

**PROPOSED ABOLITION OF THE  
AIRCRAFT & SHIPBUILDING  
INDUSTRIES ARBITRATION  
TRIBUNAL**

Government response to  
consultation

MAY 2012

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## Background

1. The Aircraft and Shipbuilding Industries Arbitration Tribunal was established by the Aircraft and Shipbuilding Industries Act 1977. This Act also nationalised some of the aircraft companies and most of the major shipbuilding companies, which in effect became British Aerospace and British Shipbuilders Corporation. Section 42 of the Act established the Aircraft and Shipbuilding Industries Arbitration Tribunal to determine any question or dispute which was expressly required by the Act to be subject to arbitration. The Tribunal was governed by rules made respectively by the Lord Advocate for Scotland and the Lord Chancellor for the rest of the UK. There was a right of appeal to the Court of Session in Scotland and to the Court of Appeal in the remainder of the UK (Schedule 7), with a possible further appeal to the House of Lords. There was also provision for judicial review of the original compensation offer.
2. The Tribunal was established in 1978 and considered two applications, one from John Anthony Gardiner, the stockbroker's representative in the case of Cammell Laird Shipbuilders Limited, and the other from David Douglas Rae Smith on behalf of Vickers Limited's auditors. The Tribunal completed its determination of both cases by 1981 and has not met since. British Shipbuilders Corporation subsequently sold its shipyards and British Aerospace was privatised.
3. The regulations setting up the Tribunal were included in the manufacturing theme of the Red Tape Challenge. We did not receive any comments about these regulations.
4. The Coalition Government has decided that it should reform the crowded public bodies landscape in the UK in order to enable the Government to deliver public services more efficiently. As part of this initiative it is proposed to abolish the Aircraft & Shipbuilding Industries Arbitration Tribunal under the Public Bodies Act 2011, which received Royal Assent on 14 December 2011.

## Consultation process and summary responses

5. The consultation opened on 2 February and closed on 15 March 2012. The consultation was for a period of six weeks rather than twelve weeks, because this is a deregulatory measure to wind up a defunct public body. We were keen to hear from anyone who was concerned by the proposal. In addition to appearing on the BIS website, it was sent to the lead trade association for shipbuilding (who distributed to its members); BAE Systems and the four former British Shipbuilders Corporation's shipyards.
6. BIS received two responses to the consultation, both of which supported the proposed abolition of the Tribunal. However, BAE Systems asked about the legal status of the Aircraft and Shipbuilding Act 1977; the need to consult and whether annex 3 of the consultation was correct.

## Government response

7. The consultation sought views on whether:
  - stakeholders agreed to the Government's proposal to wind up the Aircraft & Shipbuilding Industries Arbitration Tribunal?

8. The two responses supported abolition, although BAE Systems did raise some legal issues about the status of the primary legislation, the consultation process and the impact on the legislation listed in annex 3 of the consultation.

9. In response we wish to make it clear that our present plan is for the Aircraft and Shipbuilding Act 1977 to be repealed in its entirety by two Orders – one in respect of the Tribunal and the other by the abolition of British Shipbuilders Corporation. The repeals of the provision are spread across the two orders, because we are not sure, at this stage, whether the two bodies will be abolished on the same day.

10. With regards to the question as to whether there is a requirement to consult, we are generally expected to consult on the abolition of all public bodies, even when they have been defunct for 30 years.

11. The wording at the top of annex 3 of the consultation document says:

- “The following primary and secondary legislation will require amendment as a result of the abolition of the Aircraft & Shipbuilding Industries Arbitration Tribunal. The following legislation will be repealed:”

We apologise but the wording is wrong here, it should have said:

- The following primary and secondary legislation will require *amendment* as a result of the abolition of the Aircraft & Shipbuilding Industries Arbitration Tribunal (*apart from the Aircraft and Shipbuilding Industries Arbitration Tribunal Rules 1977 and the Aircraft and Shipbuilding Industries Arbitration Tribunal (Scottish Proceedings) Rules 1977 which will be revoked in their entirety*).

12. An Impact Assessment will not be produced as the Tribunal is defunct and its abolition is a deregulatory measure designed to tidy up the regulatory landscape, and will not therefore impact on business or generate any savings.

## Next steps

13. The Public Bodies Act gained Royal Assent on 14 December 2011 and gives power to ministers to abolish, merge, modify or transfer functions of public bodies through secondary legislation. We now seek Parliament’s approval to abolish the Aircraft and Shipbuilding Industries Arbitration Tribunal using these powers.

## Respondents

BAE Systems plc

Cammell Laird Shiprepairers & Shipbuilders Limited

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