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PRIME MINISTER

ROYAL ORDNANCE FACTORIES

In case the Lord President raises the two defeats in the Lords on the Royal Ordnance Factories Bill, you might like a note on the background.

The Government lost narrowly on two votes. The first was an Opposition Amendment to require the Government to seek affirmative resolutions of both Houses before the new company could be incorporated. It is strange that, at the same time, the Lords' agreed a Government Amendment waiving the usual two months' waiting time after Royal Assent. Thus on the same day the Lords passed one provision to speed up the process by two months and another to slow it down by one month.

The second defeat was on an Opposition Amendment that all the assets in the current trading fund must be transferred to one company rather than being split up. This was in response to union pressure.

MOD believe that neither of these two Amendments are more than minor irritants imposing some delays. It seems the cause was largely poor whipping in the Lords and it is likely that MOD will seek to reverse these provisions on report in the Lords. Royal Assent will not be secured before the Recess but that was likely to be the case anyway.

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