellor of the Duchy of Lancaster~~
- ~~Secretary for Energy~~
- Foreign and Commonwealth Secretary

(many of the major economic issues have an international dimension but you might prefer to invite him as necessary)

NO

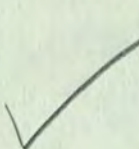


Chief Secretary, Treasury

No -

(it is sometimes useful to have a second Treasury voice in an economic Committee but it is difficult to justify this in such a small Committee)

Secretary of State for Energy



(although he has specialised rather than general economic responsibilities, they are particularly important and may often require discussion at E; on the other hand you may prefer to invite him as necessary)

You will also wish to consider whether to add any non-Departmental Minister.

Chancellor of the Duchy

Ministerial Sub-Committee on Economic Affairs (E(EA))

5. If you decide on a much smaller E on the lines proposed above, we shall need a more representative lower-tier economic Committee to deal with the general run of economic business. I therefore propose that the chairmanship of E(EA) should pass from the Secretary of State for Industry to the Chancellor of the Exchequer and that it should be enlarged to include all Ministers with economic responsibilities.

Its composition would then be as follows:

- Chancellor of the Exchequer (Chairman)
- Secretary of State for Northern Ireland
- Minister of Agriculture, Fisheries and Food
- Secretary of State for Scotland
- Secretary of State for Wales
- Secretary of State for Industry
- Secretary of State for Transport
- Chief Secretary, Treasury
- Secretary of State for Energy
- Secretary of State for Employment
- ~~Secretary of State for Trade~~
- Secretary of State for the Environment

Excl.
Lord Privy Seal
Lord Chancellor
Home Secretary
Education
Defence
Lord Privy Seal
Foreign Secretary

→ will chair

Chancellor of Duchy

Other Ministerial Economic Committees

6. The other existing economic Committees or Sub-Committees are as follows:



Chaired by you

- ✓ Sub-Committee on Local Government Finance (E(LF))
- Chair by Chancellor { Sub-Committee on Nationalised Industries (E(NI))
- Chair by Chancellor { ~~Sub-Committee on Telecommunications Policy (E(TP))~~
- ✓ Ministerial Committee on Exports (EX)

Chaired by the Chancellor of the Exchequer

- Sub-Committee on Disposal of Public Sector Assets (E(DL))
- Sub-Committee on Public Service Pay (E(PSP))

Chaired by the Secretary of State for Industry

- Sub-Committee on Government Procurement Policy (E(PU))

7. So far as your own Committees are concerned, I presume that you will wish to take this opportunity to wind up E(LF) and E(TP) which have now completed the special tasks for which they were designed. In the case of local government finance I propose below a new Sub-Committee not under your chairmanship. Business previously dealt with at E(TP) can be taken at the new smaller E or E(EA) as appropriate.

8. I presume that you will wish to keep E(NI) and to retain the chairmanship, although you will probably wish to continue the practice of asking the Chancellor to take the chair except when there are major issues for discussion. I presume that you will also wish to ✓ keep EX. It has met only twice in the past 18 months. The purpose in setting it up was however to make it clear that you would if necessary be prepared to knock heads together over major cases involving Government support of exports, and I think it is worth keeping it in being as a deterrent.

9. So far as the other existing Ministerial Committees are concerned, I would propose that we should retain E(DL) and E(PSP) but that we should wind up E(PU). It meets very infrequently and its business can be dealt with by E(EA) as necessary.

Proposed New Ministerial Committees

10. I propose the setting up of two new Ministerial Sub-Committees of E, one to deal with local authority financial matters and the other for the crisis management of industrial disputes.

→ Chair by Chancellor {

Chaired by Employment Sec. →

wind up

Play still have work to do

No.

Chancellor to chair

Yes.

Keep E(LF)



11. We need better standing arrangements for Ministerial consideration of the many detailed and difficult issues which arise over the increasingly elaborate system of controlling local authority expenditure. I therefore propose a new Sub-Committee on Local Authority Expenditure (E(LA)) with the following terms of reference:

? "To keep under review the level of expenditure by local authorities in Great Britain; to consider the appropriate ^{form} and level of central Government financing of local authorities; and to consider questions affecting the Government's financial relations with local authorities".

The proposed composition is as follows:

1 with chair:

- [Mr Whitelaw] (Chairman)
- Secretary of State for Education and Science
- Secretary of State for Scotland
- Secretary of State for Wales
- Secretary of State for Industry
- ? Secretary of State for Transport ?
- Secretary of State for Social Services
- Chief Secretary, Treasury
- Secretary of State for Employment
- Secretary of State for the Environment

There are also some other Ministers with minor local government responsibilities; and, because of the legal implications of the control system, we shall need to keep the Law Officers in touch. We can however take care of their interests by sending them papers and inviting them as necessary.

12. We also need to improve our machinery for handling major industrial disputes. The Civil Contingencies Unit (CCU) has only a limited remit concerned with preparing and implementing contingency plans to mitigate the effects of a dispute when those effects are likely to assume the dimensions of an "emergency". The Government's interests in a major dispute go much wider, embracing general policies relating to pay and industrial relations, any specific policy relating to the industry concerned, the handling of relations with the employer, and public relations. You have therefore found it



necessary to set up ad hoc groups either under your own chairmanship or that of the Chancellor of the Exchequer. I think that there would be advantage in having a standing Sub-Committee of E with a small core membership which would take stock from time to time of the prospects for major industrial disputes and which, as the threat of a dispute became more real, would assume a more operational role and take on the management of the crisis. I therefore propose a new Sub-Committee on Major Industrial Disputes (E(ID)) with the following terms of reference:

No -
this can
be done
the
smaller
standing committee

"To keep under review developments likely to lead to industrial disputes of major concern to the Government and, in the event that such disputes occur, to co-ordinate the Government's policy and any action required".

The core membership would be as follows:

Coop for Mr
Home Secretary
as required

- Chancellor of the Exchequer (Chairman)
- Home Secretary
- Secretary of State for Employment
- with CPRS and No 10 Policy Unit as permanent invitees

In the event of a dispute you might wish to chair particularly important meetings yourself. From the outset of the dispute the membership would be enlarged to include the Minister or Ministers responsible for the industry concerned, the Attorney General, and other Ministers as appropriate, the Chief Press Secretary, and other officials as required.

Pay in the Public Trading Sector: Proposed New Official Committee

13. I also see a need for new machinery at official level to deal with pay in the public trading sector. As you know, we have both a Ministerial Committee (E(PSP)) and an Official Committee (PSP(O)) to deal with pay in the public services. Pay in the public trading sector is however very important in determining the outcome of the pay round as a whole. Although there is no equivalent of the public services pay factor and no pay norm, experience has shown that it is not sufficient to rely on the discipline of EFLs alone. The Chancellor of the Exchequer therefore seeks the help of sponsoring Ministers in ensuring that each nationalised industry employer gives



due weight, in formulating his pay strategy and tactics, to wider economic objectives, without removing the employer's actual and perceived responsibility for pay offers and settlements. Except when a major dispute arises or is threatened, Ministerial consideration is largely confined to correspondence. I would not therefore propose the setting up of any new Ministerial machinery other than the suggested new Sub-Committee on Major Disputes (E(ID)). Experience suggests however that it would be useful to have an official level equivalent of PSP(O) for the public trading sector which would enable central Departments to probe more fully than is possible in Ministerial correspondence the accounts which sponsoring Departments give of the pay strategy and tactics of their industries. If you agree, I should like to set up an Official Committee on Pay in the Public Trading Sector (PTP(O)) under Cabinet Office chairmanship (Mr Gregson, who already chairs PSP(O)) with the following terms of reference:

Very useful

MCS 10/6

All to be done in E (PSP) - plus "shadow official committee"

"To consider the handling of pay issues in the public trading sector and to report to Ministers as appropriate".

Summary of Proposals

14. I should be grateful to know:

See para 3

(i) whether you wish to have a smaller Committee on economic strategy on the lines proposed in paragraph 3; and whether you are content with the membership proposed or would like to add any others (for instance, those mentioned in paragraph 4);

See para 5

(ii) if so, whether you wish to revise the composition of E(EA) on the lines proposed in paragraph 5;

(iii) whether you wish to wind up E(LF), E(TP) and E(PU), but to retain E(NI), EX, E(DL) and E(PSP); *to include industrial pay*

(iv) whether you agree to the setting up of a new Ministerial Sub-Committee on Local Authority Expenditure (E(LA)) on the lines proposed in paragraph 11; *To be dealt with in E(LA)*

(v) whether you agree to the setting up of a new Ministerial Sub-Committee on major industrial disputes (E(ID)) on the lines proposed in paragraph 12; *To be dealt with in main small strategy committee*

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(vi) whether you agree to the setting up of a new Official Committee on Pay in the Public Trading Sector (PTP(O)) on the lines proposed in paragraph 13.

RA

ROBERT ARMSTRONG

10 June 1983

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Prime Minister -

You will want to go through this over the weekend.

Ref. A083/1628

PRIME MINISTER

FERB

11.6

Ministerial Cabinet Committees

I have sent you separate minutes with proposals for Ministerial Committees on the economic side, and on The Queen's Speeches and Legislation (QL). This minute deals with other Ministerial Committees. Final decisions on membership will have to await your decisions on appointments, particularly those of Mr Whitelaw and the "sinecure" posts.

2. I recommend the continuation of the Home and Social Affairs Committee (H), with the same terms of reference and the same Ministerial membership as before (see Annex A) mutatis mutandis. I imagine that you will want Mr Whitelaw to continue to chair it, and the Home Secretary to be a member.

3. H had one Sub-Committee, that on the House of Lords. I do not see any present need for that; I suggest that we should dissolve it, and appoint a new Sub-Committee on House of Lords reform as and when the need arises.

4. We shall need a Legislation Committee (L). Again, I recommend the same terms of reference and the same Ministerial membership as before (see Annex B) mutatis mutandis. But there might be something to be said for adding a Minister of State from the Home Office.

5. The Defence and Oversea Policy Committee (OD) should clearly continue, again with terms of reference as before (see Annex C) and membership as before subject only to necessary change. I imagine that you will want Mr Whitelaw to continue to serve on OD.

6. OD had five Sub-Committees:

- ✓ OD(E) on European Questions (Annex D)
- ✓ OD(EM) on the management of political and military emergencies overseas (Annex E)
- ✓ OD(FAF) on future arrangements for the Falkland Islands (Annex F)
- ✓ OD(HD) on home defence (Annex G)
- ✓ OD(T) on terrorism (Annex H)



✓ 7. We should clearly keep the first four of these, largely unchanged.

✓ 8. In the case of OD(EM) you will no doubt want to keep Mr Whitelaw on; you may want to keep the Home Secretary; ~~and you may well not want the Chancellor of the Duchy of Lancaster.~~

✓ 9. OD(T), on terrorism, has not met; but I do not think that we should be without a Sub-Committee which keeps under review the arrangements for dealing with terrorism. I wonder whether the chairmanship of this might pass from you to Mr Whitelaw.

✓ 10. We had at one stage a Sub-Committee of OD on Anglo-Irish affairs (OD(AI)). I recommend not re-establishing such a Sub-Committee now, while standing ready to do so if need be.

✓ 11. MISC 7 (on nuclear defence policy) should stay in being under your chairmanship. No doubt Mr Whitelaw should continue as a member of this Committee; it will be for consideration whether the Home Secretary should be on it. *Yes no*

--- 12. You will no doubt be asked at an early date whether you will answer Parliamentary Questions on the membership and terms of reference of Cabinet Committees. I recommend that you should give an answer on the lines of the draft attached at Annex J - which is similar to the answer you gave Mr Mike Thomas on 24 May 1979 (Annex K) - and decline to be drawn further.

RIA

*Chairman's
Lord President*

ROBERT ARMSTRONG

10 June 1983

HOME AND SOCIAL AFFAIRS COMMITTEE

(Authority: H(79) 1, H(83) 8)

Composition

Lord President (Chairman)
Secretary of State for the Home Department (Chairman)
Lord Chancellor
Secretary of State for Education and Science
Secretary of State for Northern Ireland
Secretary of State for Scotland
Secretary of State for Wales
Lord President of the Council
Secretary of State for Transport
Secretary of State for Social Services
Chief Secretary, Treasury
Lord Privy Seal
Secretary of State for Employment
Chancellor of the Duchy of Lancaster and Paymaster General
Secretary of State for the Environment
Parliamentary Secretary, Treasury
Captain of the Gentlemen-at-Arms

Terms of reference

"To keep under review social and other domestic matters which are not within the Terms of Reference of any other Committee; and to consider proposals for Legislation when necessary."

Secretariat

Mr D H J Hilary, Cabinet Office
Mr R Watson, Cabinet Office
Miss J A Lewis-Jones, Cabinet Office

L

LEGISLATION COMMITTEE

(Authority: L(79) 1, L(82) 56)

Composition

- ✓ Lord President of the Council (Chairman)
- Lord Chancellor
- Secretary of State for Scotland
- Secretary of State for Wales
- Lord Privy Seal
- Chancellor of the Duchy of Lancaster and Paymaster General
- Attorney General
- Lord Advocate
- Parliamentary Secretary, Treasury
- Minister of State, Foreign and Commonwealth Office (Mr Douglas Hurd)
- Financial Secretary, Treasury
- Captain of the Gentlemen-at-Arms

Terms of reference

"To examine all draft Bills and such statutory instruments as may be referred to it; to consider arrangements for debate in Parliament of proposals for European Community secondary legislation; to consider arrangements for dealing with Private Members' business; and to keep under review the Government's policy in relation to issues of Parliamentary Procedures."

Secretariat

- Mr D H J Hilary, Cabinet Office
- Mr R Watson, Cabinet Office
- Miss J A Lewis-Jones, Cabinet Office

OD

DEFENCE AND OVERSEA POLICY COMMITTEE

(Authority: OD(79) 1, OD(82) 31)

Composition

Prime Minister

~~Secretary of State for the Home Department~~

Lord Chancellor

Chancellor of the Exchequer

Secretary of State for Foreign and Commonwealth Affairs

Secretary of State for Defence

Lord President of the Council

Lord Privy Seal

Chancellor of the Duchy of Lancaster ~~and Paymaster General~~

Secretary of State for Trade ~~and Industry~~

Terms of reference

"To keep under review the Government's defence and oversea policy."

Secretariat

- a. for European Community matters -
Sir Robert Armstrong, Cabinet Office
Mr D F Williamson, Cabinet Office
Mr G Stapleton, Cabinet Office
- b. for other Oversea Policy and Defence matters -
Sir Robert Armstrong, Cabinet Office
Mr A D S Goodall, Cabinet Office
Mr R L L Facer, Cabinet Office

The Secretary, Chiefs of Staff, acts as an additional Secretary at any meeting at which the Chiefs of Staff are present.

OD(E)

DEFENCE AND OVERSEA POLICY COMMITTEE
SUB-COMMITTEE ON EUROPEAN QUESTIONS

(Authority: OD(E)(79) 1, OD(E)(82) 4)

Composition

- ✓ Secretary of State for Foreign and Commonwealth Affairs (Chairman)
- ✓ Chancellor of the Exchequer
- ✓ Minister of Agriculture, Fisheries and Food
- ✓ Secretary of State for Industry
- ~~Secretary of State for Trade~~
- ✓ Attorney General
- ✓ Minister of State, Foreign and Commonwealth Office (Mr Hurd)

Other Ministers will be invited to attend as the nature of the business requires.

Terms of reference

"To consider questions relating to the United Kingdom's membership of the European Community."

Secretariat

Mr D F Williamson, Cabinet Office
Mr G Stapleton, Cabinet Office
Mr D R C Durie, Cabinet Office
Miss S J Lambert, Cabinet Office

OD(EM)

DEFENCE AND OVERSEA POLICY COMMITTEE

SUB-COMMITTEE ON THE MANAGEMENT OF POLITICAL AND MILITARY
EMERGENCIES OVERSEAS

(Authority: OD(EM)(82) 1, OD(EM)(83) 1)

Composition

Prime Minister , *Lord P... ..*
Secretary of State for the Home Department
Chancellor of the Exchequer
Secretary of State for Foreign and Commonwealth Affairs
Secretary of State for Defence
~~Chancellor of the Duchy of Lancaster and Paymaster General~~

In addition the Attorney General and the Chief of the Defence Staff may be invited to attend as appropriate.

Terms of reference

"To keep under review political and military developments and the direction of British diplomatic and military activity in any political or military emergency that arises overseas in which British interests are or may be involved."

Secretariat

Sir Robert Armstrong, Cabinet Office
Mr A D S Goodall, Cabinet Office
Mr R L L Facer, Cabinet Office

The Secretary, Chiefs of Staff Committee, acts as an additional Secretary at any meeting at which the Chiefs of Staff are represented.

SECRET

ANNEX F

OD(FAF)

DEFENCE AND OVERSEA POLICY COMMITTEE

SUB-COMMITTEE ON FUTURE ARRANGEMENTS FOR THE FALKLAND ISLANDS

(Authority: OD(FAF)(82) 1)

Composition

Prime Minister
Secretary of State for the Home Department
Chancellor of the Exchequer
Secretary of State for Foreign and Commonwealth Affairs
Secretary of State for Defence
Secretary of State for ~~Trade~~ *Industry*
Attorney General

The Minister of Agriculture, Fisheries and Food and the Secretary of State for Energy will be invited to attend as necessary.

Terms of reference

"To consider future constitutional administrative and security arrangements for the Falkland Islands and their Dependencies, the measures of restoration required, and the possibilities for economic and social development; and to report as necessary to the Defence and Oversea Policy Committee."

Secretariat

Sir Robert Armstrong, Cabinet Office
Mr A D S Goodall, Cabinet Office
Mr D H Colvin, Cabinet Office

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ANNEX G

OD(HD)

DEFENCE AND OVERSEA POLICY COMMITTEE
SUB-COMMITTEE ON HOME DEFENCE

(Authority: OD(HD)(80) 1, OD(HD)(82) 5)

Composition

- ✓ Secretary of State for the Home Department (Chairman)
- ✓ Secretary of State for Defence
- ✓ Secretary of State for Scotland
- ✓ Chief Secretary, Treasury
- ✓ Lord Privy Seal
- ✓ Minister of State, Home Office (Mr Mayhew)

Other Ministers will be invited to attend as the nature of the business requires.

Terms of reference

"To consider questions of home defence policy and planning and to report to the Defence and Oversea Policy Committee."

Secretariat

Mr R L L Facer, Cabinet Office
Wing Commander D Maurice-Jones, Cabinet Office

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OD(T)

DEFENCE AND OVERSEA POLICY COMMITTEE
SUB-COMMITTEE ON TERRORISM

(Authority: OD(T)(79) 1, OD(T)(82) 1)

Composition

Prime Minister
Secretary of State for the Home Department
Secretary of State for Foreign and Commonwealth Affairs
Secretary of State for Defence
Secretary of State for Scotland
Secretary of State for Energy
Secretary of State for Trade
Attorney General

Terms of reference

"To keep under review the arrangements for dealing with terrorist incidents."

Secretariat

Sir Robert Armstrong, Cabinet Office
Mr A D S Goodall, Cabinet Office
Mr D Brennan, Cabinet Office

ANNEX J

There continue to be four standing committees of the Cabinet: a defence and oversea policy committee and an economic strategy committee under my chairmanship; a home and social affairs committee under the chairmanship of my Rt Hon [and Noble] Friend ^(the Lord President) [Mr Whitelaw]; and a legislation committee under the chairmanship of my Rt Hon and Noble Friend the Lord Chancellor. Attendance at these committees will vary according to the subject under discussion. Sub-committees of the standing committees will be continued or established as appropriate. Membership and terms of reference of the standing committees and their sub-committees will remain confidential.

HANSARD 24 MAY 1979

CABINET COMMITTEES

Q7. Mr Mike Thomas asked the Prime Minister if she will now answer questions on the membership and terms of reference of cabinet committees.

The Prime Minister: I have established four standing committees of the Cabinet: a defence and oversea policy committee and an economic strategy committee, both under my chairmanship; a home and social affairs committee under the chairmanship of my right hon. Friend the Home Secretary; and a legislation committee under the chairmanship of the Lord Chancellor. Attendance at these committees will vary according to the subject under discussion. Where appropriate, sub-committees of the standing committees will be established. Membership, and terms of reference of the standing committees or their sub-committees will remain confidential.