

• PO-CH/WL/0540

PART A

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PO - CH | NL | 0540.
PT.A.

Chancellor's (Lawson) papers:
The Future Scale of MP's and Ministers pay.

PO - CH | NL | 0540.
PT.A.

DD's : 25 years

10/4/96

FROM: E P KEMP
DATE: 18 June 1987

CHANCELLOR OF THE EXCHEQUER

cc Chief Secretary
Financial Secretary
Economic Secretary
Paymaster General
Sir Peter Middleton
Mr F E R Butler
Mr Luce
Miss Boys
Mr Gilhooly
Mr Halligan
Mr Cropper

Ch
Do you really need a meeting
with Ministers? Better to
discuss with LPS initially?
PS - Per fix = 5% - LPS - AA

PS/Leader of the
House of Commons
PS/Leader of the
House of Lords
PS/Chief Whip

MPs AND MINISTERS' PAY

Mr Halligan's very thorough submission of 15 June below discusses the future of MPs and Ministers' pay, on which early decisions are required.

2. This is all very much a matter for political decision, but I imagine that you may wish to have a meeting with us to go through the various options which Mr Halligan sets out. There are of course virtually an infinite number of these, but to my mind he has identified the ones you will chiefly want to consider. For convenience I set these out in the table below; the first two lines refer to the possible variations on the initial change as at 1 January 1988, and the second two lines refer to the annual uprating thereafter.

Initial change at 1 January 1988 (%)

	<u>1A</u>	<u>1B</u>	<u>2</u>	<u>3A</u>	<u>3B</u>
MPs	21.88	26.69	5	21.88	26.69
Ministers	21.88	26.69	5	5	5

Thereafter

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>
MPs	Existing formula*	RPI	Average earnings	5% pa
Ministers	as MPs	RPI	Average Earnings	5% pa

* using "normal maximum" of Grade 6 pay - ie excluding effect of structure changes.

3. Mr Halligan recommends that a preferred approach would be to go for Option 2 in the top two lines (5 per cent each for MPs and Ministers over current rates, at 1 January 1988) and Option D thereafter (in effect setting MPs and Ministers pay for the duration of the Parliament in cash terms). He suggests the fallback is to go for Option 1A initially, which is in line with the present formula provided the Grade 6 performance point is ignored and Option C thereafter, indexing on average earnings.

4. This is certainly one combination, and Mr Halligan's preferred option is almost certainly cheapest in public expenditure terms and gives the best impact on the pay scene generally. But I am not sure how far it is in practice feasible to try to come away from Option 1A or Option 1B as of 1 January 1988, as far as MPs go. After all, new MPs have been elected on what they might think is a reasonable supposition that Option 1A or Option 1B would bite, and one could argue there is something of an implied contract in the situation. My feeling is that Ministers will have to give MPs the formula as at January 1988 - that is, Option 1A or 1B, and I would hope you would go for 1A. For Ministers there is the choice of Option 1A (if ^{MPs} Ministers get 1A), which would retain the relativities, or perhaps Option 3B; this is a matter for judgment but I would be inclined to go for Option 1A.

5. Thereafter, however, it seems to me that you could go for Option D for both MPs and Ministers - the stylised 5 per cent; this would look fair and reasonable, and it would be on the back of rates that were arguably "right". I can see that Members will want to hang onto the formula, but as we have seen there are operational drawbacks in the linkage - and it is certainly not the case, I hope, that Option D at 5 per cent pa would necessarily be less generous than Grade 6 pay rises. Thus I would go for Option 1A coupled with Option D. But we have to recognise, however, that so far as MPs go there will be strong pressures for what they will see as their rights - Option 1B coupled with Option A; and if this is accepted, for reasons of relativities etc it may be necessary to do the same thing for Ministers. The choice for the Government now, it seems to me, is how far it is desirable and feasible to avoid a row, and what sort of row would obtain if you went for something less than Option 1B coupled with Option A. We have to remember that when this

matter was discussed by Parliament at the same stage just after the last Election - July 1983 - it was not altogether a happy occasion.

6. I also attach Mr Halligan's report of the Lord Privy Seal's views as expressed at a meeting yesterday. You will see that he favours Option 1A coupled with Option A (against the "very best" for MPs of 1B and A, and my suggestion of 1A and D). You will also note that he would like to talk to you before you send anything to the Prime Minister.

(I understand
without Lord Whelan present!)

1982

E P KEMP

FROM: J M HALLIGAN

DATE: 15 June 1987

1. MR KEMP *made*
2. CHANCELLOR

cc Chief Secretary
 Financial Secretary
 Economic Secretary
 Paymaster General
 Sir P Middleton
 Mr F E R Butler
 Mr Luce
 Ms Boys
 Mr Gilhooly
 Mr Cropper
 PS/Leader of House
 of Commons
 PS/Leader of House
 of Lords
 PS/Chief Whip

MPs AND MINISTERS PAY

This subject will have to be considered early in the forthcoming Parliamentary session. The linkage of MPs pay to Senior Principals (due to take effect from 1 January 1988) must be reaffirmed by the House of Commons within three months of the start of the next Session or it falls. Ministerial salaries are not linked to anything and will not increase from their 1 January 1987 levels until Parliament approves new rates. They will need to be re-examined in the light of what happens to MPs salaries. This note discusses the options.

Background

2. MPs' and Ministers' pay and allowances were referred to the Top Salaries Review Body in 1982. Their report was published just before the 1983 General Election and debated when Parliament returned in July 1983. The details of the TSRB recommendations and subsequent decisions are set out at Annex A.

3. Briefly, the TSRB recommended increases in an MP's salary of 31 per cent to £19,000 and large increases in Ministers pay as well. The Government considered these to be excessive and

proposed instead increases of 4 per cent. Subsequently it agreed to accept the du Cann amendment to increase MPs salaries in 5 equal stages to £18,500 by 1 January 1987 and, from 1 January 1988, to link MPs to the pay of whatever civil service grade that was earning £18,500 on 1 January 1987. However, the St-John Stevas amendment, carried against Government wishes, established that the linkage from 1 January 1988 should be to the civil service grade earning £18,500 on 13 June 1983. The link was made subject to renewal within three months of the start of the next Parliament. [The relevant Resolution is at Annex B].

4. Following the decisions on MPs it was decided that Ministers and other office holders salaries* should be increased in line with MPs up to 1 January 1987 ie 5 increases of 4 per cent. However, thereafter their salaries were not linked to anyone else's. Ministerial salaries are thus stuck at their 1 January 1987 level until a new Statutory Instrument specifying revised salaries is agreed by Parliament. Ministers in the House of Commons would receive formula determined increases in their reduced Parliamentary salaries (currently £13,875; 75 per cent of the full salary) but no increase in the Ministerial salary. Obviously Ministers in the House of Lords will receive no increase at all until Ministerial salaries are revised.

The Issues

5. The House of Commons must decide, within 3 months of the start of the next Session, whether to re-affirm the linkage. It is to 89 per cent of the maximum point on the Senior Principal scale (see Annex B). This was equivalent to £18,500 on 13 June 1983. The current maximum (following the recent settlement affecting this grade) is £25,335. From 1 September 1987, an extra increment

*Ministers and Other Office Holders are those posts for which salaries may be paid under the 1975 Ministerial and Other Salaries Act. They are Ministers, Law Officers, Whips, the Speaker and other officers of Parliament, and certain Opposition posts. Details at Annex C. References are made in the rest of this submission to "Ministers" for the sake of brevity but it refers to all the posts in Annex C.

of £1,000 related to performance will be added to the top of the scale making a maximum of £26,335. As the extra increment is not paid automatically it could be argued that it is not part of the "main national pay scale" to which MPs are linked and so should not be included in the calculation. However, as the extra increment is pensionable and once awarded is expected to continue unless performance falls off, it is hard to argue for it to be excluded from the assessment. This is a question of interpretation and the Treasury Solicitor advises that the Resolution should be read as including the new point. The House authorities are likely to agree.

6. If the link was to the current maximum the formula produces an MPs salary of £22,548 which would be an increase of £4,048 (21.88 per cent) over the present salary. If, as Treasury Solicitor advises, the link is to the new maximum the formula produces an MPs salary of £23,438, an increase of £4,938 (26.69 per cent) over the present salary. Confirming the link would also mean a further increase from 1 April 1988 in line with the 1988 civil service pay settlement.

7. The reduced MPs salary payable to Ministers in the House of Commons would rise by £3,036 to £16,911 under the first scenario and £3,703 to £17,578 under the second. This would reduce differentials between MPs and Ministers in the Commons by about £1,000 if nothing was done to Ministerial salaries at the same time. And, as Ministers in the Lords do not receive a Parliamentary salary it would increase even further the gap between the pay of Ministers in the Commons and the Lords.

Key Issues

8. There are four basic issues:

a. Is the initial increase for MPs acceptable? An increase of nearly 22 per cent or 27 per cent is well above what any other group has received and would draw lots of hostile comment, especially at a time when the Government was calling for restraint elsewhere. The

average settlement in the 1986-87 pay round to date is about 5 per cent. It could be argued that this was a one-off increase to get the salary level right. An adjustment of about this size was recommended by the TSRB in 1983 and MPs will have waited nearly 5 years to receive it. The current salary of £18,500 is still £500 below the level recommended by the TSRB in 1983. In the intervening period (June 1983 to December 1987) they received an increase of only 23.6 per cent, against an estimated increase in average earnings of 39 per cent and inflation of 22½ per cent. However, this argument is unlikely to cut much ice with the public generally or other wage negotiators eg civil service unions in particular.

b. Should Ministers be treated in the same way as MPs? There are good arguments for similar treatment, including the need to maintain reasonable differentials between MPs and Whips/Junior Ministers to encourage MPs to accept Ministerial office. As Ministers have to relinquish all sources of outside earnings on appointment it is important to provide some salary increase at this point. The exact size of differentials higher up the Ministerial ladder is less important as Ministers, once appointed, are not going to refuse promotion. A further consideration is the position of Ministers in the Lords, who will receive no further increase until Ministerial salaries are increased, and who will fall further behind Commons Ministers if Ministerial salaries are increased by less than Parliamentary salaries.

c. Is the principle of setting MPs pay by formula for future years acceptable? Once the salary level has been decided there are good arguments for linking future increases to an outside index. The one enshrined in the current Resolution, pay increases received by the non-industrial civil service, is not the only approach. Other possible indexes would be average earnings and

the RPI. Alternatively the salaries could now be set for 4 or 5 years ahead as was done in 1983. Relating future increases to a formula or deciding them now would have the advantage of avoiding an annual salary debate. Another argument for a formula or multiyear settlement is that it is impossible to set MPs salaries by reference to traditional objective criteria such as recruitment/retention or job evaluation because they are such a special group. It makes a lot of sense to recognise this.

d. If the formula approach is acceptable, what indicator should be chosen? The current formula has the advantage of already being there and there is a certain logic and justification in MPs increases being similiar to those awarded to Government employees and the staff of Parliament (who are linked to Civil Service pay rates). But, there are always problems with a linkage to a specific grade, because the structure of the grade may change. Since the link was established in 1983 one performance point has been added to the Senior Principal scale which would have the effect of increasing the MPs salary by £890 (ie 89% of £1,000). It is possible that for Civil Service management reasons extra performance points may be added in the future. Unless the Resolution was redrafted to exclude performance points, this could lead to a series of uncovenanted increases for MPs. Relating the formula to broader indices eg RPI, average earnings would be better, although it does involve an extension of indexation which the Government generally opposes. The RPI would probably be cheapest but the House of Commons would probably insist upon average earnings. An alternative approach would be to decide now to give increases of (say) 5 per cent per year from whatever level is established from January 1988.

Options

9. Ministers thus need to decide about the initial increase

for MPs and Ministers (8(a), 8(b)) and about future increases (8(c), 8(d)). As far as the initial increase (ie from 1 January 1988) is concerned there are three options:

i. Option 1 Allow the increase implied by the existing formula to Parliamentary salaries to take place, and increase all Ministerial salaries in line. This would mean increases of 21.88 per cent if the link is to the existing maximum point (1A) or 26.69 per cent if the link is to the new maximum (1B).

ii. Option 2 Reduce the increases for both MPs and Ministers to the average settlement elsewhere in the economy, say 5 per cent.

iii. Option 3 Allow the increase implied by the present formula to operate for MPs and the reduced Parliamentary salary but reduce the increases in Ministerial salaries to 5 per cent.

10. Annex C sets out the salaries that would apply under Options 1-3.

11. Turning to the future there seem to be four possible approaches. In order to maintain sensible differentials in the future between MPs and Ministers and between Ministers in the Commons and Lords we assume that whatever is done for MPs is also applied to Ministers:

i. Option A. Continued operation of the present formula for MPs (defined to exclude performance points) and link Ministers to MPs in future.

ii. Option B. Index MPs and Ministers to the RPI.

iii. Option C. Index MPs and Ministers to average earnings. (The underlying index for the whole economy would be the best.)

iv. Option D. Set a series of annual increases now for the period up to 1991 (the expected life of Parliament). The percentage chosen would be for consideration. Annex D sets out a schedule based on annual increases of 5 per cent (including in 1988) although such increases could also be applied from a higher base level set from 1 January 1988.

12. Either option for the present (1-3) could be combined with either option for the future(A-D) and we suggest that Ministers look at these in turn.

Assessment

13. These questions are obviously highly political matters. Regarding the initial increase, from the point of view of example to others and limiting public expenditure Option 2 (5 per cent) is obviously the right answer. However, it may be very difficult to get this through the House, which may insist upon the increase if the formula was brought into effect. If Ministers consider the pressures to be irresistible we would advise accompanying it by two conditions:

i. Leaving the increase at 21.88 per cent rather than 26.69 per cent, by clarifying the Resolution to make it clear that the linkage is to the maximum point on the scale excluding discretionary points. Otherwise all MPs will receive the benefit of an increment that is intended only for the best performers in the Senior Principal grade.

ii. Increase Ministerial salaries by the same percentage as MPs. Otherwise differentials between MPs and Whips/Junior Ministers will be narrowed to the point that some MPs may refuse office, and differentials between Ministers in the Commons and Lords will widen further. There will be little example to others if Ministerial salaries go up by 5 per cent but MPs by over 20 per cent: everyone will focus on the latter.

14. As far as the future is concerned we think that there is a lot to be said for Option D (setting a schedule of increases now). We dislike formulas in principle because they can have unexpected and weird effects. If there is to be a formula we would prefer to get away from a link to the Civil Service and switch to the RPI or average earnings.

TSRB Reference

15. A different approach would be to postpone consideration of all these subjects and refer MPs and Ministers pay to the TSRB. This would allow Parliament to consider this subject after receiving independent advice and is how MPs and Ministers salaries have been set in the past. Pending the report Parliament would have to accept that the existing formula would fall, simply because of their failure to renew it within three months of the start of the Session.

16. While a TSRB reference would put things off for a while, we doubt if the TSRB would recommend lower salaries than the existing formula would produce. The TSRB recommended £19,000 for MPs in 1983 and the formula would tie them to a civil service salary of £18,500 in 1983 that has since been uprated rather modestly compared with the rest of the economy.

17. You should also be aware that the TSRB may find it difficult to deliver an early report. The TSRB intend to undertake a fundamental review of the standing remit groups for their 1988 report and this will involve a lot of work. In addition they will have to advise on certain aspects of the Parliamentary Pensions Scheme following Mr Biffen's suggestion during the debate on the Parliamentary Pensions Act recently that certain anomalies should be referred after the General Election (see Annex E). Adding a review of MPs and/or Ministers pay could be beyond their existing resources, especially if an early report was requested. [As the formula is due to take effect on 1 January 1988 an early report would be essential if the House was to be persuaded to agree to

...t aside the existing formula]. If a review was required these problems could doubtless be overcome, probably by appointing extra people to the Review Body and drafting in extra help to the Secretariat. However, as a TSRB reference is not going to delay things for very long or produce lower figures than the formula, we have some doubts as to whether the extra costs are worth incurring.

Recommendation

18. Our own preferred approach, taking all the above into account is Option 2 for the initial increase (5 per cent) and Option D for the future (say, 5 per cent per year up to 1991). If this is not achievable we would suggest the fallback is to apply the increases implied by the existing formula, but with the linkage to the present Senior Principal maximum, and applying the same percentage increases to Ministers. (Option 1A). For the future the fallback is indexing their salaries to average earnings.

19. We would advise against:

- a) different increases for MPs and Ministers;
- b) indexing future salaries to Civil Service grades;
- c) a TSRB reference.

Public Expenditure Consequences

20. At present rates Parliamentary salaries (including the reduced Parliamentary salary) costs the Exchequer about £14¼ million and Ministerial and other office holders another £3½ million. [This includes an allowance for the Exchequers 19 per cent contribution to the Parliamentary pension fund and the payment of Class 1 employer NICs]. The costs of the various options of the initial increases are set out in detail at Annex C. To summarise they are as follows:

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	<u>Parliamentary</u>	<u>Ministerial and other</u> <u>Office Holders</u>	<u>Total</u>
Present Position	14.754	3.512	18.266
Option 1A	17.983	4.280	22.263
Option 1B	18.692	4.449	23.141
Option 2	15.492	3.687	19.179
Option 3A	17.983	3.687	21.670
Option 3B	18.692	3.687	22.380

Procedure

21. Parliament will have to address this issue before rising for the Summer Recess. Debates on Parliamentary pay are on abstract Resolutions in the House of Commons, framed as expressions of opinion and therefore amendable by private Members both upwards and downwards. Resolutions tabled by the Government are accompanied by effective Resolutions, which are necessary because the MPs salary sets the rate of contribution to the Parliamentary Pensions Fund, and are only amendable downwards. If an abstract Resolution tabled by the Government is carried the effective Resolution is then voted upon to give effect to the abstract one. If an abstract Resolution from the Government is amended or an alternative abstract Resolution from a non-Government source is carried then an effective Resolution is brought forward later. This is what happened in 1983 - see Annex A for details.

22. Ministerial salaries are set by Order requiring Affirmative Resolutions of both Houses. They are not subject to amendment.

23. When Ministers have decided their approach the next action is for the Leader of the House of Commons to table the appropriate Resolutions on Parliamentary pay and a motion approving the draft Statutory Instrument on Ministerial pay. The Leader of the House of Lords will also have to table a motion approving the draft SI on Ministerial pay.

Other Matters

24. There are two other matters pending. First, the anomalies in Parliamentary pensions which Mr Biffen said should be referred

to the TSRB after the Election. We assume that Ministers will wish to discuss the terms of reference with the other parties through the usual channels, as Mr Biffen envisaged, before making the reference. Superannuation Division are advising the Leader of the House about this.

25. Second, the MPs and Peers office allowances, which were the subject of a TSRB report in April. My parallel submission of today reports the position on them. The key point is that Parliament should consider them at the same time as pay.

Further Action

26. Ministers will need to meet quickly to consider their approach, and the best way is probably a meeting under the Prime Minister's chairmanship on the basis of a minute from the Chancellor. As the Leaders of the Houses of Commons and Lords take the lead for the Government on these issues in Parliament the Chancellor should discuss his approach with them before minuting the Prime Minister. As Treasury officials act as their officials on pay, allowance and pensions questions we have copied this submission to their offices. We have also sent a copy to the Chief Whip's office.

27. We would be grateful for your views. In the light of them we shall draft a minute for you to send to the Prime Minister and instruct Parliamentary Counsel about the necessary Resolutions and SIs.

J. M. Halligan.

J M HALLIGAN

ANNEX A

Establishment of linkage between MPs pay and Grade 6 salary scales from January 1988

In the period 1972 to 1983 MPs and Ministers salaries were usually made following advice from the TSRB. In practice, the recommended salary levels were usually reduced because the Government considered them excessive. In 1982 a Select Committee recommended TSRB reviews in the 4th year of each Parliament. The Government and the House accepted this recommendation and asked the TSRB to undertake a review.

2. The 1983 TSRB report (No 20) recommended an increase in an MP's salary of 31 per cent from £14,510 to £19,000 per year. It also recommended increases of up to 50 per cent for Ministers. The Government considered these recommendations to be excessive and proposed instead an increase of 4 per cent to £15,090.

3. An amendment was then proposed by Sir Edward duCann which would increase MPs pay in 5 equal stages to £18,500 by 1 January 1987 and establish a link from 1 January 1988 to the salary of the civil service grade that was earning £18,500 on 1 January 1987. The Government said that it would accept this amendment as a fair compromise.

4. However, an amendment to the duCann amendment tabled by Sir Hugh Fraser and Sir Norman St-John Stevas proposed that the linkage from 1 January 1988 should be to the salary of the civil service grade earning £18,500 on 13 June 1983. In effect this Resolution would give MPs from 1 January 1988 almost the salary recommended by the TSRB in 1983 uprated in the meantime by civil service pay awards. This amendment, although opposed by the Government, was carried by 226-218 votes in the 19 July 1983 debate with the party breakdown as follows.

	<u>For</u>	<u>Against</u>
Conservative	72	193
Labour	139	16
Liberal	8	0
Social Democrat	4	1
Scottish Nationalist	2	0
Plaid Cymru	1	0
Unionist	0	8
	-----	-----
Total	226	218
	-----	-----

5. The Government accepted this amendment as conveying the will of the House and on 26 July 1983 tabled and carried a substantive Resolution giving effect to the intention. This is the Resolution at Annex B and establishes MPs' pay from 1 January 1988 at 89 per cent of the Senior Principal maximum. That percentage of the Senior Principal salary was chosen because on 13 June 1983 it was equal to £18,500.

26th July 1983

B. That the following provision about salaries of Members of this House be made—

Members' salaries—
Queen's recommendation signified.

- (1) The salaries of Members of each of the descriptions in column 1 of the following Table—
- in respect of service on and after 13th June 1983 and before 1st January 1984 shall be at the yearly rate specified in relation to that description in column 2 of that Table ;
 - in respect of service on and after 1st January 1984 and before 1st January 1985 shall be at the yearly rate specified in relation to that description in column 3 of that Table ;
 - in respect of service on and after 1st January 1985 and before 1st January 1986 shall be at the yearly rate specified in relation to that description in column 4 of that Table ;
 - in respect of service on and after 1st January 1986 and before 1st January 1987 shall be at the yearly rate specified in relation to that description in column 5 of that Table ; and
 - in respect of service on and after 1st January 1987 and before 1st January 1988 shall be at the yearly rate specified in relation to that description in column 6 of that Table.

TABLE

1	2	3	4	5	6
Description of Member	Yearly rate of salary from 13th June 1983 to end of 1983	Yearly rate of salary for 1984	Yearly rate of salary for 1985	Yearly rate of salary for 1986	Yearly rate of salary for 1987
	£	£	£	£	£
1. Member not within paragraph 2.	15,308	16,106	16,904	17,702	18,500
2. Officer of this House or Member receiving a salary under the Ministerial and other Salaries Act 1975 or a pension under section 26 of the Parliamentary and other Pensions Act 1972.	9,543	10,626	11,709	12,792	13,875

MPs

- (2) Subject to paragraph (3), in respect of service on and after 1st January 1988—
- the salaries of Members not falling within sub-paragraph (b) shall be at a yearly rate equal to eighty-nine per cent. of the rate which represents the maximum point from time to time on the main national pay scale of the Civil Service grade of Senior Principal or, if such a scale ceases to exist, on the scale which supersedes it ; and
 - the salaries of Officers of this House and Members receiving a salary under the Ministerial and other Salaries Act 1975 or a pension under section 26 of the Parliamentary and other Pensions Act 1972 shall be at a yearly rate equal to sixty-seven per cent. of the rate which represents the maximum point from time to time on the scale referred to in sub-paragraph (a).
- (3) Paragraph (2) shall not authorise the making of any payment out of public funds after the end of the period of three months beginning with the day on which any future Parliament first meets unless within that period the continued operation of that paragraph is approved by a Resolution of this House.

ANNEX C

Options for MPs and Ministers pay after 1 January 1988

1A Existing formula for MPs with increase based on old maximum of Senior Principal scale. Same percentage increase (21.88 per cent) for Ministers and other office holders.

1B Existing formula for MPs with increase based on new maximum of Senior Principal scale. Same percentage increase (26.69 per cent) for Ministers and other office holders.

2 5 per cent increase on present MP and Ministerial salaries.

3A 21.88 per cent for MPs and reduced Parliamentary salary. 5 per cent for Ministerial and other office holder salaries.

3B 26.69 per cent for MPs and reduced Parliamentary salary. 5 per cent for Ministerial and other office holder salaries.

<u>Office</u>	<u>TSRB No 20</u>	<u>Present</u>	Option 1A	Option 1B	Option 2	Option 3A	Option 3B
	<u>Recommendation</u>	<u>Salary</u>					
	(1983)	(1.1.87)					
	£	£	£	£	£	£	£
MP	19,000	18,500	22,548	23,438	19,425	22,548	23,438
Reduced MP	11,000	13,875	16,911	17,578	14,569	16,911	17,578
Prime Minister	65,000	58,650	71,483	74,304	61,582	63,925	64,592
Cabinet Minister (C)	55,000	47,020	57,308	59,570	49,371	51,713	52,380
Cabinet Minister (L)	49,500	36,390	44,352	46,102	38,209	38,209	38,209
Minister of State (C)	38,000	36,750	44,791	46,559	38,587	40,930	41,597
Minister of State (L)	32,500	30,640	37,344	38,818	32,172	32,172	32,172
Parliamentary Secretary (C)	31,000	30,760	37,490	38,970	32,298	34,640	35,307
Parliamentary Secretary (L)	25,500	24,640	30,031	31,216	25,872	25,872	25,872

Law Officers

Attorney General	55,000	49,220	59,989	62,357	51,681	54,023	54,690
Solicitor General	44,000	42,500	51,799	53,843	44,625	46,967	47,634
Lord Advocate	38,500	36,460	44,437	46,191	38,283	38,283	38,283
Solicitor General for Scotland	38,000	37,960	46,266	48,092	39,858	42,200	42,867

Whips

Chief Whip (C)	42,000	41,130	50,129	52,108	43,186	45,529	46,196
Deputy Chief Whip (C)	38,000	36,750	44,791	46,559	38,587	40,930	41,597
Whips (C)	28,000	27,690	33,749	35,080	29,074	31,417	32,084
Chief Whip (L)	32,500	30,640	37,344	38,818	32,172	32,172	32,172
Deputy Chief Whip (L)	25,500	24,640	30,031	31,216	25,872	25,872	25,872
Whips (L)	22,500	21,570	26,290	27,327	22,648	22,648	22,648

HOC

Speaker	55,000	48,750	59,416	61,761	51,187	53,530	54,197
Chairman (Ways and Means)	38,000	36,750	44,791	46,559	38,587	40,930	41,597
2 Deputy Chairmen	34,500	33,740	41,122	42,745	35,427	37,769	38,436

HOL

Chairman of Committees	32,500	30,640	37,344	38,818	32,172	32,172	32,172
Principal Deputy Chairman	29,000	27,530	33,554	34,878	28,906	28,906	28,906

Opposition

Leader (C)	50,000	44,100	53,749	55,870	46,305	48,647	49,314
Chief Whip (C)	38,000	36,750	44,791	46,559	38,587	40,930	41,597
2 Whips (C)	28,000	27,690	33,749	35,080	29,074	31,417	32,084
Leader (L)	25,500	24,640	30,031	31,216	25,872	25,872	25,872
Chief Whip (L)	22,500	21,570	26,290	27,327	22,648	22,648	22,648

ANNEX DAll salaries increased by 5% per year

<u>Office</u>	<u>Present Salary (1.1.87)</u>	<u>Salary from 1.1.88</u>	<u>Salary from 1.1.89</u>	<u>Salary from 1.1.90</u>	<u>Salary from 1.1.91</u>
MP	18,500	19425	20396	21416	22487
Prime Minister	58,650	61582	64662	67895	71289
Cabinet Minister (C)	47,020	49371	51840	54432	57153
Cabinet Minister (L)	36,390	38209	40120	42126	44232
Minister of State (C)	36,750	38587	40517	42543	44670
Minister of State (L)	30,640	32172	33781	35470	37243
Parliamentary Secretary (C)	30,760	32298	33913	35609	37389
Parliamentary Secretary (L)	24,640	25872	27166	28524	29950
<u>Law Officers</u>					
Attorney General	49,220	51681	54265	56978	59827
Solicitor General	42,500	44625	46856	49199	51659
Lord Advocate	36,460	38283	40197	42207	44317
Solicitor General for Scotland	37,960	39858	41851	43943	46141
<u>Whips</u>					
Chief Whip (c)	41,130	43186	45346	47613	49994
Deputy Chief Whip (C)	36,750	38587	40517	42543	44670
Whips (C)	27,690	29074	30528	32055	33657
Chief Whip (L)	30,640	32172	33781	35470	37243
Deputy Chief Whip (L)	24,640	25872	27166	28524	29950
Whips (L)	21,570	22648	23781	24970	26218
<u>HOC</u>					
Speaker	48,750	51187	53747	56434	59256
Chairman (Ways and Means)	36,750	38587	40517	42543	44670
2 Deputy Chairmen	33,740	35427	37198	39058	41011
<u>HOL</u>					
Chairman of Committees	30,640	32172	33781	35470	37243
Principal Deputy Chairman	27,530	28906	30352	31869	33463
<u>Opposition</u>					
Leader (C)	44,100	46305	48620	51051	53604
Chief Whip (C)	36,750	38587	40517	42543	44670
2 Whips (C)	27,690	29074	30528	32055	33657
Leader (L)	24,640	25872	27166	28524	29950
Chief Whip (L)	21,570	22648	23781	24970	26218

Parliamentary and other Pensions Bill

Considered in Committee

[Mr. HAROLD WALKER in the Chair]

Clause 1 ordered to stand part of the Bill

Clause 2

POWER TO PROVIDE FOR PENSIONS

8.24 pm

The Chairman of Ways and Means (Mr. Harold Walker): I understand that amendment No. 1 is not to be moved. Therefore, we shall consider amendment No. 2, in page 2, line 21, at end insert—

'(aa) may provide, in the case of a person who ceases to be a Member of the House of Commons in any year between the ages of 55 and 60, having completed 20 years' service, for the payment of an unabated pension to him from the age of 60.'

With this it will be convenient to discuss also the following amendments: No. 3 in page 2, line 21, at end insert—

'(aa) may extend the entitlement to full and unabated pension to a person who, having reached the age of 60 and after completing 20 years of service as a Member of the House of Commons, has stood as a candidate and been defeated at a parliamentary election.'

No. 4, in page 2, line 21, at end insert—

'(aa) may provide for the payment of a lump sum to a person on his ceasing to be a Member of the House of Commons at the age of 65 or over, calculated on the same basis as the resettlement grant payable to a Member who has left the service of the House before attaining pensionable age.'

Mr. John McWilliam (Blaydon): I beg your pardon, Mr. Walker. I thought that amendment No. 9 was to be moved by the Government.

The Chairman: No. That amendment now goes into what would be its proper place in the sequence of our proceedings. Therefore, it will come after Government amendments Nos. 5 and 6.

Mr. McWilliam: I do not wish to detain the House for any longer than is necessary. It is not our intention to press amendment No. 2. However, we expect to hear from the Leader of the House something about the subject that we are discussing.

The Lord Privy Seal and Leader of the House of Commons (Mr. John Biffen): I am grateful for that great constitutional innovation. I am unable to comment on what I know would have been powerful speeches delivered on behalf of amendments Nos. 2, 3 and 4.

The merits of these amendments are almost self-evident. They would specify a change that could be made by regulations under the power in clause 2. That power is already wide enough to allow regulations dealing with each of the proposed changes to be made. Therefore, it is not necessary to specify, in this way, individual matters that regulations might cover. Indeed, I do not believe that it is desirable to do so. However, it is clear that the amendments are intended to create the presumption that the scheme will be changed in these ways.

The first amendment would allow regulations to be made to extend the facility for early retirement with a full pension paid at the age of 60 to all Members with 20 years' service, who retire after the age of 55. The intention of the present rule, which allows Members with long service to

retire at a general election at the age of 60, or after, without abatement of their pension, is to allow them to retire at the general election before their 65th birthday, rather than waiting until the next election or causing a by-election.

Although I recognise that the rule can cause some hard cases, changing the scheme as envisaged in the amendment would create a whole new set of anomalies. Those who retire at 55 with 19½ years of service, for example, would complain that the new rules were unfair to them. Furthermore, that would exaggerate the distinction between two classes of Member, those who can take their pension at 60 and those who must wait until they are 65.

The second amendment is intended to extend eligibility for immediate payment of a full and unabated pension to a Member who is aged at least 60, with at least 20 years' service, who stands for re-election, but is defeated, at a general election. That point can be dealt with briefly, because the scheme was amended to allow that during the passage of the Parliamentary Pensions etc. Act 1984. However, the fact that confusion has arisen about that provision is a good example of why the Bill is needed. This part of the existing legislation is so complicated, after the series of amendments, that it is not surprising that hon. Members have found it difficult to follow.

The third amendment would allow regulations to be made to provide for payments from the pension fund to Members retiring at the age of 65 and over, which would be equivalent to the resettlement grant paid from the Consolidated Fund to younger Members on leaving the House. In considering this point, I am sure that the Committee will wish to take account of the fact that the scheme already provides for Members to receive by commutation of part of their pension the maximum, tax-free, lump sum permitted by the Inland Revenue rules in similar private sector schemes.

I recognise that that is not directly comparable with the resettlement grant, which is a straight payment from the Consolidated Fund and is a benefit over and above what is provided by the pension scheme. Nevertheless, the commutation arrangements have clear tax benefits and should not be discounted when considering the means available to Members to secure a lump sum on retirement.

8.30 pm

I remind the Committee that resettlement grants are intended to tide over Members who leave the House before normal retirement age and need to re-establish themselves in alternative employment. Paying resettlement grants to Members past normal retirement age would be a new departure and I am not convinced that it would be justified.

However, I acknowledge that there are anomalies in the area where eligibility for immediate pension and for resettlement grants overlaps. I recognise that the area dealt with in the first amendment is also one where anomalies arise. Taking into account this point and the others raised during the Second Reading debate, I now believe that we should refer the scheme as a whole to the Top Salaries Review Body for an early review. In particular, I envisage that the review body would be asked to consider the early retirement arrangements and the anomalies caused by the availability of both a resettlement grant and an immediate and full pension to those who retire between the ages of 60 and 65 with 20 years' service.

Mr. Alfred Morris (Manchester, Wythenshawe): May I express the hope, which I trust the Leader of the House

1. MR KEMP
2. CHANCELLOR

FROM: J M HALLIGAN

DATE: 17 June 1987

cc Chief Secretary
Financial Secretary
Paymaster General
Economic Secretary
Sir P Middleton
Mr F E R Butler
Mr Luce
Ms Boys
Mr Gilhooly

MPs/MINISTERS PAY AND ALLOWANCES

The Lord Privy Seal expressed the following views in a general discussion this morning at which I was present. You may like to be aware of them when considering the various submissions.

- a. General We need to maintain a balance in our approach to the House between getting the result we want and the avoidance of humiliation.
- b. MPs Pay There is probably no escape from the present formula but it should be revised to exclude the new discretionary point at the top of Grade 6.
- c. Ministers Pay They should get the same percentage increase as MPs.
- d. Parliamentary Pensions Refer to TSRB, as Mr Biffen promised before the Election.
- e. Severance Pay for Commons Ministers
(Sir R Armstrong's minute of 15 June). Refer to TSRB.
- f. Office allowance Accept recommendations of TSRB report.

2. The Lord Privy Seal assumed that you would be minuting the Prime Minister shortly with your views on the pay question. He would like a chance to discuss this with you before you circulate your minute.



J M HALLIGAN

CONFIDENTIAL



FROM: S P JUDGE
DATE: 19 June 1987

PAYMASTER GENERAL

APS/CHANCELLOR OF THE EXCHEQUER

cc PS/Chief Secretary
PS/Financial Secretary
PS/Economic Secretary
Sir Peter Middleton
Mr F E R Butler
Mr Kemp
Mr Luce
Miss Boys
Mr Gilhooly
Mr Halligan
Mr Cropper

PS/Leader of the H of C
PS/Leader of the H of L
PS/Chief Whip

MPs AND MINISTERS' PAY

The Paymaster General has seen the submissions to you from Mr Halligan and Mr Kemp (15 and 18 June respectively).

MPs

The Paymaster is resigned to option 1 (as against 2), and is sufficiently realistic to realise that we may be landed with 1B, noting that Ministers took the decision about the performance point for Grade 6s with their eyes more than usually skinned. But the Paymaster would want to get future performance points excluded as a quid pro quo.

Although a future linkage solves the problem of perennality, and is thus not without value, the Paymaster agrees that linkage can be both anomolous and hazardous (viz the complications for the OSRA of the Senior Personal Secretaries' deal). But getting rid of it will not be easy, a view which the Paymaster detects is shared by the Lord Privy Seal.

Assuming we can dispose of the linkage, B, C and D all have problems:


- B because it builds in a potential reversion to the problem we are facing on 1 January 1988;

- C, because it would greatly offend pensioners;
- D, because it appears to institutionalise inflation.

The Paymaster's inclination is to go for D, together with a reference to the TSRB in the fourth year, as the Select Committee suggested in 1982.

Ministers

The Paymaster would adjust in line with MPs.



S P JUDGE
Private Secretary



CH/EXCHEQUER	
REC.	26 JUN 1987 ✓ 26/6
ACTION	MR HALLIGAN
COPIES TO	CST FST PMG EST SIR P. MIDDLETON MR FER BUTLER MR KEMP MR LUCE MISS BOYS MR GILHOOLY MR CRAIGER

puj

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

✓ 26 June 1987

Dear Alex,

The Chancellor met the Lord President and the Lord Privy Seal yesterday to discuss MPs' and Ministers' pay.

The Chancellor opened the discussion by explaining that he believed there would be considerable awkwardness in the Government's proposing to confirm now the arrangements envisaged in 1983 which linked the salary of MPs' to the maximum of the Grade 6 scale. This linkage would represent a rise of 22% or, if the performance pay point was included, 26%, which would be difficult to justify at a time when the annual rate of inflation was 4% and an increase of 4.5% was being imposed on the Civil Service. Moreover, comparisons would be made also with the pay award to nurses before the election which had been described as generous and yet which was less than half the percentage increase this would be. He believed that certain of the Government's own backbenchers would join the popular press in decrying the proposal.

The Lord Privy Seal said that he had already come under pressure from the Chairman of the 1922 Committee to resolve the matter quickly and clearly. He believed that the House would accept the linkage with the basic maximum of the Grade 6 scale excluding the performance pay point, but he was not confident that Government could avoid defeat if it brought to the House proposals which offered a significantly lower pay increase than the House had approved in 1983.

In discussion, the following points were made:

- (i) After the way in which the discussions on MPs' pay went in 1983 it must be doubtful whether the 1922 executive would be prepared to advocate or even support Government proposals for a lower pay increase. But there might be other backbenchers who would accept the arguments for restraint.
- (ii) It might be possible to agree a deal with the 1922 on the basis of a lower increase now but with linkage to come into effect thereafter. This had been the basis for agreement in 1983.
- (iii) There were two ways in which proposals for a lower pay increase might be presented. In the first, the Government might put forward a motion recommending this. But there was every likelihood that an amendment restoring the Grade 6 linkage would be tabled in the names of the Chairman of the 1922 and of the Parliamentary Labour Party, and that this would carry the day. An alternative, and perhaps preferable route, might be for the Government to table a motion reflecting the arrangements envisaged in 1983, on the basis that this was what the House had decided, and then for a group of backbenchers to amend this to suggest a lower increase.
- (iv) The handling of the pay issue had implications for the handling of the Government proposals on the MPs' office allowance following the Report from the TSRB. The 1922 might be willing to support the Government on the secretarial allowance if the Government had, in their view, played fair on MPs' pay. On the other hand, they would not wish to defeat the Government on both pay and the allowance. It was intended to debate both issues on the same day.

(v) Ministers' pay should be treated in a way similar to MPs' pay. There was a strong case for giving the largest increases to the most junior Ministers in order to maintain their differentials, but for reducing the differentials for senior Ministers. On this basis, Parliamentary Secretaries would get the largest percentage increase, Ministers of State a smaller percentage increase, and Cabinet Ministers a percentage increase which was smaller still.

In conclusion, it was agreed that the Government was in a 'no win' situation. It was a matter for assessment whether the political damage would be worse from a press campaign against the higher increase or from hostility in the House at a lower increase which would be seen as the Government's going back on its word. The next step would be for the Lord Privy Seal to discuss the issue with Mr Cranley Onslow and Sir Marcus Fox at an early meeting, to see whether there would be any support from the 1922 for a lower increase. Then the Prime Minister should be minuted. It would be important to resolve the matter quickly, and certainly before the House rose for the summer recess.

I am copying this letter to Mike Eland (Lord President's Office) and Joseph Halligan (HMT).

Yours,

Alison

ALISON SMITH
Private Secretary

Alex Allan Esq
PS/Chancellor of the Exchequer
HM Treasury

FROM: E P KEMP
1 July 1987

PRINCIPAL PRIVATE SECRETARY

** * **
Thank. Pst ask Mr Halligan about the Law - MSPP - a new order, 5 linked to an option 5 under which 5 stages place 1 April 1992

MPS AND MINISTERS' PAY

I attach below Mr Halligan's note which sets out some illustrative staging options in this very difficult question of MPs and Ministers' pay. No copies of this have been distributed anywhere else.

2. Clearly one can produce any number of options, and we have got our machine set up so that we can do this at very short notice. It is clear, however, that any of the options we take which involves the assumptions first that we have to get to the "right" figure at latest by 1992 and second that Ministers are linked proportionately with MPs, are presentationally very difficult against eg our imposed 4.6 per cent on the civil servants. This leads me to wonder how far we should not challenge these constraints. I can see the difficulty of taking the du Cann amendment of 1983 head on, and I can understand that MPs will expect at the least a staged implementation of it (and even staging will no doubt make a number of them very cross). But the other constraint in the sums below - that Ministers should be linked with MPs - may be easier to modify. Presentationally, from the point of view of the Government, if MPs vote themselves more money this is MPs business and one can say that MPs are simply being greedy. But obviously it is different if Ministers have proposed or indeed acquiesced in a linkage which actually has no backing save immediate convenience which seems to give them also these big percentages.

*2 steps of agreed size).
2.50 ahead with X.
M.*

3. A possible way through on this, therefore, would be to leave the MPs increases on the basis of, say, Option 3 (which completes the exercise by 1 April 1991) but says that the non-MP element in Ministerial pay

1.

I take it that means Option 4

goes up only by say 5 per cent. Ministers in the Commons will still, of course, get the benefit of the big percentage increases in their reduced MPs pay, but they would be able to claim, justifiably, that they had exercised restraint so far as the Ministerial element itself was concerned. Clearly this would give lower percentage increases, and the more senior the Minister the lower percentage increases would arise.

4. That said, there are obvious drawbacks. To start with, the percentage increases would still be quite big, and seen from the point of view of the media etc rather fine arguments about the difference between the reduced MPs pay and the Ministerial element will not get very far. Secondly, the clear water between what people get as a Minister and what they get as an MP would be progressively reduced, and that might at the extreme make it difficult to recruit and retain good junior Ministers. And finally there would be horrendous problems in the Lords, where there is of course no reduced Parliamentary salary to lean on. Some of these problems might be got round by deeming a rather larger proportion of the normal MPs pay to be payable to a Minister, but this of itself might be rumbled as a device; and any way it would not deal with eg the problem in the Lords.

5. Thus this of itself may not be a way through. But the general approach of doing something different (and smaller) for Ministers than for MPs remains. We will think about some ideas, and if the Chancellor wants to have them explored in more detail we can do so.



E P KEMP

FROM: J M HALLIGAN

DATE: 1 July 1987

1. MR KEMP *[Handwritten signature]*
2. CHANCELLOR

MPs AND MINISTERS PAY

I understand that some thought is being given to phasing in the linkage of MPs salaries to Senior Principal pay. We have prepared some options for illustrative purposes. Clearly others are possible and now that we have the framework set up we could produce any alternative options Ministers wanted to see.

2. In preparing the options we have made four assumptions:

a. Linkage is eventually to be to 89 per cent of the maximum of the Senior Principal scale excluding discretionary pay points;

b. Ministers get the same percentage increases as MPs;

c. As pay settlements for Grade 6 currently have a 1 April anniversary date we have moved MPs anniversary date from 1 January to 1 April. Once the linkage is fully established MPs' pay will move in line with the Senior Principal maximum as and when this changes;

d. Increases of 5 per cent per year in the Senior Principal maximum from 1988 to 1992.

3. We have prepared four options which are set out for the next 5 years in the attached annexes:

i. Option 1 Straight implementation of the existing Resolution ie an initial increase of 21.88 per cent on 1 January 1988 when the linkage is established and then increases of 5 per cent per year from April 1988 and onwards. This is the base case.

ii. Option 2 Implementation of the link in two stages so that it is in place by 1 April 1989. That means an increase of 16.49 per cent on 1 April 1988 (ie 10.94 per cent (half of 21.88 per cent) uprated by a further 5 per cent) and 15.36 per cent on 1 April 1989 (ie 10.94 per cent uprated by a further 5 per cent). The second increase is slightly lower than the first because the second stage of the "catching up" increase is a lower proportion of the new base.

iii. Option 3 Implementation of the link in three stages so that it is in place by 1 April 1990. That means increases of 12.66 per cent, 12.67 per cent and 11.15 per cent respectively and thereafter 5 per cent.

iv. Option 4 Implementation in four stages; fully in place by 1 April 1991. Increases of 10.77 per cent, 10.77 per cent, 10.77 per cent, 8.99 per cent and 5 per cent.

4. The public expenditure consequences for each financial year are set out in rows 43-44. Row 43 is the paybill alone; Row 44 is the paybill plus employer NICs and superannuation contributions by the State.

J.M. Halligan.

J M HALLIGAN

	A	B	C	D	E	F	G	H	I	J
1	FILE: MPPAY									
2	OPTION 1: 21.88% INCREASE ON 1.1.88, 5% INCREASE ON 1 APRIL OF EACH YEAR									
3										
4										
5										
6	GRADE	STAFF IN	SALARIES							
7		POST								
8			1.4.87	1.1.88	1.4.88	1.4.89	1.4.90	1.4.91	1.4.92	
9										
10										
11	MP	556	18500	22548	23675	24859	26102	27407	28777	
12	PRIME MINISTER	1	58650	71483	75057	78810	82751	86889	91233	
13	CABINET MINISTER (COMMONS)	18	47020	57308	60173	63182	66341	69658	73141	
14	CABINET MINISTER (LORDS)	2	36390	44352	46570	48899	51344	53911	56607	
15	MINISTER OF STATE (COMMONS)	23	36750	44791	47031	49383	51852	54445	57167	
16	MINISTER OF STATE (LORDS)	5	30640	37344	39211	41172	43231	45393	47663	
17	PARLIAMENTARY SECRETARY (COMMONS)	27	30760	37490	39365	41333	43400	45570	47849	
18	PARLIAMENTARY SECRETARY (LORDS)	5	24640	30031	31533	33110	34766	36504	38329	
19	ATTORNEY GENERAL	1	49220	59989	62988	66137	69444	72916	76562	
20	SOLICITOR GENERAL	1	42500	51799	54389	57108	59963	62961	66109	
21	LORD ADVOCATE	1	36460	44437	46659	48992	51442	54014	56715	
22	SOLICITOR GENERAL FOR SCOTLAND	1	24085	29355	30823	32364	33982	35681	37465	
23	CHIEF WHIP (COMMONS)	1	41130	50129	52635	55267	58030	60932	63979	
24	DEPUTY CHIEF WHIP (COMMONS)	1	36750	44791	47031	49383	51852	54445	57167	
25	WHIPS (COMMONS)	12	27690	33749	35436	37208	39068	41021	43072	
26	CHIEF WHIP (LORDS)	1	30640	37344	39211	41172	43231	45393	47663	
27	DEPUTY CHIEF WHIP (LORDS)	1	24640	30031	31533	33110	34766	36504	38329	
28	WHIPS (LORDS)	5	21570	26290	27605	28985	30434	31956	33554	
29	SPEAKER (COMMONS)	1	48750	59417	62388	65507	68782	72221	75832	
30	CHAIRMAN OF WAYS AND MEANS (COMMONS)	1	36750	44791	47031	49383	51852	54445	57167	
31	DEPUTY CHAIRMAN (COMMONS)	2	33740	41122	43178	45337	47604	49984	52483	
32	CHAIRMAN OF COMMITTEES (LORDS)	1	30640	37344	39211	41172	43231	45393	47663	
33	PRINCIPAL DEPUTY CHAIRMAN (LORDS)	1	27530	33554	35232	36994	38844	40786	42825	
34	LEADER OF THE OPPOSITION (COMMONS)	1	44100	53749	56436	59258	62221	65332	68599	
35	CHIEF OPPOSITION WHIP (COMMONS)	1	36750	44791	47031	49383	51852	54445	57167	
36	OPPOSITION WHIP (COMMONS)	2	27690	33749	35436	37208	39068	41021	43072	
37	LEADER OF THE OPPOSITION (LORDS)	1	24640	30031	31533	33110	34766	36504	38329	
38	CHIEF OPPOSITION WHIP (LORDS)	1	21570	26290	27605	28985	30434	31956	33554	
39										
40										
41	TOTAL STAFF	674								
42										
43	TOTAL PAYBILL £m		14.335	17.472	18.345	19.263	20.226	21.237	22.299	
44	TOTAL PAYBILL INCLUDING NICS £m		18.249	22.242	23.353	24.521	25.747	27.035	28.386	
45										
46	INCREASE OVER PREVIOUS PAYBILL			21.88%	5.00%	5.00%	5.00%	5.00%	5.00%	
47										
48	FINANCIAL YEAR INCREASES OVER PREVIOUS PAYBILLS			1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	
49				over	over	over	over	over	over	
50				1.4.87	1987-88	1988-89	1989-90	1990-91	1991-92	
51										
52				5.47%	21.34%	5.00%	5.00%	5.00%	5.00%	

A

B

C

D

E

F

G

H

I

1 FILE: MPPAY2

2 OPTION 2: INCREASES ON 1.4.88 AND 1.4.89, WITH 5% INCREASES ON 1 APRIL OF EACH YEAR THEREAFTER

3

4

5

6 GRADE

STAFF IN
POST

SALARIES

7

8

9

10

		1.4.87	1.4.88	1.4.89	1.4.90	1.4.91	1.4.92
11 MP	556	18500	21550	24857	26102	27407	28777
12 PRIME MINISTER	1	58650	68320	78810	82751	86889	91233
13 CABINET MINISTER (COMMONS)	18	47020	54772	63182	66341	69658	73141
14 CABINET MINISTER (LORDS)	2	36390	42390	48897	51344	53911	56607
15 MINISTER OF STATE (COMMONS)	23	36750	42809	49383	51852	54445	57167
16 MINISTER OF STATE (LORDS)	5	30640	35692	41172	43231	45393	47663
17 PARLIAMENTARY SECRETARY (COMMONS)	27	30760	35831	41333	43400	45570	47849
18 PARLIAMENTARY SECRETARY (LORDS)	5	24640	28702	33110	34766	36504	38329
19 ATTORNEY GENERAL	1	49220	57335	66137	69444	72916	76562
20 SOLICITOR GENERAL	1	42500	49507	57108	59963	62961	66109
21 LORD ADVOCATE	1	36460	42471	48992	51442	54014	56715
22 SOLICITOR GENERAL FOR SCOTLAND	1	24085	28056	32364	33982	35681	37465
23 CHIEF WHIP (COMMONS)	1	41130	47911	55267	56030	60932	63979
24 DEPUTY CHIEF WHIP (COMMONS)	1	36750	42809	49383	51852	54445	57167
25 WHIPS (COMMONS)	12	27690	32255	37208	39068	41021	43072
26 CHIEF WHIP (LORDS)	1	30640	35692	41172	43231	45393	47663
27 DEPUTY CHIEF WHIP (LORDS)	1	24640	28702	33110	34766	36504	38329
28 WHIPS (LORDS)	5	21570	25126	28985	30434	31956	33554
29 SPEAKER (COMMONS)	1	48750	56787	65507	68782	72221	75832
30 CHAIRMAN OF WAYS AND MEANS (COMMONS)	1	36750	42809	49383	51852	54445	57167
31 DEPUTY CHAIRMAN (COMMONS)	2	33740	39303	45337	47604	49984	52483
32 CHAIRMAN OF COMMITTEES (LORDS)	1	30640	35692	41172	43231	45393	47663
33 PRINCIPAL DEPUTY CHAIRMAN (LORDS)	1	27530	32069	36994	38844	40786	42825
34 LEADER OF THE OPPOSITION (COMMONS)	1	44100	51371	59258	62221	65332	68599
35 CHIEF OPPOSITION WHIP (COMMONS)	1	36750	42809	49383	51852	54445	57167
36 OPPOSITION WHIP (COMMONS)	2	27690	32255	37208	39068	41021	43072
37 LEADER OF THE OPPOSITION (LORDS)	1	24640	28702	33110	34766	36504	38329
38 CHIEF OPPOSITION WHIP (LORDS)	1	21570	25126	28985	30434	31956	33554
39							
40							
41 TOTAL STAFF	674						
42							
43 TOTAL PAYBILL £m		14.335	16.698	19.263	20.226	21.237	22.299
44 TOTAL PAYBILL INCLUDING NICS £m		18.249	21.257	24.521	25.747	27.035	28.386
45							
46 INCREASE OVER PREVIOUS YEAR'S PAYBILL			16.49%	15.36%	5.00%	5.00%	5.00%

	A	B	C	D	E	G	H	I	J
1	FILE: MPPAY3								
2	OPTION 3: INCREASES ON 1.4.88, 1.4.89 AND 1.4.90, WITH 5% INCREASES ON 1 APRIL OF EACH YEAR THEREAFTER								
3									
4									
5									
6	GRADE	STAFF IN	SALARIES						
7		POST	-----						
8			1.4.87	1.4.88	1.4.89	1.4.90	1.4.91	1.4.92	
9									
10									
11	MP	556	18500	20843	23483	26102	27407	28777	
12	PRIME MINISTER	1	58650	66078	74447	82751	86889	91233	
13	CABINET MINISTER (COMMONS)	18	47020	52975	59684	66341	69658	73141	
14	CABINET MINISTER (LORDS)	2	36390	40999	46192	51344	53911	56607	
15	MINISTER OF STATE (COMMONS)	23	36750	41404	46648	51852	54445	57167	
16	MINISTER OF STATE (LORDS)	5	30640	34521	38893	43231	45393	47663	
17	PARLIAMENTARY SECRETARY (COMMONS)	27	30760	34656	39045	43400	45570	47849	
18	PARLIAMENTARY SECRETARY (LORDS)	5	24640	27761	31277	34766	36504	38329	
19	ATTORNEY GENERAL	1	49220	55454	62477	69444	72916	76562	
20	SOLICITOR GENERAL	1	42500	47883	53947	59963	62961	66109	
21	LORD ADVOCATE	1	36460	41078	46281	51442	54014	56715	
22	SOLICITOR GENERAL FOR SCOTLAND	1	24085	27135	30572	33982	35681	37465	
23	CHIEF WHIP (COMMONS)	1	41130	46339	52208	58030	60932	63979	
24	DEPUTY CHIEF WHIP (COMMONS)	1	36750	41404	46648	51852	54445	57167	
25	WHIPS (COMMONS)	12	27690	31197	35148	39068	41021	43072	
26	CHIEF WHIP (LORDS)	1	30640	34521	38893	43231	45393	47663	
27	DEPUTY CHIEF WHIP (LORDS)	1	24640	27761	31277	34766	36504	38329	
28	WHIPS (LORDS)	5	21570	24302	27380	30434	31956	33554	
29	SPEAKER (COMMONS)	1	48750	54924	61880	68782	72221	75832	
30	CHAIRMAN OF WAYS AND MEANS (COMMONS)	1	36750	41404	46648	51852	54445	57167	
31	DEPUTY CHAIRMAN (COMMONS)	2	33740	38013	42827	47604	49964	52483	
32	CHAIRMAN OF COMMITTEES (LORDS)	1	30640	34521	38893	43231	45393	47663	
33	PRINCIPAL DEPUTY CHAIRMAN (LORDS)	1	27530	31017	34945	38844	40786	42825	
34	LEADER OF THE OPPOSITION (COMMONS)	1	44100	49685	55978	62221	65332	68599	
35	CHIEF OPPOSITION WHIP (COMMONS)	1	36750	41404	46648	51852	54445	57167	
36	OPPOSITION WHIP (COMMONS)	2	27690	31197	35148	39068	41021	43072	
37	LEADER OF THE OPPOSITION (LORDS)	1	24640	27761	31277	34766	36504	38329	
38	CHIEF OPPOSITION WHIP (LORDS)	1	21570	24302	27380	30434	31956	33554	
39									
40									
41	TOTAL STAFF	674							
42									
43	TOTAL PAYBILL £m		14.335	16.151	18.196	20.226	21.237	22.299	
44	TOTAL PAYBILL INCLUDING NICS £m		18.249	20.560	23.164	25.747	27.035	28.386	
45									
46	INCREASE OVER PREVIOUS YEAR'S PAYBILL			12.66%	12.67%	11.15%	5.00%	5.00%	

	A	B	C	D	E	F	H	I	J
1	FILE: MPPAY4								
2	OPTION 4: INCREASES ON 1.4.88, 1.4.89, 1.4.90 AND 1.4.91, WITH A 5% INCREASE ON 1.4.92								
3									
4									
5									
6	GRADE	STAFF IN	SALARIES						
7		POST	-----						
8			1.4.87	1.4.88	1.4.89	1.4.90	1.4.91	1.4.92	
9									
10									
11	MP	556	18500	20493	22701	25147	27407	28777	
12	PRIME MINISTER	1	58650	64970	71971	79726	86889	91233	
13	CABINET MINISTER (COMMONS)	18	47020	52086	57693	63915	69658	73141	
14	CABINET MINISTER (LORDS)	2	36390	40311	44655	49467	53911	56607	
15	MINISTER OF STATE (COMMONS)	23	36750	40710	45097	49956	54445	57167	
16	MINISTER OF STATE (LORDS)	5	30640	33941	37593	41649	45393	47663	
17	PARLIAMENTARY SECRETARY (COMMONS)	27	30760	34074	37745	41812	45570	47849	
18	PARLIAMENTARY SECRETARY (LORDS)	5	24640	27295	30236	33494	36504	38329	
19	ATTORNEY GENERAL	1	49220	54523	60398	66906	72916	76562	
20	SOLICITOR GENERAL	1	42500	47079	52152	57771	62961	66109	
21	LORD ADVOCATE	1	36460	40389	44741	49562	54014	56715	
22	SOLICITOR GENERAL FOR SCOTLAND	1	24085	26680	29555	32740	35681	37465	
23	CHIEF WHIP (COMMONS)	1	41130	45562	50471	55909	60932	63979	
24	DEPUTY CHIEF WHIP (COMMONS)	1	36750	40710	45097	49956	54445	57167	
25	WHIPS (COMMONS)	12	27690	30674	33979	37640	41021	43072	
26	CHIEF WHIP (LORDS)	1	30640	33941	37598	41649	45393	47663	
27	DEPUTY CHIEF WHIP (LORDS)	1	24640	27295	30236	33494	36504	38329	
28	WHIPS (LORDS)	5	21570	23894	26469	29321	31956	33554	
29	SPEAKER (COMMONS)	1	48750	54003	59822	66268	72221	75832	
30	CHAIRMAN OF WAYS AND MEANS (COMMONS)	1	36750	40710	45097	49956	54445	57167	
31	DEPUTY CHAIRMAN (COMMONS)	2	33740	37375	41402	45863	49984	52483	
32	CHAIRMAN OF COMMITTEES (LORDS)	1	30640	33941	37598	41649	45393	47663	
33	PRINCIPAL DEPUTY CHAIRMAN (LORDS)	1	27530	30496	33782	37422	40786	42825	
34	LEADER OF THE OPPOSITION (COMMONS)	1	44100	48852	54116	59947	65332	68599	
35	CHIEF OPPOSITION WHIP (COMMONS)	1	36750	40710	45097	49956	54445	57167	
36	OPPOSITION WHIP (COMMONS)	2	27690	30674	33979	37640	41021	43072	
37	LEADER OF THE OPPOSITION (LORDS)	1	24640	27295	30236	33494	36504	38329	
38	CHIEF OPPOSITION WHIP (LORDS)	1	21570	23894	26469	29321	31956	33554	
39									
40									
41	TOTAL STAFF	674							
42									
43	TOTAL PAYBILL £m		14.335	15.879	17.590	19.486	21.237	22.299	
44	TOTAL PAYBILL INCLUDING NICS £m		18.249	20.215	22.393	24.805	27.035	28.386	
45									
46	INCREASE OVER PREVIOUS YEAR'S PAYBILL			10.77%	10.77%	10.77%	8.99%	5.00%	

A B C E F G H I J K

1 FILE: MPPAYS
 2 OPTION 5: 21.88% INCREASE OF MP ELEMENT ON 1.1.88, 5% INCREASE ON TOTAL PAY ON 1 APRIL OF EACH YEAR

GRADE	STAFF IN POST	SALARIES						
		1.4.87	1.1.88	1.4.88	1.4.89	1.4.90	1.4.91	1.4.92
MP	556	18500	22548	23675	24859	26102	27407	28777
PRIME MINISTER	1	58650	61686	64770	68009	71409	74979	78728
CABINET MINISTER (COMMONS)	18	47020	50056	52559	55187	57946	60843	63885
CABINET MINISTER (LORDS)	2	36390	36390	38210	40121	42127	44233	46445
MINISTER OF STATE (COMMONS)	23	36750	39786	41775	43864	46057	48360	50778
MINISTER OF STATE (LORDS)	5	30640	30640	32172	33781	35470	37244	39106
PARLIAMENTARY SECRETARY (COMMONS)	27	30760	33796	35486	37260	39123	41079	43133
PARLIAMENTARY SECRETARY (LORDS)	5	24640	24640	25872	27166	28524	29950	31448
ATTORNEY GENERAL	1	49220	52256	54869	57612	60493	63518	66694
SOLICITOR GENERAL	1	42500	45536	47813	50204	52714	55350	58118
LORD ADVOCATE	1	36460	36460	38283	40197	42207	44317	46533
SOLICITOR GENERAL FOR SCOTLAND	1	24085	24085	25289	26553	27881	29275	30739
CHIEF WHIP (COMMONS)	1	41130	44166	46374	48693	51128	53684	56368
DEPUTY CHIEF WHIP (COMMONS)	1	36750	39786	41775	43864	46057	48360	50778
WHIPS (COMMONS)	12	27690	30726	32262	33875	35569	37347	39214
CHIEF WHIP (LORDS)	1	30640	30640	32172	33781	35470	37244	39106
DEPUTY CHIEF WHIP (LORDS)	1	24640	24640	25872	27166	28524	29950	31448
WHIPS (LORDS)	5	21570	21570	22649	23781	24970	26219	27530
SPEAKER (COMMONS)	1	48750	51786	54375	57094	59949	62946	66093
CHAIRMAN OF WAYS AND MEANS (COMMONS)	1	36750	39786	41775	43864	46057	48360	50778
DEPUTY CHAIRMAN (COMMONS)	2	33740	36776	38615	40546	42573	44702	46937
CHAIRMAN OF COMMITTEES (LORDS)	1	30640	30640	32172	33781	35470	37244	39106
PRINCIPAL DEPUTY CHAIRMAN (LORDS)	1	27530	27530	28907	30352	31870	33464	35137
LEADER OF THE OPPOSITION (COMMONS)	1	44100	47136	49493	51968	54566	57294	60159
CHIEF OPPOSITION WHIP (COMMONS)	1	36750	39786	41775	43864	46057	48360	50778
OPPOSITION WHIP (COMMONS)	2	27690	30726	32262	33875	35569	37347	39214
LEADER OF THE OPPOSITION (LORDS)	1	24640	24640	25872	27166	28524	29950	31448
CHIEF OPPOSITION WHIP (LORDS)	1	21570	21570	22649	23781	24970	26219	27530
TOTAL STAFF	674							
TOTAL PAYBILL £m		14.335	16.868	17.711	18.597	19.527	20.503	21.528
TOTAL PAYBILL INCLUDING NICS £m		18.249	21.473	22.547	23.674	24.858	26.101	27.405
INCREASE OVER PREVIOUS PAYBILL			17.67%	5.00%	5.00%	5.00%	5.00%	5.00%
FINANCIAL YEAR INCREASES OVER PREVIOUS PAYBILLS			1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
			over	over	over	over	over	over
			1.4.87	1987-88	1988-89	1989-90	1990-91	1991-92
			4.42%	18.33%	5.00%	5.00%	5.00%	5.00%

FROM: J M HALLIGAN

DATE: 6 July 1987

1. MR KEMP
2. CHANCELLOR

MPs AND MINISTERS PAY

I attach Option 5, which implements the link in five equal stages with full implementation by 1 April 1992. As before Ministers get the same percentage increases as MPs. These are 9.20 per cent, 9.20 per cent, 9.20 per cent, 9.20 per cent and 9.39 per cent.

2. You asked us to explore some further ideas on Ministers pay. We have prepared two cases:

i. Option 6 MPs receive their linkage on schedule on 1 January 1988 and further annual increases of 5 per cent per year from 1 April 1988 onwards. Ministers in the House of Commons receive the same treatment on their Reduced Parliamentary salaries. Ministerial salaries are increased by 5 per cent per year from 1 April 1988.

ii. Option 7 MPs receive their linkage in 5 stages with full implementation by 1 April 1992 (Option 5). The Reduced Parliamentary salary is increased by the same percentages. Ministerial salaries are increased by 5 per cent per year.

J.M. Halligan.

J M HALLIGAN

12.60

FILE: MFPAY5

OPTION 5 INCREASES ON 1.4.88, 1.4.89, 1.4.90, 1.4.91 AND 1.4.92

GRADE	STAFF IN POST	SALARIES					
		1.4.87	1.4.88	1.4.89	1.4.90	1.4.91	1.4.92
MP	556	18500	20202	22061	24091	26307	28777
PRIME MINISTER	1	58650	64046	69938	76372	83398	91233
CABINET MINISTER (COMMONS)	18	47020	51346	56070	61228	66861	73141
CABINET MINISTER (LORDS)	2	36390	39738	43394	47386	51746	56607
MINISTER OF STATE (COMMONS)	23	36750	40131	43823	47855	52258	57167
MINISTER OF STATE (LORDS)	5	30640	33459	36537	39898	43569	47663
PARLIAMENTARY SECRETARY (COMMONS)	27	30760	33590	36680	40055	43740	47849
PARLIAMENTARY SECRETARY (LORDS)	5	24640	26907	29382	32085	35037	38329
ATTORNEY GENERAL	1	49220	53748	58693	64093	69990	76562
SOLICITOR GENERAL	1	42500	46410	50680	55343	60435	66109
LORD ADVOCATE	1	36460	39814	43477	47477	51845	56715
SOLICITOR GENERAL FOR SCOTLAND	1	24085	26301	28721	31363	34248	37465
CHIEF WHIP (COMMONS)	1	41130	44914	49046	53558	58485	63979
DEPUTY CHIEF WHIP (COMMONS)	1	36750	40131	43823	47855	52258	57167
WHIPS (COMMONS)	12	27690	30237	33019	36057	39374	43072
CHIEF WHIP (LORDS)	1	30640	33459	36537	39898	43569	47663
DEPUTY CHIEF WHIP (LORDS)	1	24640	26907	29382	32085	35037	38329
WHIPS (LORDS)	5	21570	23554	25721	28087	30671	33554
SPEAKER (COMMONS)	1	48750	53235	58133	63481	69321	75832
CHAIRMAN OF WAYS AND MEANS (COMMONS)	1	36750	40131	43823	47855	52258	57167
DEPUTY CHAIRMAN (COMMONS)	2	33740	36844	40234	43936	47978	52483
CHAIRMAN OF COMMITTEES (LORDS)	1	30640	33459	36537	39898	43569	47663
PRINCIPAL DEPUTY CHAIRMAN (LORDS)	1	27530	30063	32829	35849	39147	42825
LEADER OF THE OPPOSITION (COMMONS)	1	44100	48157	52587	57425	62708	68599
CHIEF OPPOSITION WHIP (COMMONS)	1	36750	40131	43823	47855	52258	57167
OPPOSITION WHIP (COMMONS)	2	27690	30237	33019	36057	39374	43072
LEADER OF THE OPPOSITION (LORDS)	1	24640	26907	29382	32085	35037	38329
CHIEF OPPOSITION WHIP (LORDS)	1	21570	23554	25721	28087	30671	33554
TOTAL STAFF	674						
TOTAL PAYBILL £m		14.335	15.654	17.094	18.667	20.384	22.299
TOTAL PAYBILL INCLUDING NICS £m		18.249	19.927	21.761	23.763	25.949	28.386
INCREASE OVER PREVIOUS YEAR'S PAYBILL			9.20%	9.20%	9.20%	9.20%	9.39%

	A	B	C	E	F	G	H	I	J	K
1	FILE: MPPAY6									
2	OPTION 6: 21.88% INCREASE OF MP ELEMENT ON 1.1.88, 5% INCREASE ON TOTAL PAY ON 1 APRIL OF EACH YEAR									
3										
4										
5										
6	GRADE	STAFF IN	SALARIES							
7		POST								
8			1.4.87	1.1.88	1.4.88	1.4.89	1.4.90	1.4.91	1.4.92	
9										
10										
11	MP	556	18500	22548	23675	24859	26102	27407	28777	
12	PRIME MINISTER	1	58650	61686	64770	68009	71409	74979	78728	
13	CABINET MINISTER (COMMONS)	18	47020	50056	52559	55187	57946	60843	63885	
14	CABINET MINISTER (LORDS)	2	36390	36390	38210	40121	42127	44233	46445	
15	MINISTER OF STATE (COMMONS)	23	36750	39786	41775	43864	46057	48360	50778	
16	MINISTER OF STATE (LORDS)	5	30640	30640	32172	33781	35470	37244	39106	
17	PARLIAMENTARY SECRETARY (COMMONS)	27	30760	33796	35485	37260	39123	41079	43133	
18	PARLIAMENTARY SECRETARY (LORDS)	5	24640	24640	25872	27166	28524	29950	31448	
19	ATTORNEY GENERAL	1	49220	52256	54869	57612	60493	63518	66694	
20	SOLICITOR GENERAL	1	42500	45536	47813	50204	52714	55350	58118	
21	LORD ADVOCATE	1	36460	36460	38283	40197	42207	44317	46533	
22	SOLICITOR GENERAL FOR SCOTLAND	1	24085	24085	25289	26553	27881	29275	30739	
23	CHIEF WHIP (COMMONS)	1	41130	44166	46374	48693	51128	53684	56368	
24	DEPUTY CHIEF WHIP (COMMONS)	1	36750	39786	41775	43864	46057	48360	50778	
25	WHIPS (COMMONS)	12	27690	30726	32262	33875	35569	37347	39214	
26	CHIEF WHIP (LORDS)	1	30640	30640	32172	33781	35470	37244	39106	
27	DEPUTY CHIEF WHIP (LORDS)	1	24640	24640	25872	27166	28524	29950	31448	
28	WHIPS (LORDS)	5	21570	21570	22649	23781	24970	26219	27530	
29	SPEAKER (COMMONS)	1	48750	51786	54375	57094	59949	62946	66093	
30	CHAIRMAN OF WAYS AND MEANS (COMMONS)	1	36750	39786	41775	43864	46057	48360	50778	
31	DEPUTY CHAIRMAN (COMMONS)	2	33740	36776	38615	40546	42573	44702	46937	
32	CHAIRMAN OF COMMITTEES (LORDS)	1	30640	30640	32172	33781	35470	37244	39106	
33	PRINCIPAL DEPUTY CHAIRMAN (LORDS)	1	27530	27530	28907	30352	31870	33464	35137	
34	LEADER OF THE OPPOSITION (COMMONS)	1	44100	47136	49493	51968	54566	57294	60159	
35	CHIEF OPPOSITION WHIP (COMMONS)	1	36750	39786	41775	43864	46057	48360	50778	
36	OPPOSITION WHIP (COMMONS)	2	27690	30726	32262	33875	35569	37347	39214	
37	LEADER OF THE OPPOSITION (LORDS)	1	24640	24640	25872	27166	28524	29950	31448	
38	CHIEF OPPOSITION WHIP (LORDS)	1	21570	21570	22649	23781	24970	26219	27530	
39										
40										
41	TOTAL STAFF	674								
42										
43	TOTAL PAYBILL £m		14.335	16.868	17.711	18.597	19.527	20.503	21.528	
44	TOTAL PAYBILL INCLUDING NICS £m		18.249	21.473	22.547	23.674	24.858	26.101	27.405	
45										
46	INCREASE OVER PREVIOUS PAYBILL			17.67%	5.00%	5.00%	5.00%	5.00%	5.00%	
47										
48	FINANCIAL YEAR INCREASES OVER PREVIOUS PAYBILLS			1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	
49				over	over	over	over	over	over	
50				1.4.87	1987-88	1988-89	1989-90	1990-91	1991-92	
51										
52				4.42%	18.33%	5.00%	5.00%	5.00%	5.00%	

FILE: MPPAY7

OPTION 7: 21.88% INCREASE OF MP ELEMENT OVER 5 YEARS, 5% INCREASE ON MINISTERIAL PAY ON 1 APRIL OF EACH YEAR

GRADE	STAFF IN POST	SALARIES					
		1.4.87	1.4.88	1.4.89	1.4.90	1.4.91	1.4.92
MP	556	18500	20202	22061	24091	26307	28777
PRIME MINISTER	1	58650	62166	65911	69901	74155	78729
CABINET MINISTER (COMMONS)	18	47020	49954	53088	56437	60017	63884
CABINET MINISTER (LORDS)	2	36390	38210	40121	42127	44233	46445
MINISTER OF STATE (COMMONS)	23	36750	39171	41766	44549	47535	50778
MINISTER OF STATE (LORDS)	5	30640	32172	33781	35470	37244	39106
PARLIAMENTARY SECRETARY (COMMONS)	27	30760	32881	35161	37614	40253	43132
PARLIAMENTARY SECRETARY (LORDS)	5	24640	25872	27166	28524	29950	31448
ATTORNEY GENERAL	1	49220	52264	55514	58984	62692	66693
SOLICITOR GENERAL	1	42500	45208	48105	51205	54524	58117
LORD ADVOCATE	1	36460	38283	40197	42207	44317	46533
SOLICITOR GENERAL FOR SCOTLAND	1	24085	25289	26553	27881	29275	30739
CHIEF WHIP (COMMONS)	1	41130	43770	46595	49619	52859	56368
DEPUTY CHIEF WHIP (COMMONS)	1	36750	39171	41766	44549	47535	50778
WHIPS (COMMONS)	12	27690	29658	31777	34061	36523	39216
CHIEF WHIP (LORDS)	1	30640	32172	33781	35470	37244	39106
DEPUTY CHIEF WHIP (LORDS)	1	24640	25872	27166	28524	29950	31448
WHIPS (LORDS)	5	21570	22649	23781	24970	26219	27530
SPEAKER (COMMONS)	1	48750	51771	54996	58441	62122	66095
CHAIRMAN OF WAYS AND MEANS (COMMONS)	1	36750	39171	41766	44549	47535	50778
DEPUTY CHAIRMAN (COMMONS)	2	33740	36010	38447	41064	43876	46936
CHAIRMAN OF COMMITTEES (LORDS)	1	30640	32172	33781	35470	37244	39106
PRINCIPAL DEPUTY CHAIRMAN (LORDS)	1	27530	29070	30352	31870	33464	35137
LEADER OF THE OPPOSITION (COMMONS)	1	44100	46888	49869	53057	56468	60158
CHIEF OPPOSITION WHIP (COMMONS)	1	36750	39171	41766	44549	47535	50778
OPPOSITION WHIP (COMMONS)	2	27690	29658	31777	34061	36523	39216
LEADER OF THE OPPOSITION (LORDS)	1	24640	25872	27166	28524	29950	31448
CHIEF OPPOSITION WHIP (LORDS)	1	21570	22649	23781	24970	26219	27530
TOTAL STAFF	674						
TOTAL PAYBILL £m		14.335	15.538	16.846	18.268	19.815	21.528
TOTAL PAYBILL INCLUDING NICS £m		18.249	19.780	21.445	23.256	25.224	27.405
INCREASE OVER PREVIOUS PAYBILL			8.39%	8.42%	8.44%	8.46%	8.65%

FROM: E P KEMP
DATE: 6 July 1987

ppp

*(all think
Kemp's is
good)*

CHANCELLOR OF THE EXCHEQUER

cc Mr Halligan

MPs AND MINISTERS' PAY

Mr Halligan's note below sets out three further options on MPs pay; Option 5 is the equal staging up to April 1992, while Options 6 and 7 treat Ministerial pay (but not the reduced Parliamentary salary Ministers in the Commons receive) on a less generous basis; the reduced Parliamentary salary is treated in the same way as MPs pay.

2. You will want to consider these, but at the risk of adding to the confusion I think there is in fact an Option 8, so far as Ministers go, which is simpler still; all Ministers (Lords and Commons alike) get a straight 5 per cent on their total pay (Ministerial salary and reduced Parliamentary salary where appropriate taken together) from say 1 April 1988. This if I remember is what was done in 1983; it gives the Parliamentary draftsmen a touch of trouble in that in order to make the arithmetic work the Ministerial pay in the Commons has to be adjusted by hand, so to speak; but it seems to me that it will be much more understandable to people in the street, and it preserves the relativities in Ministers in the Lords and Ministers in the Commons - Options 6 and 7 below have the demerit - at least I imagine it to be a demerit - that Ministers in the Lords gradually fall behind Ministers in the Commons in terms of total pay.

3. The figures immediately below show this clearly.

1.

The relative value of MPs & Ministers in the Commons is a good deal more than in 2 Houses

	<u>Now</u>	<u>1992 or dependent on staging</u>	<u>%</u>
<u>Commons Cabinet Minister</u>			
Options 1-5	47,020	73,141	55.5
6-7	47,020	63,885	35.7
8	47,020	60,011	27.6
<u>Lords Cabinet Minister</u>			
Options 1-5	36,390	56,607	55.5
6-7	36,390	46,444	27.6
8	36,390	46,444	27.6
<u>MPs</u>			
Options 1-5	18,500	28,777	55.5

E P Kemp

E P KEMP

CONFIDENTIAL

RJ

FROM: J M HALLIGAN
DATE: 7 JULY 1987

- 1. MR KEMP *AK*
- 2. CHANCELLOR

MPs AND MINISTERS' PAY

I attach a paper for you to send to the Lord Privy Seal detailing the options set out in Mr Allan's minute of today. This is marked Version 1.

2. In drawing this up we thought that one of the options gave a result that was very hard to defend. That is Option 1 in the table ie MPs and Commons Ministers 21.88%, Lords Ministers 5%. It would mean Commons Cabinet Ministers receiving increases from £47,020 to £57,308 (1 January 1987) but Lords Cabinet Ministers increases from £36,390 to £38,210 (1 April 1988). There is a similar pattern for junior Ministers and Whips. We doubt that this is reasonable.

HALLIGAN
→
CH/EX
7/7

3. We have therefore drawn up a second version of the paper which assumes that when Commons Ministers get the same increase as MPs in both Parliamentary and Ministerial salaries then Lords Ministers get identical percentage increases. This changes Option 1 and Option 4 of the first version. All other cases are the same. The alternative paper is labelled Version 2 and you may prefer to send this one instead to the Lord Privy Seal.

Ch
*This is over-taken
and over-complicated.*
AA

J.M. Halligan.

(J M HALLIGAN)

CONFIDENTIAL

VERSION 1DRAFT PAPER FOR CHANCELLOR TO SEND TO LORD PRIVY SEAL**MPs AND MINISTERS' PAY**

Since our meeting last week I have been giving further thought to the way forward on MPs and Ministers' pay.

2. The starting point is the MPs linkage. We can either acquiesce in its confirmation, which means an increase of 21.88 per cent on 1 January 1988 and a further increase three months later, or seek to phase it in. I think that the initial increase is far too large to be paid in one instalment and would prefer to stage it over the life of this Parliament. I would propose to pay that increase in five equal instalments starting in April 1988 and giving MPs an updating increase in line with the formula each year (For illustrative purposes I have assumed that applying the formula would lead to annual increases of 5 per cent per year from now on). That would mean the link would be fully established by April 1992.

3. The House of Commons will ultimately decide what to award itself and we will have to go along. But we do not have to treat Ministers the same and, if the House did reject a staging proposal there would be merit in nevertheless restraining Ministerial pay. For Ministers in the Commons we have three alternatives. We could award them the same percentage increase as MPs for both Parliamentary and Ministerial components. We could give the same percentage increase as MPs for the Parliamentary

component but restrain the Ministerial component to 5 per cent. Finally, we could give the same percentage increase as MPs for the Parliamentary component but no increase in the Ministerial component between now and 1992. For Ministers in the Lords, who do not receive a Parliamentary salary, we could give increases of 5 per cent in all cases.

4. Combining the two alternatives for MPs with the three variants for Ministers gives the following six options.

Option 1 Immediate implementation of MPs linkage (21.88%), same increase for Ministers in the Commons, 5% for Ministers in the Lords.

Option 2 Immediate implementation of MPs link (21.88%), same increase for Parliamentary salaries of Ministers in the Commons, 5% increases in Ministerial salaries (Commons and Lords).

Option 3 Immediate implementation of MPs linkage (21.88%) same percentage increase for Parliamentary element of Ministers in Commons salaries, no increase in Ministerial salaries for Commons Ministers, 5% for Lords Ministers.

Option 4 MPs link staged over 5 years, same increase for Commons Ministers, 5% for Lords Ministers.

Option 5 MPs link staged over 5 years, same percentage increase in Parliamentary salary for Commons Ministers, 5% increases in Ministerial salaries (Commons and Lords).

Option 6 MPs link staged over 5 years, same percentage increase in Parliamentary salary for Commons Ministers, no increase in Ministerial salaries for Commons Ministers, 5% for Lords Ministers.

5. I attach tables showing what each option means for salaries over the next five years. I would be glad to discuss all this with your further.

FILE: MPPAY68

OPTION 1

FOR MPS, OPTION1; FOR COMMONS MINISTERIAL, OPTION1; FOR LORDS, 5%

(i), (ii)a, (iii)

GRADE	STAFF IN POST	SALARIES						
		1.4.87	1.1.88	1.4.88	1.4.89	1.4.90	1.4.91	1.4.92
MP	556	18500	22548	23675	24859	26102	27407	28777
PRIME MINISTER	1	58650	71483	75057	78810	82751	86889	91233
CABINET MINISTER (COMMONS)	18	47020	57308	60173	63182	66341	69658	73141
CABINET MINISTER (LORDS)	2	36390	36390	38210	40121	42127	44233	46445
MINISTER OF STATE (COMMONS)	23	36750	44791	47031	49383	51852	54445	57167
MINISTER OF STATE (LORDS)	5	30640	30640	32172	33781	35470	37244	39106
PARLIAMENTARY SECRETARY (COMMONS)	27	30760	37490	39365	41333	43400	45570	47849
PARLIAMENTARY SECRETARY (LORDS)	5	24640	24640	25872	27166	28524	29950	31448
ATTORNEY GENERAL	1	49220	59989	62988	66137	69444	72916	76562
SOLICITOR GENERAL	1	42500	51799	54389	57108	59963	62961	66109
LORD ADVOCATE	1	36460	36460	38283	40197	42207	44317	46533
SOLICITOR GENERAL FOR SCOTLAND	1	24085	24085	25289	26553	27881	29275	30739
CHIEF WHIP (COMMONS)	1	41130	50129	52635	55267	58030	60932	63979
DEPUTY CHIEF WHIP (COMMONS)	1	36750	44791	47031	49383	51852	54445	57167
WHIPS (COMMONS)	12	27690	33749	35436	37208	39068	41021	43072
CHIEF WHIP (LORDS)	1	30640	30640	32172	33781	35470	37244	39106
DEPUTY CHIEF WHIP (LORDS)	1	24640	24640	25872	27166	28524	29950	31448
WHIPS (LORDS)	5	21570	21570	22649	23781	24970	26219	27530
SPEAKER (COMMONS)	1	48750	59417	62388	65507	68782	72221	75832
CHAIRMAN OF WAYS AND MEANS (COMMONS)	1	36750	44791	47031	49383	51852	54445	57167
DEPUTY CHAIRMAN (COMMONS)	2	33740	41122	43178	45337	47604	49984	52483
CHAIRMAN OF COMMITTEES (LORDS)	1	30640	30640	32172	33781	35470	37244	39106
PRINCIPAL DEPUTY CHAIRMAN (LORDS)	1	27530	27530	28907	30352	31870	33464	35137
LEADER OF THE OPPOSITION (COMMONS)	1	44100	53749	56436	59258	62221	65332	68599
CHIEF OPPOSITION WHIP (COMMONS)	1	36750	44791	47031	49383	51852	54445	57167
OPPOSITION WHIP (COMMONS)	2	27690	33749	35436	37208	39068	41021	43072
LEADER OF THE OPPOSITION (LORDS)	1	24640	24640	25872	27166	28524	29950	31448
CHIEF OPPOSITION WHIP (LORDS)	1	21570	21570	22649	23781	24970	26219	27530
TOTAL STAFF	674							
TOTAL PAYBILL £m		14.335	17.324	18.190	19.099	20.054	21.057	22.109
TOTAL PAYBILL INCLUDING NICs £m		18.249	22.053	23.155	24.313	25.529	26.805	28.145
INCREASE OVER PREVIOUS PAYBILL			20.85%	5.00%	5.00%	5.00%	5.00%	5.00%
FINANCIAL YEAR INCREASES OVER PREVIOUS PAYBILLS		1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	
		over	over	over	over	over	over	
		1.4.87	1987-88	1988-89	1989-90	1990-91	1991-92	
		5.21%	20.60%	5.00%	5.00%	5.00%	5.00%	

FILE: MPPAY6

OPTION 2

FOR MPS, OPTION1; FOR COMMONS MINISTERIAL, 5%; FOR LORDS, 5%
(i), (ii)b, (iii)

GRADE	STAFF IN POST	SALARIES						
		1.4.87	1.1.88	1.4.88	1.4.89	1.4.90	1.4.91	1.4.92
MP	556	18500	22548	23675	24859	26102	27407	28777
PRIME MINISTER	1	58650	61686	64770	68009	71409	74979	78728
CABINET MINISTER (COMMONS)	18	47020	50056	52559	55187	57946	60843	63885
CABINET MINISTER (LORDS)	2	36390	36390	38210	40121	42127	44233	46445
MINISTER OF STATE (COMMONS)	23	36750	39786	41775	43864	46057	48360	50778
MINISTER OF STATE (LORDS)	5	30640	30640	32172	33781	35470	37244	39106
PARLIAMENTARY SECRETARY (COMMONS)	27	30760	33796	35486	37260	39123	41079	43133
PARLIAMENTARY SECRETARY (LORDS)	5	24640	24640	25872	27166	28524	29950	31448
ATTORNEY GENERAL	1	49220	52256	54869	57612	60493	63518	66694
SOLICITOR GENERAL	1	42500	45536	47813	50204	52714	55350	58118
LORD ADVOCATE	1	36460	36460	38283	40197	42207	44317	46533
SOLICITOR GENERAL FOR SCOTLAND	1	24085	24085	25289	26553	27881	29275	30739
CHIEF WHIP (COMMONS)	1	41130	44166	46374	48693	51128	53684	56368
DEPUTY CHIEF WHIP (COMMONS)	1	36750	39786	41775	43864	46057	48360	50778
WHIPS (COMMONS)	12	27690	30726	32262	33875	35569	37347	39214
CHIEF WHIP (LORDS)	1	30640	30640	32172	33781	35470	37244	39106
DEPUTY CHIEF WHIP (LORDS)	1	24640	24640	25872	27166	28524	29950	31448
WHIPS (LORDS)	5	21570	21570	22649	23781	24970	26219	27530
SPEAKER (COMMONS)	1	48750	51786	54375	57094	59949	62946	66093
CHAIRMAN OF WAYS AND MEANS (COMMONS)	1	36750	39786	41775	43864	46057	48360	50778
DEPUTY CHAIRMAN (COMMONS)	2	33740	36776	38615	40546	42573	44702	46937
CHAIRMAN OF COMMITTEES (LORDS)	1	30640	30640	32172	33781	35470	37244	39106
PRINCIPAL DEPUTY CHAIRMAN (LORDS)	1	27530	27530	28907	30352	31870	33464	35137
LEADER OF THE OPPOSITION (COMMONS)	1	44100	47136	49493	51968	54566	57294	60159
CHIEF OPPOSITION WHIP (COMMONS)	1	36750	39786	41775	43864	46057	48360	50778
OPPOSITION WHIP (COMMONS)	2	27690	30726	32262	33875	35569	37347	39214
LEADER OF THE OPPOSITION (LORDS)	1	24640	24640	25872	27166	28524	29950	31448
CHIEF OPPOSITION WHIP (LORDS)	1	21570	21570	22649	23781	24970	26219	27530
TOTAL STAFF	674							
TOTAL PAYBILL £m		14.335	16.868	17.711	18.597	19.527	20.503	21.528
TOTAL PAYBILL INCLUDING NICS £m		18.249	21.473	22.547	23.674	24.858	26.101	27.405
INCREASE OVER PREVIOUS PAYBILL			17.67%	5.00%	5.00%	5.00%	5.00%	5.00%
FINANCIAL YEAR INCREASES OVER PREVIOUS PAYBILLS		1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	
		over	over	over	over	over	over	
		1.4.87	1987-88	1988-89	1989-90	1990-91	1991-92	
			4.42%	18.33%	5.00%	5.00%	5.00%	5.00%

FILE: MPPAY6C

OPTION 3.

MPS, OPTION1; FOR COMMONS MINISTERIAL, NO INC; FOR LORDS, 5%
(i), (ii)c, (iii)

GRADE	STAFF IN POST	SALARIES						
		1.4.87	1.1.88	1.4.88	1.4.89	1.4.90	1.4.91	1.4.92
MP	556	18500	22548	23675	24859	26102	27407	28777
PRIME MINISTER	1	58650	61686	62531	63419	64352	65330	66358
CABINET MINISTER (COMMONS)	18	47020	50056	50901	51789	52722	53700	54728
CABINET MINISTER (LORDS)	2	36390	36390	38210	40121	42127	44233	46445
MINISTER OF STATE (COMMONS)	23	36750	39786	40631	41519	42452	43430	44458
MINISTER OF STATE (LORDS)	5	30640	30640	32172	33781	35470	37244	39106
PARLIAMENTARY SECRETARY (COMMONS)	27	30760	33796	34641	35529	36462	37440	38468
PARLIAMENTARY SECRETARY (LORDS)	5	24640	24640	25872	27166	28524	29950	31448
ATTORNEY GENERAL	1	49220	52256	53101	53989	54922	55900	56928
SOLICITOR GENERAL	1	42500	45536	46381	47269	48202	49180	50208
LORD ADVOCATE	1	36460	36460	38283	40197	42207	44317	46533
SOLICITOR GENERAL FOR SCOTLAND	1	24085	24085	25289	26553	27881	29275	30739
CHIEF WHIP (COMMONS)	1	41130	44166	45011	45899	46832	47810	48838
DEPUTY CHIEF WHIP (COMMONS)	1	36750	39786	40631	41519	42452	43430	44458
WHIPS (COMMONS)	12	27690	30726	31571	32459	33392	34370	35398
CHIEF WHIP (LORDS)	1	30640	30640	32172	33781	35470	37244	39106
DEPUTY CHIEF WHIP (LORDS)	1	24640	24640	25872	27166	28524	29950	31448
WHIPS (LORDS)	5	21570	21570	22649	23781	24970	26219	27530
SPEAKER (COMMONS)	1	48750	51786	52631	53519	54452	55430	56458
CHAIRMAN OF WAYS AND MEANS (COMMONS)	1	36750	39786	40631	41519	42452	43430	44458
DEPUTY CHAIRMAN (COMMONS)	2	33740	36776	37621	38509	39442	40420	41448
CHAIRMAN OF COMMITTEES (LORDS)	1	30640	30640	32172	33781	35470	37244	39106
PRINCIPAL DEPUTY CHAIRMAN (LORDS)	1	27530	27530	28907	30352	31870	33464	35137
LEADER OF THE OPPOSITION (COMMONS)	1	44100	47136	47981	48869	49802	50780	51808
CHIEF OPPOSITION WHIP (COMMONS)	1	36750	39786	40631	41519	42452	43430	44458
OPPOSITION WHIP (COMMONS)	2	27690	30726	31571	32459	33392	34370	35398
LEADER OF THE OPPOSITION (LORDS)	1	24640	24640	25872	27166	28524	29950	31448
CHIEF OPPOSITION WHIP (LORDS)	1	21570	21570	22649	23781	24970	26219	27530
TOTAL STAFF	674							
TOTAL PAYBILL £m		14.335	16.868	17.607	18.384	19.199	20.055	20.953
TOTAL PAYBILL INCLUDING NICS £m		18.249	21.473	22.414	23.402	24.440	25.530	26.673
INCREASE OVER PREVIOUS PAYBILL			17.67%	4.38%	4.41%	4.43%	4.46%	4.48%
FINANCIAL YEAR INCREASES OVER PREVIOUS PAYBILLS		1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	
		over	over	over	over	over	over	
		1.4.87	1987-88	1988-89	1989-90	1990-91	1991-92	
			4.42%	17.63%	4.41%	4.43%	4.46%	4.48%

FILE: MPPAY5B **OPTION 4**
 FOR MPS, OPTIONS; FOR COMMONS MINISTERIAL, OPTIONS; FOR LORDS, 5%
 (i), (ii)a, (iii)

GRADE	STAFF IN POST	SALARIES					
		1.4.87	1.4.88	1.4.89	1.4.90	1.4.91	1.4.92
MP	556	18500	20202	22061	24091	26307	28777
PRIME MINISTER	1	58650	64046	69938	76372	83398	91233
CABINET MINISTER (COMMONS)	18	47020	51346	56070	61228	66861	73141
CABINET MINISTER (LORDS)	2	36390	38210	40121	42127	44233	46445
MINISTER OF STATE (COMMONS)	23	36750	40131	43823	47855	52258	57167
MINISTER OF STATE (LORDS)	5	30640	32172	33781	35470	37244	39106
PARLIAMENTARY SECRETARY (COMMONS)	27	30760	33590	36680	40055	43740	47849
PARLIAMENTARY SECRETARY (LORDS)	5	24640	25872	27166	28524	29950	31448
ATTORNEY GENERAL	1	49220	53748	58693	64093	69990	76562
SOLICITOR GENERAL	1	42500	46410	50680	55343	60435	66109
LORD ADVOCATE	1	36460	38283	40197	42207	44317	46533
SOLICITOR GENERAL FOR SCOTLAND	1	24085	25289	26553	27881	29275	30739
CHIEF WHIP (COMMONS)	1	41130	44914	49046	53558	58485	63979
DEPUTY CHIEF WHIP (COMMONS)	1	36750	40131	43823	47855	52258	57167
WHIPS (COMMONS)	12	27690	30237	33019	36057	39374	43072
CHIEF WHIP (LORDS)	1	30640	32172	33781	35470	37244	39106
DEPUTY CHIEF WHIP (LORDS)	1	24640	25872	27166	28524	29950	31448
WHIPS (LORDS)	5	21570	22649	23781	24970	26219	27530
SPEAKER (COMMONS)	1	48750	53235	58133	63481	69321	75832
CHAIRMAN OF WAYS AND MEANS (COMMONS)	1	36750	40131	43823	47855	52258	57167
DEPUTY CHAIRMAN (COMMONS)	2	33740	36844	40234	43936	47978	52483
CHAIRMAN OF COMMITTEES (LORDS)	1	30640	32172	33781	35470	37244	39106
PRINCIPAL DEPUTY CHAIRMAN (LORDS)	1	27530	28907	30352	31870	33464	35137
LEADER OF THE OPPOSITION (COMMONS)	1	44100	48157	52587	57425	62708	68599
CHIEF OPPOSITION WHIP (COMMONS)	1	36750	40131	43823	47855	52258	57167
OPPOSITION WHIP (COMMONS)	2	27690	30237	33019	36057	39374	43072
LEADER OF THE OPPOSITION (LORDS)	1	24640	25872	27166	28524	29950	31448
CHIEF OPPOSITION WHIP (LORDS)	1	21570	22649	23781	24970	26219	27530
TOTAL STAFF	674						
TOTAL PAYBILL £m		14.335	15.625	17.033	18.569	20.245	22.109
TOTAL PAYBILL INCLUDING NICS £m		18.249	19.891	21.684	23.639	25.771	28.145
INCREASE OVER PREVIOUS YEAR'S PAYBILL			9.00%	9.01%	9.02%	9.02%	9.21%

FILE: MPPAY7 *OPTION 5*
 FOR MPS, OPTIONS; FOR COMMONS MINISTERIAL, 5%; FOR LORDS, 5%
 (i), (ii)b, (iii)

GRADE	STAFF IN POST	SALARIES					
		1.4.87	1.4.88	1.4.89	1.4.90	1.4.91	1.4.92
MP	556	18500	20202	22061	24091	26307	28777
PRIME MINISTER	1	58650	62166	65911	69901	74155	78729
CABINET MINISTER (COMMONS)	18	47020	49954	53088	56437	60017	63884
CABINET MINISTER (LORDS)	2	36390	38210	40121	42127	44233	46445
MINISTER OF STATE (COMMONS)	23	36750	39171	41766	44549	47535	50778
MINISTER OF STATE (LORDS)	5	30640	32172	33781	35470	37244	39106
PARLIAMENTARY SECRETARY (COMMONS)	27	30760	32881	35161	37614	40253	43132
PARLIAMENTARY SECRETARY (LORDS)	5	24640	25872	27166	28524	29950	31448
ATTORNEY GENERAL	1	49220	52264	55514	58984	62692	66693
SOLICITOR GENERAL	1	42500	45208	48105	51205	54524	58117
LORD ADVOCATE	1	36460	38283	40197	42207	44317	46533
SOLICITOR GENERAL FOR SCOTLAND	1	24085	25289	26553	27881	29275	30739
CHIEF WHIP (COMMONS)	1	41130	43770	46595	49619	52859	56368
DEPUTY CHIEF WHIP (COMMONS)	1	36750	39171	41766	44549	47535	50778
WHIPS (COMMONS)	12	27690	29658	31777	34061	36523	39216
CHIEF WHIP (LORDS)	1	30640	32172	33781	35470	37244	39106
DEPUTY CHIEF WHIP (LORDS)	1	24640	25872	27166	28524	29950	31448
WHIPS (LORDS)	5	21570	22649	23781	24970	26219	27530
SPEAKER (COMMONS)	1	48750	51771	54996	58441	62122	66095
CHAIRMAN OF WAYS AND MEANS (COMMONS)	1	36750	39171	41766	44549	47535	50778
DEPUTY CHAIRMAN (COMMONS)	2	33740	36010	38447	41064	43876	46936
CHAIRMAN OF COMMITTEES (LORDS)	1	30640	32172	33781	35470	37244	39106
PRINCIPAL DEPUTY CHAIRMAN (LORDS)	1	27530	28907	30352	31870	33464	35137
LEADER OF THE OPPOSITION (COMMONS)	1	44100	46888	49869	53057	56468	60158
CHIEF OPPOSITION WHIP (COMMONS)	1	36750	39171	41766	44549	47535	50778
OPPOSITION WHIP (COMMONS)	2	27690	29658	31777	34061	36523	39216
LEADER OF THE OPPOSITION (LORDS)	1	24640	25872	27166	28524	29950	31448
CHIEF OPPOSITION WHIP (LORDS)	1	21570	22649	23781	24970	26219	27530
TOTAL STAFF	674						
TOTAL PAYBILL £m		14.335	15.538	16.846	18.268	19.815	21.528
TOTAL PAYBILL INCLUDING NICS £m		18.249	19.780	21.445	23.256	25.224	27.405
INCREASE OVER PREVIOUS PAYBILL			8.39%	8.42%	8.44%	8.46%	8.65%

MP: MPPAYB

OPTION 6

FOR MPS, OPTIONS; FOR COMMONS MINISTERIAL, NO INC; FOR LORDS, 5%
(i), (ii)c, (iii)

GRADE	STAFF IN POST	SALARIES					
		1.4.87	1.4.88	1.4.89	1.4.90	1.4.91	1.4.92
MP	556	18500	20202	22061	24091	26307	28777
PRIME MINISTER	1	58650	59927	61321	62843	64505	66358
CABINET MINISTER (COMMONS)	18	47020	48297	49691	51213	52875	54728
CABINET MINISTER (LORDS)	2	36390	38210	40121	42127	44233	46445
MINISTER OF STATE (COMMONS)	23	36750	38027	39421	40943	42605	44458
MINISTER OF STATE (LORDS)	5	30640	32172	33781	35470	37244	39106
PARLIAMENTARY SECRETARY (COMMONS)	27	30760	32037	33431	34953	36615	38468
PARLIAMENTARY SECRETARY (LORDS)	5	24640	25872	27166	28524	29950	31448
ATTORNEY GENERAL	1	49220	50497	51891	53413	55075	56928
SOLICITOR GENERAL	1	42500	43777	45171	46693	48355	50208
LORD ADVOCATE	1	36460	38283	40197	42207	44317	46533
SOLICITOR GENERAL FOR SCOTLAND	1	24085	25289	26553	27881	29275	30739
CHIEF WHIP (COMMONS)	1	41130	42407	43801	45323	46985	48838
DEPUTY CHIEF WHIP (COMMONS)	1	36750	38027	39421	40943	42605	44458
WHIPS (COMMONS)	12	27690	28967	30361	31883	33545	35398
CHIEF WHIP (LORDS)	1	30640	32172	33781	35470	37244	39106
DEPUTY CHIEF WHIP (LORDS)	1	24640	25872	27166	28524	29950	31448
WHIPS (LORDS)	5	21570	22649	23781	24970	26219	27530
SPEAKER (COMMONS)	1	48750	50027	51421	52943	54605	56458
CHAIRMAN OF WAYS AND MEANS (COMMONS)	1	36750	38027	39421	40943	42605	44458
DEPUTY CHAIRMAN (COMMONS)	2	33740	35017	36411	37933	39595	41448
CHAIRMAN OF COMMITTEES (LORDS)	1	30640	32172	33781	35470	37244	39106
PRINCIPAL DEPUTY CHAIRMAN (LORDS)	1	27530	28907	30352	31870	33464	35137
LEADER OF THE OPPOSITION (COMMONS)	1	44100	45377	46771	48293	49955	51808
CHIEF OPPOSITION WHIP (COMMONS)	1	36750	38027	39421	40943	42605	44458
OPPOSITION WHIP (COMMONS)	2	27690	28967	30361	31883	33545	35398
LEADER OF THE OPPOSITION (LORDS)	1	24640	25872	27166	28524	29950	31448
CHIEF OPPOSITION WHIP (LORDS)	1	21570	22649	23781	24970	26219	27530
TOTAL STAFF	674						
TOTAL PAYBILL £m		14.335	15.434	16.633	17.940	19.366	20.953
TOTAL PAYBILL INCLUDING NICS £m		18.249	19.648	21.174	22.838	24.653	26.673
INCREASE OVER PREVIOUS PAYBILL			7.67%	7.77%	7.86%	7.95%	8.19%

VERSION 2DRAFT PAPER FOR CHANCELLOR TO SEND TO LORD PRIVY SEAL**MPs and MINISTERS' PAY**

Since our meeting last week I have been giving further thought to the way forward on MPs and Ministers pay.

2. The starting point is the MPs linkage. We can either acquiesce in its confirmation, which means an increase of 21.88 per cent on 1 January 1988 and a further increase three months later, or seek to phase it in. I think that the initial increase is far too large to be paid in one instalment and would prefer to stage it over the life of this Parliament. I would propose to pay that increase in five equal instalments starting in April 1988 and giving MPs an updating increase in line with the formula each year. (For illustrative purposes I have assumed that applying the formula would lead to annual increases of 5 per cent per year from now on). That would mean the link would be fully established by April 1992.

3. The House of Commons will ultimately decide what to award itself and we will have to go along. But we do not have to treat Ministers the same and, if the House did reject a staging proposal there would be merit in nevertheless restraining Ministerial pay. For Ministers we have three alternatives. We could award them the same percentage increase as MPs for both Parliamentary and Ministerial components. (This would preserve existing differentials between MPs and Ministers and between Ministers in the Commons and Lords). We could give the same percentage increase as MPs for the Parliamentary component of Commons Ministers pay but restrain the Ministerial component for both Commons

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and Lords Ministers to 5 per cent. Finally, we could give the same percentage increases as MPs for the Parliamentary component but no increase in the Ministerial component between now and 1992 for Commons Ministers and give Ministers in the Lords, 5% per year.

4. Combining the two alternatives for MPs with the three variants for Ministers gives the following six options:

Option 1 Immediate implementation of MPs linkage (21.88%), same increase for Ministers in both Lords and Commons.

Option 2 Immediate implementation of MPs link (21.88%), same increase for Parliamentary salaries of Ministers in the Commons, 5% increases in Ministerial salaries (Commons and Lords).

Option 3 Immediate implementation of MPs linkage (21.88%), same percentage increase for Parliamentary element of Ministers in Commons salaries, no increase in Ministerial salaries for Commons Ministers, 5% for Lords Ministers.

Option 4 MPs link staged over 5 years, same increase for Lords and Commons Ministers.

Option 5 MPs link staged over 5 years, same percentage increase in Parliamentary salary for Commons Ministers, 5% increases in Ministerial salaries (Commons and Lords).

Option 6 MPs link staged over 5 years, same percentage increase in Parliamentary salary for Commons Ministers, no increase in Ministerial salaries for Commons Ministers, 5% for Lords Ministers.

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5. I attach tables showing what each option means for salaries over the next five years. I would be glad to discuss all this with you further.

FILE: MPPAY9 **OPTION 1**
 FOR MPS, OPTION1; FOR COMMONS MINISTERIAL, OPTION1; FOR LORDS, OPTION1
 (i), (ii)a, (iii)

GRADE	STAFF IN POST	SALARIES						
		1.4.87	1.1.88	1.4.88	1.4.89	1.4.90	1.4.91	1.4.92
MP	556	18500	22548	23675	24859	26102	27407	28777
PRIME MINISTER	1	58650	71483	75057	78810	82751	86889	91233
CABINET MINISTER (COMMONS)	18	47020	57308	60173	63182	66341	69658	73141
CABINET MINISTER (LORDS)	2	36390	44352	46570	48899	51344	53911	56607
MINISTER OF STATE (COMMONS)	23	36750	44791	47031	49383	51852	54445	57167
MINISTER OF STATE (LORDS)	5	30640	37344	39211	41172	43231	45393	47663
PARLIAMENTARY SECRETARY (COMMONS)	27	30760	37490	39365	41333	43400	45570	47849
PARLIAMENTARY SECRETARY (LORDS)	5	24640	30031	31533	33110	34766	36504	38329
ATTORNEY GENERAL	1	49220	59989	62988	66137	69444	72916	76562
SOLICITOR GENERAL	1	42500	51799	54389	57108	59963	62961	66109
LORD ADVOCATE	1	36460	44437	46659	48992	51442	54014	56715
SOLICITOR GENERAL FOR SCOTLAND	1	24085	29355	30823	32364	33982	35681	37465
CHIEF WHIP (COMMONS)	1	41130	50129	52635	55267	58030	60932	63979
DEPUTY CHIEF WHIP (COMMONS)	1	36750	44791	47031	49383	51852	54445	57167
WHIPS (COMMONS)	12	27690	33749	35436	37208	39068	41021	43072
CHIEF WHIP (LORDS)	1	30640	37344	39211	41172	43231	45393	47663
DEPUTY CHIEF WHIP (LORDS)	1	24640	30031	31533	33110	34766	36504	38329
WHIPS (LORDS)	5	21570	26290	27605	28985	30434	31956	33554
SPEAKER (COMMONS)	1	48750	59417	62388	65507	68782	72221	75832
CHAIRMAN OF WAYS AND MEANS (COMMONS)	1	36750	44791	47031	49383	51852	54445	57167
DEPUTY CHAIRMAN (COMMONS)	2	33740	41122	43178	45337	47604	49984	52483
CHAIRMAN OF COMMITTEES (LORDS)	1	30640	37344	39211	41172	43231	45393	47663
PRINCIPAL DEPUTY CHAIRMAN (LORDS)	1	27530	33554	35232	36994	38844	40786	42825
LEADER OF THE OPPOSITION (COMMONS)	1	44100	53749	56436	59258	62221	65332	68599
CHIEF OPPOSITION WHIP (COMMONS)	1	36750	44791	47031	49383	51852	54445	57167
OPPOSITION WHIP (COMMONS)	2	27690	33749	35436	37208	39068	41021	43072
LEADER OF THE OPPOSITION (LORDS)	1	24640	30031	31533	33110	34766	36504	38329
CHIEF OPPOSITION WHIP (LORDS)	1	21570	26290	27605	28985	30434	31956	33554
TOTAL STAFF	674							
TOTAL PAYBILL £m		14.335	17.472	18.345	19.263	20.226	21.237	22.299
TOTAL PAYBILL INCLUDING NICS £m		18.249	22.242	23.353	24.521	25.747	27.035	28.386
INCREASE OVER PREVIOUS PAYBILL			21.88%	5.00%	5.00%	5.00%	5.00%	5.00%
FINANCIAL YEAR INCREASES OVER PREVIOUS PAYBILLS		1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	
		over	over	over	over	over	over	
		1.4.87	1987-88	1988-89	1989-90	1990-91	1991-92	
			5.47%	21.34%	5.00%	5.00%	5.00%	5.00%

MP PAY6 OPTION 2
 FOR COMMONS MINISTERIAL, 5%; FOR LORDS, 5%
 (i), (ii), (iii)

GRADE	STAFF IN POST	SALARIES						
		1.4.87	1.1.88	1.4.88	1.4.89	1.4.90	1.4.91	1.4.92
MP	556	18500	22548	23675	24859	26102	27407	28777
PRIME MINISTER	1	58650	61686	64770	68009	71409	74979	78728
CABINET MINISTER (COMMONS)	18	47020	50056	52559	55187	57946	60843	63885
CABINET MINISTER (LORDS)	2	36390	36390	38210	40121	42127	44233	46445
MINISTER OF STATE (COMMONS)	23	36750	39786	41775	43864	46057	48360	50778
MINISTER OF STATE (LORDS)	5	30640	30640	32172	33781	35470	37244	39106
PARLIAMENTARY SECRETARY (COMMONS)	27	30760	33796	35486	37260	39123	41079	43133
PARLIAMENTARY SECRETARY (LORDS)	5	24640	24640	25872	27166	28524	29950	31448
ATTORNEY GENERAL	1	49220	52256	54869	57612	60493	63518	66694
SOLICITOR GENERAL	1	42500	45536	47813	50204	52714	55350	58118
LORD ADVOCATE	1	36460	36460	38283	40197	42207	44317	46533
SOLICITOR GENERAL FOR SCOTLAND	1	24085	24085	25289	26553	27881	29275	30739
CHIEF WHIP (COMMONS)	1	41130	44166	46374	48693	51128	53684	56368
DEPUTY CHIEF WHIP (COMMONS)	1	36750	39786	41775	43864	46057	48360	50778
WHIPS (COMMONS)	12	27690	30726	32262	33875	35569	37347	39214
CHIEF WHIP (LORDS)	1	30640	30640	32172	33781	35470	37244	39106
DEPUTY CHIEF WHIP (LORDS)	1	24640	24640	25872	27166	28524	29950	31448
WHIPS (LORDS)	5	21570	21570	22649	23781	24970	26219	27530
SPEAKER (COMMONS)	1	48750	51786	54375	57094	59949	62946	66093
CHAIRMAN OF WAYS AND MEANS (COMMONS)	1	36750	39786	41775	43864	46057	48360	50778
DEPUTY CHAIRMAN (COMMONS)	2	33740	36776	38615	40546	42573	44702	46937
CHAIRMAN OF COMMITTEES (LORDS)	1	30640	30640	32172	33781	35470	37244	39106
PRINCIPAL DEPUTY CHAIRMAN (LORDS)	1	27530	27530	28907	30352	31870	33464	35137
LEADER OF THE OPPOSITION (COMMONS)	1	44100	47136	49493	51968	54566	57294	60159
CHIEF OPPOSITION WHIP (COMMONS)	1	36750	39786	41775	43864	46057	48360	50778
OPPOSITION WHIP (COMMONS)	2	27690	30726	32262	33875	35569	37347	39214
LEADER OF THE OPPOSITION (LORDS)	1	24640	24640	25872	27166	28524	29950	31448
CHIEF OPPOSITION WHIP (LORDS)	1	21570	21570	22649	23781	24970	26219	27530
TOTAL STAFF	674							
TOTAL PAYBILL £m		14.335	16.868	17.711	18.597	19.527	20.503	21.528
TOTAL PAYBILL INCLUDING NICS £m		18.249	21.473	22.547	23.674	24.858	26.101	27.405
INCREASE OVER PREVIOUS PAYBILL			17.67%	5.00%	5.00%	5.00%	5.00%	5.00%
FINANCIAL YEAR INCREASES OVER PREVIOUS PAYBILLS			1987-88	1988-89	1989-90	1990-91	1991-92	1992-93
			over	over	over	over	over	over
			1.4.87	1987-88	1988-89	1989-90	1990-91	1991-92
			4.42%	18.33%	5.00%	5.00%	5.00%	5.00%

FILE: MPPAY6C

OPTION 3

PS, OPTION1; FOR COMMONS MINISTERIAL, NO INC; FOR LORDS, 5%
(i), (ii)c, (iii)

GRADE	STAFF IN POST	SALARIES						
		1.4.87	1.1.88	1.4.88	1.4.89	1.4.90	1.4.91	1.4.92
MP	556	18500	22548	23675	24859	26102	27407	28777
PRIME MINISTER	1	58650	61686	62531	63419	64352	65330	66358
CABINET MINISTER (COMMONS)	18	47020	50056	50901	51789	52722	53700	54728
CABINET MINISTER (LORDS)	2	36390	36390	38210	40121	42127	44233	46445
MINISTER OF STATE (COMMONS)	23	36750	39786	40631	41519	42452	43430	44458
MINISTER OF STATE (LORDS)	5	30640	30640	32172	33781	35470	37244	39106
PARLIAMENTARY SECRETARY (COMMONS)	27	30760	33796	34641	35529	36462	37440	38468
PARLIAMENTARY SECRETARY (LORDS)	5	24640	24640	25872	27166	28524	29950	31448
ATTORNEY GENERAL	1	49220	52256	53101	53989	54922	55900	56928
SOLICITOR GENERAL	1	42500	45536	46381	47269	48202	49180	50208
LORD ADVOCATE	1	36460	36460	38283	40197	42207	44317	46533
SOLICITOR GENERAL FOR SCOTLAND	1	24085	24085	25289	26553	27881	29275	30739
CHIEF WHIP (COMMONS)	1	41130	44166	45011	45899	46832	47810	48838
DEPUTY CHIEF WHIP (COMMONS)	1	36750	39786	40631	41519	42452	43430	44458
WHIPS (COMMONS)	12	27690	30726	31571	32459	33392	34370	35398
CHIEF WHIP (LORDS)	1	30640	30640	32172	33781	35470	37244	39106
DEPUTY CHIEF WHIP (LORDS)	1	24640	24640	25872	27166	28524	29950	31448
WHIPS (LORDS)	5	21570	21570	22649	23781	24970	26219	27530
SPEAKER (COMMONS)	1	48750	51786	52631	53519	54452	55430	56458
CHAIRMAN OF WAYS AND MEANS (COMMONS)	1	36750	39786	40631	41519	42452	43430	44458
DEPUTY CHAIRMAN (COMMONS)	2	33740	36776	37621	38509	39442	40420	41448
CHAIRMAN OF COMMITTEES (LORDS)	1	30640	30640	32172	33781	35470	37244	39106
PRINCIPAL DEPUTY CHAIRMAN (LORDS)	1	27530	27530	28907	30352	31870	33464	35137
LEADER OF THE OPPOSITION (COMMONS)	1	44100	47136	47981	48869	49802	50780	51808
CHIEF OPPOSITION WHIP (COMMONS)	1	36750	39786	40631	41519	42452	43430	44458
OPPOSITION WHIP (COMMONS)	2	27690	30726	31571	32459	33392	34370	35398
LEADER OF THE OPPOSITION (LORDS)	1	24640	24640	25872	27166	28524	29950	31448
CHIEF OPPOSITION WHIP (LORDS)	1	21570	21570	22649	23781	24970	26219	27530
TOTAL STAFF	674							
TOTAL PAYBILL £m		14.335	16.868	17.607	18.384	19.199	20.055	20.953
TOTAL PAYBILL INCLUDING NICS £m		18.249	21.473	22.414	23.402	24.440	25.530	26.673
INCREASE OVER PREVIOUS PAYBILL			17.67%	4.38%	4.41%	4.43%	4.46%	4.48%
FINANCIAL YEAR INCREASES OVER PREVIOUS PAYBILLS		1987-88	1988-89	1989-90	1990-91	1991-92	1992-93	
		over	over	over	over	over	over	
		1.4.87	1987-88	1988-89	1989-90	1990-91	1991-92	
			4.42%	17.63%	4.41%	4.43%	4.46%	4.48%

FILE: MPPAYS OPTION 4
 FOR MPS, OPTIONS; FOR COMMONS MINISTERIAL, OPTIONS; FOR LORDS, OPTIONS
 (i), (ii)a, (iii)

GRADE	STAFF IN POST	SALARIES					
		1.4.87	1.4.88	1.4.89	1.4.90	1.4.91	1.4.92
MP	556	18500	20202	22061	24091	26307	28777
PRIME MINISTER	1	58650	64046	69938	76372	83398	91233
CABINET MINISTER (COMMONS)	18	47020	51346	56070	61228	66861	73141
CABINET MINISTER (LORDS)	2	36390	39738	43394	47386	51746	56607
MINISTER OF STATE (COMMONS)	23	36750	40131	43823	47855	52258	57167
MINISTER OF STATE (LORDS)	5	30640	33459	36537	39898	43569	47663
PARLIAMENTARY SECRETARY (COMMONS)	27	30760	33590	36680	40055	43740	47849
PARLIAMENTARY SECRETARY (LORDS)	5	24640	26907	29382	32085	35037	38329
ATTORNEY GENERAL	1	49220	53748	58693	64093	69990	76562
SOLICITOR GENERAL	1	42500	46410	50680	55343	60435	66109
LORD ADVOCATE	1	36460	39814	43477	47477	51845	56715
SOLICITOR GENERAL FOR SCOTLAND	1	24085	26301	28721	31363	34248	37465
CHIEF WHIP (COMMONS)	1	41130	44914	49046	53558	58485	63979
DEPUTY CHIEF WHIP (COMMONS)	1	36750	40131	43823	47855	52258	57167
WHIPS (COMMONS)	12	27690	30237	33019	36057	39374	43072
CHIEF WHIP (LORDS)	1	30640	33459	36537	39898	43569	47663
DEPUTY CHIEF WHIP (LORDS)	1	24640	26907	29382	32085	35037	38329
WHIPS (LORDS)	5	21570	23554	25721	28087	30671	33554
SPEAKER (COMMONS)	1	48750	53235	58133	63481	69321	75832
CHAIRMAN OF WAYS AND MEANS (COMMONS)	1	36750	40131	43823	47855	52258	57167
DEPUTY CHAIRMAN (COMMONS)	2	33740	36844	40234	43936	47978	52483
CHAIRMAN OF COMMITTEES (LORDS)	1	30640	33459	36537	39898	43569	47663
PRINCIPAL DEPUTY CHAIRMAN (LORDS)	1	27530	30063	32829	35849	39147	42825
LEADER OF THE OPPOSITION (COMMONS)	1	44100	48157	52587	57425	62708	68599
CHIEF OPPOSITION WHIP (COMMONS)	1	36750	40131	43823	47855	52258	57167
OPPOSITION WHIP (COMMONS)	2	27690	30237	33019	36057	39374	43072
LEADER OF THE OPPOSITION (LORDS)	1	24640	26907	29382	32085	35037	38329
CHIEF OPPOSITION WHIP (LORDS)	1	21570	23554	25721	28087	30671	33554
TOTAL STAFF	674						
TOTAL PAYBILL £m		14.335	15.654	17.094	18.667	20.384	22.299
TOTAL PAYBILL INCLUDING NICS £m		18.249	19.927	21.761	23.763	25.949	28.386
INCREASE OVER PREVIOUS YEAR'S PAYBILL			9.20%	9.20%	9.20%	9.20%	9.39%

FILE: MPPAY7

OPTION 5
FOR MPS, OPTIONS; FOR COMMONS MINISTERIAL, 5%; FOR LORDS, 5%
(i), (ii), (iii)

GRADE	STAFF IN POST	SALARIES					
		1.4.87	1.4.88	1.4.89	1.4.90	1.4.91	1.4.92
MP	556	18500	20202	22061	24091	26307	28777
PRIME MINISTER	1	58650	62166	65911	69901	74155	78729
CABINET MINISTER (COMMONS)	18	47020	49954	53088	56437	60017	63884
CABINET MINISTER (LORDS)	2	36390	38210	40121	42127	44233	46445
MINISTER OF STATE (COMMONS)	23	36750	39171	41766	44549	47535	50778
MINISTER OF STATE (LORDS)	5	30640	32172	33781	35470	37244	39106
PARLIAMENTARY SECRETARY (COMMONS)	27	30760	32881	35161	37614	40253	43132
PARLIAMENTARY SECRETARY (LORDS)	5	24640	25872	27166	28524	29950	31448
ATTORNEY GENERAL	1	49220	52264	55514	58984	62692	66693
SOLICITOR GENERAL	1	42500	45208	48105	51205	54524	58117
LORD ADVOCATE	1	36460	38283	40197	42207	44317	46533
SOLICITOR GENERAL FOR SCOTLAND	1	24085	25289	26553	27881	29275	30739
CHIEF WHIP (COMMONS)	1	41130	43770	46595	49619	52859	56368
DEPUTY CHIEF WHIP (COMMONS)	1	36750	39171	41766	44549	47535	50778
WHIPS (COMMONS)	12	27690	29658	31777	34061	36523	39216
CHIEF WHIP (LORDS)	1	30640	32172	33781	35470	37244	39106
DEPUTY CHIEF WHIP (LORDS)	1	24640	25872	27166	28524	29950	31448
WHIPS (LORDS)	5	21570	22649	23781	24970	26219	27530
SPEAKER (COMMONS)	1	48750	51771	54996	58441	62122	66095
CHAIRMAN OF WAYS AND MEANS (COMMONS)	1	36750	39171	41766	44549	47535	50778
DEPUTY CHAIRMAN (COMMONS)	2	33740	36010	38447	41064	43876	46936
CHAIRMAN OF COMMITTEES (LORDS)	1	30640	32172	33781	35470	37244	39106
PRINCIPAL DEPUTY CHAIRMAN (LORDS)	1	27530	28907	30352	31870	33464	35137
LEADER OF THE OPPOSITION (COMMONS)	1	44100	46888	49869	53057	56468	60158
CHIEF OPPOSITION WHIP (COMMONS)	1	36750	39171	41766	44549	47535	50778
OPPOSITION WHIP (COMMONS)	2	27690	29658	31777	34061	36523	39216
LEADER OF THE OPPOSITION (LORDS)	1	24640	25872	27166	28524	29950	31448
CHIEF OPPOSITION WHIP (LORDS)	1	21570	22649	23781	24970	26219	27530
TOTAL STAFF	674						
TOTAL PAYBILL £m		14.335	15.538	16.846	18.268	19.815	21.528
TOTAL PAYBILL INCLUDING NICS £m		18.249	19.780	21.445	23.256	25.224	27.405
INCREASE OVER PREVIOUS PAYBILL			8.39%	8.42%	8.44%	8.46%	8.65%

CH/EXCHEQUER	
REC.	08 JUL 1987
ACTION	Mr Kemp
COPIES TO	Mr Harcourt



10 DOWNING STREET

From the Principal Private Secretary

7 July 1987

Dear Alan,

MPs PAY

The Prime Minister discussed this evening the next steps on MPs pay with the Chancellor of the Exchequer.

The Prime Minister said that there was no prospect of achieving the House's acceptance to further phasing of increases in MPs pay. She believed that the Government should table a resolution which gave effect to the arrangements in the resolution agreed in 1983. It would be important for the resolution to be drafted so that MPs were not eligible for the merit payment now available to certain Senior Principals. The Chancellor did not dissent from the Prime Minister's view.

The Prime Minister believed that it was important to communicate the Government's decision to the House of Commons on Thursday before the meeting of the 1922 Executive Committee. This could perhaps be done by the Lord Privy Seal during Business Questions. She would be grateful if the Lord Privy Seal, to whose Private Secretary I am copying this letter, could take the necessary action. The Lord Privy Seal would no doubt alert the Chairman of the 1922 Committee to what the Government intended.

The Prime Minister said that this decision on MPs pay would have consequences for Ministers' pay. She would be grateful if the Chancellor of the Exchequer could let her have urgently a paper on the various options available for Ministers pay and on the timing of announcements. She believed that Parliamentary Secretaries had particular reason for special consideration. She was not averse to a modicum of squeezing of differentials between MPs and Ministerial salaries. She saw a case for tabling resolutions on Ministers pay at the same time as that on MPs pay.

I am sending a copy of this letter to the Private Secretaries to the Lord President, the Lord Privy Seal and the Chief Whip and to Sir Robert Armstrong.

Yours truly
Nigel Wicks

(N. L. WICKS)

Alex Allan, Esq.,
HM Treasury.

WICKS
Co
ALSA
7/7

CONFIDENTIAL

CHANCELLOR

FROM: J M HALLIGAN

DATE: 8 July 1988

cc. Mr Kemp

MPs AND MINISTERS PAY

I attach a copy of a minute for you to send to the Prime Minister about Ministerial pay and the timing of announcements, on the lines you requested. As requested, we have not prepared tables of actual pay rates for you to send to the Prime Minister but you may like to have available what these options actually imply.

2. For Option A (no staging) the relevant pay rates are at Annex 1 and for Option B (staging over 5 years) at Annex 2 to this minute.

3. Following the Prime Ministers apparent decision to acquiesce in the implementation of the MPs linkage and for Mr Wakeham to announce this tomorrow the following action is required:

- (i) Preparation of a Resolution. We have instructed Parliamentary Counsel to prepare one as soon as possible.
- (ii) Press Office Briefing. Mr Wakeham is speaking to Bernard Ingham about the line to be taken in the House tomorrow and our press briefing will reflect this. However, the right line is surely that the House voted for this link in 1983 against Government advice but Parliamentary pay has always been a matter for the House of Commons and the Government will respect their decision.
- (iii) Parliamentary Debate. The debate on MPs pay is scheduled for Wednesday 22 July. The draft minute to the Prime Minister suggests that the Order on new Ministerial salaries should be debated at the same time. (As this also has to go through the Lords, it will have to be debated on Thursday 23 July, the last sitting day). As the minute says, it is not essential to settle Ministerial pay now but traditionally MPs and Minister pay are taken together and Ministers will want to know about their arrangements.

4. One final point about Ministers. The Order settling their salaries must quote specific figures from particular dates, which can stretch as far into the future as desired. It cannot set pay by reference to some other salary as can be done for MPs. So, if there is any desire to apply formulas for Ministers there will have to be salary orders as often as the reference salary^{changes}, just as happens now to establish the Lord Chancellors £2,000 lead over the Lord Chief Justice.

J. M. Halligan.

J M HALLIGAN

ANNEX I

Pay scales at 1 April 1988 assuming implementation of MP's salary linkage and increases of 5 % and 0 % (5 % for Lords Ministers) in Ministerial salaries from 1 April 1988.

	<u>Present</u>	<u>Variant 1</u>	<u>Variant 2</u>
MP	<u>Salary</u> 18,500	23,675	23,675
<u>Ministers in the Commons</u>			
Cabinet Minister	47,020	52,559	50,901
Minister of State	36,750	41,775	40,631
Parliamentary Secretary	30,760	35,486	34,641
<u>Ministers in the Lords</u>			
Cabinet Minister	36,390	38,210	38,210
Minister of State	30,640	32,172	32,172
Parliamentary Secretary	24,640	25,872	25,872

Notes

Variant 1 MPs and reduced Parliamentary salary increase 21.88% from 1 Jan 1988 and 5% from 1 April 1988. Ministerial salaries (Commons and Lords) by 5% from 1 April 1988

Variant 2 MPs and reduced Parliamentary salary increase 21.88% from 1 Jan 1988 and 5% from 1 April 1988. Ministerial salaries in the Commons stay the same. Ministerial salaries in the Lords increase by 5%.

ANNEX 2

GRADE	STAFF IN POST	SALARIES					
		1.4.87	1.4.88	1.4.89	1.4.90	1.4.91	1.4.92
MP	556	18500	20202	22061	24091	26307	28777
PRIME MINISTER	1	58650	59927	61321	62843	64505	66358
CABINET MINISTER (COMMONS)	18	47020	48297	49691	51213	52875	54728
CABINET MINISTER (LORDS)	2	36390	38210	40121	42127	44233	46445
MINISTER OF STATE (COMMONS)	23	36750	38027	39421	40943	42605	44458
MINISTER OF STATE (LORDS)	5	30640	32172	33781	35470	37244	39106
PARLIAMENTARY SECRETARY (COMMONS)	27	30760	32037	33431	34953	36615	38468
PARLIAMENTARY SECRETARY (LORDS)	5	24640	25872	27166	28524	29950	31448
ATTORNEY GENERAL	1	49220	50497	51891	53413	55075	56928
SOLICITOR GENERAL	1	42500	43777	45171	46693	48355	50208
LORD ADVOCATE	1	36460	38283	40197	42207	44317	46533
SOLICITOR GENERAL FOR SCOTLAND	1	24085	25289	26553	27881	29275	30739
CHIEF WHIP (COMMONS)	1	41130	42407	43801	45323	46985	48838
DEPUTY CHIEF WHIP (COMMONS)	1	36750	38027	39421	40943	42605	44458
WHIPS (COMMONS)	12	27690	28967	30361	31883	33545	35398
CHIEF WHIP (LORDS)	1	30640	32172	33781	35470	37244	39106
DEPUTY CHIEF WHIP (LORDS)	1	24640	25872	27166	28524	29950	31448
WHIPS (LORDS)	5	21570	22649	23781	24970	26219	27530
SPEAKER (COMMONS)	1	48750	50027	51421	52943	54605	56458
CHAIRMAN OF WAYS AND MEANS (COMMONS)	1	36750	38027	39421	40943	42605	44458
DEPUTY CHAIRMAN (COMMONS)	2	33740	35017	36411	37933	39595	41448
CHAIRMAN OF COMMITTEES (LORDS)	1	30640	32172	33781	35470	37244	39106
PRINCIPAL DEPUTY CHAIRMAN (LORDS)	1	27530	28907	30352	31870	33464	35137
LEADER OF THE OPPOSITION (COMMONS)	1	44100	45377	46771	48293	49955	51808
CHIEF OPPOSITION WHIP (COMMONS)	1	36750	38027	39421	40943	42605	44458
OPPOSITION WHIP (COMMONS)	2	27690	28967	30361	31883	33545	35398
LEADER OF THE OPPOSITION (LORDS)	1	24640	25872	27166	28524	29950	31448
CHIEF OPPOSITION WHIP (LORDS)	1	21570	22649	23781	24970	26219	27530
TOTAL STAFF	674						
TOTAL PAYBILL £m		14.335	15.434	16.633	17.940	19.366	20.953
TOTAL PAYBILL INCLUDING NICE £m		18.249	19.648	21.174	22.838	24.653	26.673
INCREASE OVER PREVIOUS PAYBILL			7.67%	7.77%	7.86%	7.95%	8.19%

*MPs and reduced Parliamentary salary linkage phased in over 5 years.
Ministerial salaries increased by 5 per cent per year.*

DRAFT MINUTE

Please type

From: Chancellor

To: Prime Minister

Copies: Lord President
Lord Privy Seal
Chief Whip
Sir Robert Armstrong

MPs PAY

You asked me for proposals on Ministers pay and the timing of announcements.

Ministerial Pay

I do not think there ~~is~~ any ^{can be}

(assuming - arbitrarily - that the comparable Civil Service grade receives a 5 per cent increase on that date).

2. ~~[There can be no]~~ question of increasing Ministerial salaries by the same percentage as MPs will receive from the formula. By April 1988 operation of the formula will give MPs a ^{total increase of} 28 per cent ~~[increase]~~ over their present salary. We should distance ourself from this and, to be convincing, we will need to show that we have been much more moderate with Ministerial pay.

give Ministers the full increase on the ~~indicated~~ Parliamentary element of their pay, but to hold the

3. One option would be to ^{align the} increase ^{align} Ministerial ~~salaries by~~ ^{to} 5 per cent from 1 April 1988. As the reduced Parliamentary salary forms a higher percentage of a Parliamentary Secretary's total pay than for other Ministers such a pattern would give Parliamentary Secretaries the highest percentage salary increase overall amongst Ministers. On this basis they would receive an

Overall increase of 15.⁴~~36~~ per cent, Ministers of State 13.⁷~~67~~ per cent, and Cabinet Ministers 11.⁸~~78~~ per cent. ~~Differentials between Lords Ministers would remain the same as they would all receive a 5 per cent increase.~~

This would reduce the increases to 12.6 per cent for Parliamentary Secretaries, 10.6 per cent for Ministers of State and 8.3 per cent for Cabinet Ministers

In Sect 9 figs for Cash Mins. etc etc

4. A more severe approach, but one which would also compress differentials between Commons Ministers, would be to give no increase to the Ministerial salaries received by Commons Ministers. ~~Lords Ministers would again receive 5 per cent.~~

5. The percentage increases that each Minister would receive in April 1988 under ~~both~~ ^{the two} approaches are set out in Table 1. It would be for consideration whether to table an Order for Ministerial salaries for April 1988 only or whether to cover them for the remainder of this Parliament.

For purposes of comparison, I have also ~~included~~ included a stagger (option)

6. ~~I have also been thinking further about staging.~~ ^{What is} If staging of MPs' linkage ~~did~~ prove feasible over 5 years it would make it easier to award 5 per cent increases in Ministerial salaries each year and still keep the overall percentage increases down to a reasonable level. I attach at Table 2 the annual average percentage increases that this would imply over next five years. As you can see this approach also gives the highest percentage increases for Ministers to Parliamentary Secretaries, the next highest to Ministers of State, and the lowest to Cabinet Ministers.

Announcement

7. Changes to Ministerial salaries require an Order which is subject to Affirmative Resolution in both Houses. Although ~~we~~

not have to debate this Order at the same time as MPs pay is debated it is long established practice for the Commons to discuss MPs and Ministers pay together, ^{and I see no advantage in} ~~It would also be rather unfair to our colleagues to leave them in a state of uncertainty about their pay, after MPs pay has been settled.~~ ^{depart from this practice.} I would suggest that we aim to table an Order on Ministerial pay in time for it to be debated in the Commons at the same time as MPs pay, and for it to go through the Lords before the Summer Recess.

8. John Wakeham will be announcing our decision about MPs salaries at Business Questions tomorrow. If asked about Ministers pay he will simply say that this is under consideration. But once we have made up our mind I think that we should publish our decision and table the necessary Order as soon as possible.

9. I am copying ^{the} minute ^{to} the Lord President, ^{the} Lord Privy Seal, ^{the} Chief Whip and to Sir Robert Armstrong.

N.L.

pas

FROM: J M HALLIGAN
DATE: 9 July 1987
cc Mr Kemp

CHANCELLOR

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MPs AND MINISTERS PAY

I attach a draft minute for you to send to the Prime Minister, along the lines requested.

2. The fourth paragraph spells out the position regarding Ministerial salaries in future years. They can be set in cash terms in the Ministerial Salary Order for as far ahead as desired but they cannot be set in relation to other salaries or indicators. You will recall that we face this problem each year with the Lord Chancellor, who has a £2,000 lead over the Lord Chief Justice. Because the LCJ's salary is set each year following TSRB advice we have to have an annual salary Order for the Lord Chancellor to implement the lead.

HALL-IGAN
→
CH/EX
9/7

J.M. Halligan

J M HALLIGAN

DRAFT MINUTE

From: Chancellor

To: Prime Minister

Copies: Lord President
Lord Privy Seal
Chief Whip
Sir Robert Armstrong

MPs AND MINISTERS PAY

(mistake)
~~You asked me to prepare some new options on Ministerial pay, preserving the existing cash differentials between MPs and Parliamentary Secretaries. I have confined the exercise to Ministers in the Commons. The Lord President will be letting you have some ideas about Lords Ministers.~~

(The sample)
 2. ~~The first option would be to preserve existing cash differentials between MPs and all Commons Ministers. Everyone would get an increase of £4,048 on 1 January 1988, the same cash amount as MPs will receive from the formula. Ministers will get £3,036 of this from the consequential increase in their (reduced) Parliamentary salaries and the remaining £1,012 on their Ministerial salaries. As a result Parliamentary Secretaries would get an increase of 13.2 per cent in their overall salary, Ministers of State 11.0 per cent and Cabinet Ministers 8.6 per cent. The increases in the ministerial components of their salaries would be 6.0 per cent, 4.4 per cent and 3.1 per cent respectively.~~

An alternative option
 3. ~~A second option would be to preserve cash differentials between MPs and Parliamentary Secretaries but reduce the differentials between [MPs/Parliamentary Secretaries] and more Senior Ministers.~~
to allow
for (now) so far as Ministers of State & Cabinet Ministers are concerned.

Thus under the option

(6 per cent)

Parliamentary Secretaries would still ~~get~~ ^{need} a £1,012 increase in their Ministerial salary to give them the same overall cash increase as MPs, ^{but} Ministers of State would get ^{only} a 3 per cent increase in Ministerial pay, ^{making an increase of 10.1% overall,} and therefore a slightly lower overall cash increase than ^{and} ~~MPs/Parliamentary Secretaries~~. ^{at all} Cabinet Ministers would get no increase in their Ministerial salaries, ^{cut back} The outcome would be ^{overall increase in pay of 6.5% per cent.} overall percentage increases of ~~13.2 per cent~~ for Parliamentary Secretaries, ~~10.1 per cent~~ for Ministers of State and ~~6.5 per cent~~ for Cabinet Ministers.

4. I attach two tables setting out the options in detail. They cover ^{the tables re} salaries ^{payable} on 1 January 1988 only. We ^{need to} also consider future years. MPs will have their link, which will mean increases every January in line with increases in the previous year received by the civil service linked grade. I ^{believe} think that it would be ^{sensible} right for us to announce that, for ^{the presumption will be that} subsequent years during the duration of this Parliament, Ministers' pay will be increased by the same percentage amount as MPs' ^{is increased by each January}. We cannot ^{actually} provide for increases beyond the first year ^{implement this} in the Ministerial Salaries Order because the ^{relevant} legislation only provides for ^{cash} actual salary ^{as} amounts to be changed by Order: ^{it} it does not allow for the setting of Ministerial salaries in relation to movements in other salaries. As a result we shall ^{still} need annual Salary Orders, ^{will be} which, of course, ~~are~~ subject to the Affirmative Resolution procedure. However, if we announce now what our policy will be for the rest of this Parliament the subsequent Ministerial Salary Orders should be ^{less} relatively non-controversial.

The first option has the advantage of simplicity, and in my view gives defensible results.

5. We agreed that the Lord President would be

with you have had the proposals for the pay of what we think

for Ministers & Commons.

- this minute*
5. I am copying [^] to the Lord President, Lord Privy Seal, Chief Whip and to Sir Robert Armstrong.

OPTION 1

Maintain existing cash differentials between MPs and all Ministers in the House of Commons

Salaries at 1 January 1988

	<u>Parliamentary Secretary</u>	<u>Minister of State</u>	<u>Cabinet Minister</u>
Existing Salary (£)	30,760	36,750	47,020
Cash increases in:			
(a) Ministerial salary	1,012	1,012	1,012
(b) Total salary	4,048	4,048	4,048
Percentage increases in:			
(a) Ministerial salary	6.0	4.4	3.1
(b) Total salary	13.2	11.0	8.6
New Salary (£)	34,808	40,798	51,068

Note Ministers' Parliamentary salary of £13,875 will increase to £16,911 (ie by £3,036) on 1 January 1988

OPTION 2

Maintain existing cash differentials between MPs and Parliamentary Secretaries in House of Commons. No increase in Ministerial salaries for Cabinet Ministers. Increase Ministerial salaries of Ministers of State by half as much as Parliamentary Secretaries.

Salaries at 1 January 1988

	<u>Parliamentary</u> <u>Secretary</u>	<u>Minister</u> <u>of State</u>	<u>Cabinet</u> <u>Minister</u>
Existing salary (£)	30,760	36,750	47,020
Cash increases in:			
(a) Ministerial salary	1,012	686	<i>nil</i>
(b) Total salary	4,048	3,722	3,036
Percentage increases in:			
(a) Ministerial salary	6.0	3.0	<i>nil</i>
(b) Total salary	13.2	10.1	6.5
New salary (£)	34,808	40,472	50,056

Ministers'
Note ~~Reduced~~ Parliamentary salary of £13,875 will increase to
 £16,911 (ie £3,036) on 1 January 1988

67

CONFIDENTIAL

cc Mr Kemp
Mr Halligan.Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

PRIME MINISTER

9/7/87.

MPs' AND MINISTERS' PAY

I undertook to prepare some new options on Ministerial pay, paying particular attention to the relationship between Members' pay and that of Parliamentary Secretaries.

The simplest option would be to preserve existing cash differentials between MPs and Commons Ministers. Thus all Ministers in the Commons would get an increase of £4,048 on 1 January 1988, the same cash amount as MPs will receive from the formula. Ministers would get £3,036 of this from the consequential increase in their Parliamentary salaries and the remaining £1,012 from an increase in their Ministerial salaries. This means that Parliamentary Secretaries would get an increase of 13.2 per cent in their overall salary, Ministers of State 11.0 per cent and Cabinet Ministers 8.6 per cent. The increases in the Ministerial components of their salaries would be 6.0 per cent, 4.4 per cent and 3.1 per cent respectively.

An alternative option would be to preserve the cash differential between MPs pay and that of Parliamentary Secretaries but to allow the differentials to be eroded so far as Ministers of State and Cabinet Ministers are concerned. Thus under this option Parliamentary Secretaries would still receive a £1,012 (6 per cent) increase in their Ministerial salary to give them the same overall cash increase as MPs; but Ministers of State would get only a 3 per cent increase in that Ministerial pay, making an increase of 10.1 per cent overall; and Cabinet Ministers would get no increase at all in their Ministerial salaries, cutting back their overall increase in pay to 6.5 per cent.

I attach two tables setting out the options in detail. The first option has the advantage of simplicity, and in my view gives defensible results.



The tables cover the salaries payable on 1 January 1988 only. We also need to consider future years. MPs will have their link, which will mean increases every January in line with increases in the previous year received by the civil service linked grade. I believe it would be sensible for us to announce that, for the rest of this Parliament, the presumption will be that Ministers' pay will be increased on 1 January each year by the same percentage amount as MPs'. We cannot actually implement this in the Ministerial Salaries Order because the legislation only provides for actual cash salaries to be changed by Order: it does not allow for the setting of Ministerial salaries in relation to movements in other salaries. As a result we shall still need annual Salary Orders for Ministers which will, of course, be subject to the Affirmative Resolution procedure. However, if we announce now what our policy will be for the rest of this Parliament, the subsequent Ministerial Salary Orders should be less controversial.

We agreed that the Lord President would be letting you have his proposals for the pay of Ministers in the Lords in the light of what we decide to do for Ministers in the Commons.

I am copying this minute to the Lord President, the Lord Privy Seal, and the Chief Whip and to Sir Robert Armstrong.

ACS Allan

PP N.L.
9 July 1987

(approved by the Chancellor
and signed in his absence).

OPTION 1

Maintain existing cash differentials between MPs and all Ministers in the House of Commons

Salaries at 1 January 1988

	<u>Parliamentary Secretary</u>	<u>Minister of State</u>	<u>Cabinet Minister</u>
Existing Salary (£)	30,760	36,750	47,020
Cash increase in:			
(a) Ministerial salary	1,012	1,012	1,012
(b) Total salary	4,048	4,048	4,048
Percentage increases in:			
(a) Ministerial salary	6.0	4.4	3.1
(b) Total salary	13.2	11.0	8.6
New Salary (£)	34,808	40,798	51,068

Note Ministers' Parliamentary salary of £13,875 will increase to £16,911 (ie by £3,036) on 1 January 1988.

OPTION 2

Maintain existing cash differentials between MPs and Parliamentary Secretaries in House of Commons. No increase in Ministerial salaries for cabinet Ministers. Increase Ministerial salaries of Ministers of State by half as much as Parliamentary Secretaries.

Salaries at 1 January 1988

	<u>Parliamentary Secretary</u>	<u>Minister of State</u>	<u>Cabinet Minister</u>
Existing salary (£)	30,760	36,750	47,020
Cash increase in:			
(a) Ministerial salary	1,012	686	nil
(b) Total salary	4,048	3,722	3,036
Percentage increases in:			
(a) Ministerial salary	6.0	3.0	nil
(b) Total salary	13.2	10.1	6.5
New salary (£)	34,808	40,472	50,056

Note Ministers' Parliamentary salary of £13,875 will increase to £16,911 (ie by £3,036) on 1 January 1988.

cc Sir P Middleton



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CHIEF CLERK	
REC.	13 JUL 1987 ✓ 15/7
ACTION	MR KEMP
COPIES TO	MR HALLIGAN

10/7/87.

PRIME MINISTER

MPs' and Ministers' Pay

I have seen a copy of Nigel Lawson's minute of 9 July in which he sets out revised options for pay for Commons Ministers. We agreed that I should let you have my proposals for Lords Ministers in the light of these revised options.

2. I should make clear at the outset that I entirely accept that it is right there should be a differential to reflect Commons Ministers' constituency work but I would not want the impression to take root that the job of a Lords Minister is just the same as that of a Commons Minister but without the constituency work. The jobs are different. Lords junior Ministers handle a wider portfolio than their Commons counterparts covering not only the whole of their department's responsibilities but also often that of other departments as well. This requires quite a lot of preparation and briefing particularly where Bills are involved.

3. While I therefore accept a Commons/Lords differential I could not accept the widening of the differential which would have been a consequence of the Chancellor's earlier proposals. It would be a serious blow to the morale of Lords junior Ministers and give them a sense of being undervalued in the work they do. Such an unequal award could be defended logically only if it were possible to show that the increase in value of a Commons Minister's duties as a constituency MP was disproportionately greater than the increase in value of his duties as a Minister. But we know this not to be the case. The increase in the Parliamentary salary is wholly the result of the self-awarded linkage to the Senior Principal scale of MPs' pay and it has nothing to

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TO
PM
10/7



do with any enhanced merit or increased industriousness on the part of Commons Ministers vis a vis Lords Ministers. There is no excuse therefore for allowing differentials between Ministers' pay in the two Houses to be eroded in this way.

4. Widening differentials can only be avoided by treating Lords Ministers' pay separately from the Ministerial element in Commons Ministers' pay. This already occurs to the extent that a Lords Minister's salary is higher than the Ministerial element in a Commons Minister's salary to compensate for the lack of a Parliamentary salary. The Government itself decided this in 1981 for all Lords Ministers outside the Cabinet. Justification for a Lords Ministerial salary higher than a Commons Ministerial salary was confirmed by TSRB in 1983. It would be perfectly consistent with previous practice therefore for the Government now to use their discretion in this area to increase the Lords Ministerial salary differentially.

5. Using the Chancellor's revised proposals I would like to offer two options for ways in which this might be done. The first would be to apply the cash increase of £4028 proposed in the Chancellor's option 1 straight across the Government to Lords Ministers and Whips as well as to those in the Commons. This would be fair to the extent that it would treat everyone alike. It also has the attraction of simplicity. It would favour the junior Ministers in both Houses which is what we want to do. It would improve the relative position of Lords Ministers by narrowing the present gap but only marginally and therefore should not give Commons Ministers cause for complaint. The result would be as follows:



<u>Ministers in Commons</u>	<u>Present</u>	<u>Present</u>	
		<u>+ £4048</u>	<u>% increase</u>
Cabinet Minister	47020	51068	8.6
Minister of State	36750	40798	11.0
Parliamentary Secretary	30760	34808	13.2

<u>Ministers in Lords</u>	<u>Present</u>	<u>Present</u>	
		<u>+ £4048</u>	<u>% increase</u>
Cabinet Minister	36390	40438	11.1
Minister of State	30640	34688	13.2
Parliamentary Secretary	24640	28688	16.4

6. An alternative to this option would be to preserve the existing differentials between Lords and Commons Ministers by simply raising Lords salaries by the amount necessary to do so. The effects of this are illustrated in the attached annex.

7. Whichever of these options we choose, I hope that as far as the future is concerned we can agree that whatever decisions are taken on Commons Ministers' pay we will act on Lords Ministers pay in such a way that the differentials are preserved.

8. I am sending a copy of this minute to the Chancellor of the Exchequer, the Lord Privy Seal, the Chief Whip and Sir Robert Armstrong.

Privy Council Office
10 July 1987

W.B.
Approved by the Lord
President and signed in his
absence

Chancellor's Option 1

<u>Ministers in Commons</u>	<u>Present</u>	<u>Present</u> + £4048	<u>% increase</u>
Cabinet Minister	47020	51068	8.6
Minister of State	36750	40798	11.0
Parliamentary Secretary	30760	34808	13.2

<u>Ministers in Lords</u>	<u>Present</u>	<u>New</u>	<u>% increase</u>
Cabinet Minister	36390	39520	8.6
Minister of State	30640	34010	11.0
Parliamentary Secretary	24640	27892	13.2

Chancellor's Option 2

<u>Ministers in Commons</u>	<u>Present</u>	<u>New</u>	<u>% increase</u>
Cabinet Minister	47020	50056	6.5
Minister of State	36750	40472	10.1
Parliamentary Secretary	30760	34808	13.2

<u>Ministers in Lords</u>	<u>Present</u>	<u>New</u>	<u>% increase</u>
Cabinet Minister	36390	38755	6.5
Minister of State	30640	33735	10.1
Parliamentary Secretary	24640	27498	13.2

CONFIDENTIAL

FROM : J.M.HALLIGAN

DATE : 14 July 1987

MR A.C.S.ALLAN

c.c. Mr Kemp

Mr Wood (PS/LPS)

Mr Walters (PS/Lord President)

MINISTERIAL PAY : TIMETABLE

The Lord Privy Seal would like to table Resolutions on MPs pay and the office cost allowance either tomorrow or Thursday. The Lord President would like to do the same for Peer's expenses allowance.

2. You will recall that the initial plan was to table these Resolutions simultaneously with the Ministerial Salary Order, which requires Affirmative Resolution approved by both Houses. However we do not yet have a decision on Ministerial salaries. I have asked Parliamentary Counsel to prepare a draft Order on the assumption that new Ministerial salaries payable from 1 January 1988 (but making no provision for future years) will shortly be approved. The figures will be left blank for the moment. These can be filled in as soon as we have a Ministerial decision but unless we get one by tomorrow at the latest we shall have to table the MPs salary and allowance Resolutions in advance of the Ministerial Salary Order.

J.M. Halligan .

J.M.HALLIGAN

HALLIGAN
TO
ACSA
14/7

CHANCELLOR

FROM: J M HALLIGAN

DATE: 15 July 1987

cc Sir P Middleton
Mr Kemp
Mr Gilhooly

a
Joseph mentioned
to you or to place.
AA

MINISTERS PAY

You should be aware of a development before this evening's meeting.

2. Sir Robert Armstrong has just sent the attached letter to Sir Peter Middleton about Ministers' pay which, at the request of the Prime Minister, raises the possibility of a TSRB reference early in this Parliament. I think it is clear from Sir Robert's letter that this is ^{for} the post-1988 position and does not affect the main business of this evening's meeting which is to fix Ministerial salaries from 1 January 1988. The options have been narrowed down to two following your 9 July minute and Lord Whitelaw's (dealing with Lords Ministers) of 10 July.

3. However, Sir Robert's letter does affect later years. He raises the possibility of a TSRB reference to advise about appropriate salaries from a later date. Your own minute of 9 July suggested that at the same time as we announce Ministerial salaries to apply from 1 January 1988 we should also say that for the rest of this Parliament they should be increased on 1 January each year by the same percentage amount as MPs. This would deal with the policy for the rest of this Parliament but we would need annual salary orders to implement this policy, because Ministerial salaries cannot be set in relation to other salaries.

4. This evening's meeting could decide either:

- i. to say nothing publicly about Ministerial salaries beyond 1988 leaving open the possibility of a TSRB reference;

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ii. to agree to increase Ministerial salaries by the same percentage as MPs in future years, precluding an early TSRB reference on pay (there could still be a reference on pensions and severance grants).

5. Our own preference is for (ii). It would effectively settle policy on Ministers' pay for the lifetime of this Parliament apart from the chore of an annual Salary Order. We doubt that a TSRB reference would help us set Ministers' pay on a more rational basis because, as Sir Robert says, they are very likely to come up with very high figures. For example in 1983 the TSRB recommended that a Cabinet Minister in the Commons should receive a 47 per cent increase to £55,000. The current salary is £47,020. Referring these salaries to the TSRB when, even after the likely 1988 increases, the existing salaries will be below the salaries considered appropriate in 1983 seems a waste of time. It seems better to take a rough and ready decision now that will last 4-5 years than to have to return to the subject next year after a controversial TSRB report with unacceptably high recommendations.

6. There is one other point that you should be aware of concerning the Solicitor-General for Scotland. He is no longer an MP and, because of the loss of his Parliamentary salary, has suffered a salary drop from £37,960 to £24,085. He now earns less than the staff who work for him in the Crown Office. No 10 asked us to look at this and we put forward a proposal that could be defended in public to raise his salary to £31,920 at current rates. It is described in detail in Sir Robert Armstrong's attached minute to the Prime Minister. In his letter to Sir Peter Middleton, Sir Robert expresses concern that this increase could endure even if the Solicitor-General for Scotland is subsequently an MP. In fact there is no problem about this. Ministerial salaries are published in the Order as maximum salaries and there is power to pay less to members of the Commons. (This happens at present for most Ministers. A salary rate covering all Ministers in a certain category is promulgated. This is paid to Lords Ministers and Commons Ministers are paid less.)

J.M. Halligan

J M HALLIGAN

PERM. SEC'S. OFFICE	
RECEIVED	
14 JUL 1987	
Action	Mr Halligan
Copies	Mr Kemp
To	Mr G. H. ...



CABINET OFFICE

70 Whitehall London SW1A 2AS

01-270 0101

From the Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref. A087/2050

13 July 1987

Dear Peter,

Remuneration of Ministers

The Prime Minister has asked that consideration should be given to the arrangements for Ministerial pay generally, so that any difficult references to the Top Salaries Review Body could be made early in this Parliament.

At Cabinet on 9 July, Ministers seemed disposed to allow the Parliamentary salary payable to Ministers to rise on and after 1 January 1988 in line with whatever was approved by the House of Commons for MPs' pay, but not otherwise to increase Ministerial salaries as such. It was, however, recognised that that would bear heavily upon Ministers in the House of Lords, and no conclusive decisions were taken, though it was recognised that it would be preferable to deal with Ministerial salaries in the House of Commons at the same time as dealing with MPs' pay.

The Chancellor of the Exchequer has now made proposals which would preserve the existing differentials between MPs and Commons Ministers, and the Lord President has made proposals for applying the Chancellor's proposals to Ministers in the Lords.

There remains the question how Ministerial salaries should be determined in future.

I suppose that one possibility might be to ask the TSRB to include in a review of arrangements for Ministerial remuneration a review of and recommendations on the levels appropriate for Ministerial salaries at some future date - say 1 April 1988, or 1 January 1989 - and recommendations as to how they should be determined in future. The difficulty about this is that in 1983 the TSRB recommended salary levels for Ministers a great deal higher than Ministers were then prepared to accept, and there would clearly be a risk that the Review Body would once again come up with unacceptably high figures. On the other hand, it

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Sir Peter Middleton KCB

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is arguable that Ministerial salaries are at present unconscionably low, and that the differentials between MPs' pay and salaries of Parliamentary Secretaries, (and perhaps also the differentials between the various grades of Ministers) ought to be significantly larger than they will be on 1 January 1988. It would clearly be less difficult for Ministers to accept increases accordingly if they had been recommended by the TSRB than if they appeared to be decided upon by Ministers themselves without external advice.

There are, I understand, other issues relating to Ministerial remuneration on which it would be convenient to look to the TSRB for recommendations. The Lord Privy Seal referred in his minute of 7 July to the question of the pensions payable to the Lord Chancellor, the Prime Minister and the Speaker. Nigel Wicks has drawn my attention to the fact that the pension of a Prime Minister is calculated as 15/40ths of the salary payable to the Prime Minister currently in office. This raises two questions: whether the linkage should be to the salary payable to the Prime Minister currently in office (which means that, if inflation rises faster than the Prime Minister's salary, the pensions of retired Prime Minister's are not fully index-linked); and whether (if so) the linkage should be 15/40ths or some higher figure.

There is, I know, continuing concern about the low level of remuneration of Ministers (particularly Parliamentary Secretaries) in the Lords, who do not draw any Parliamentary salaries and may also be less generously treated than backbench members of the House of Lords in the matter of allowances.

And we have a particular problem at present about the salary of the Solicitor General for Scotland who is not a Member of Parliament; the Lord Advocate has proposed that his Ministerial salary should be increased to give him the same total remuneration he would have got if he had been an MP, or at least the same salary as other Advocates Depute. You have made a very reasonable proposal for dealing with this in the short term, but I wonder whether it should be reviewed and endorsed (or revised if need be) by the TSRB; I am fearful that we may otherwise end up with a permanent increase in the Ministerial salary of the Solicitor General for Scotland, whether or not he is an MP.

There is also the question of severance pay for Ministers and other office holders in the House of Commons: that might be better dealt with in this collection of matters relating to Ministerial remuneration than in the separate reference on Parliamentary pensions.

There may well be other issues of which I am not aware.

I am inclined to think that it might make sense to ask the TSRB to undertake a comprehensive review of Ministerial remuneration, to cover recommendations on appropriate levels of and future arrangements for determining Ministerial salaries,

/and arrangements

and arrangements for determining Ministerial pensions; their particular attention could be drawn to the specific issues which I have mentioned in this letter and any other issues which need to be looked at.

I should be grateful to know your views.

Yours ever

Robert Austing

FROM: J HALLIGAN
DATE: 15 July 1987

CHANCELLOR

cc: Mr Kemp

MINISTERS' PAY: BRIEF FOR CABINET

Subject to Cabinet endorsing this evening's decisions, the way is clear to announce them tomorrow. This will be done by Written Answer in both Houses, to which will be attached a schedule showing the new rates of pay for all Ministers and Office Holders. I attach a draft that was prepared this afternoon in anticipation of the decisions that have now been reached. This draft is being shown to Mr Wakeham and Lord Whitelaw this evening and we shall have a short time tomorrow morning to take in any comments that you and they may have on it. Mr Wakeham intends to refer briefly to the Written Answer at Business Questions tomorrow: a Conservative backbencher is being primed to ask about Ministerial pay.

2. We also plan to lay tomorrow:

- (a) A draft of the Ministerial and Other Salaries Order necessary to implement these decisions;
- (b) Resolutions confirming the linkage of MPs to Senior Principals. These are two Resolutions: an abstract one that can be amended and an effective one, bearing Queen's Consent, and which the Financial Secretary has initialled;
- (c) Resolutions implementing the Government's recommendations on the secretarial allowances.

3. I attach copies of these. The Salary Order does not yet have any figures: we shall add these tomorrow. The intention is to debate all these Orders and resolutions in the Commons on Wednesday 22 July and in the Lords on Thursday 23 July.

4. Finally, I gather that there was some confusion about the position of the Solicitor-General for Scotland. You will recall that he is no longer a member of the House of Commons and has a salary of £24,085 compared with £37,960 when he was in the House. Following consultations with us and Sir Robert Armstrong the Prime Minister agreed that his salary should be increased by the amount by which the Lord Advocate's salary exceeds that of the (English) Solicitor-General. The background to that is that when the Lord Advocate and English Solicitor-General were both members of the Commons their Ministerial salaries were linked. However, in 1981 the Lord Advocate's Ministerial salary was increased above that of the English Solicitor-General because the Lord Advocate had ceased to be a member of the Commons. The Prime Minister has now agreed that the differential between the Lord Advocate's and the English Solicitor-General's salary can be added to the previous Scottish Solicitor-General's Ministerial salary. The differential before these changes was £7,835 making a total salary of £31,920. (£24,085 + £7,835). Following this evening's decisions the new salary will be £34,956 (ie £24,085 + £10,871). Attached is a copy of Nigel Wicks' letter about this.

↑ ie 7835 + 3036 (= 3/4 of 4098)!

5. Obviously this produces a large percentage increase. But it is necessary to avoid the situation of him earning less than all the professional staff he supervises. It can also be justified because now that he has no Parliamentary duties he can devote more time to court work. (He will, of course, still be earning less than if he had remained in the Commons). One final point. The Order does not take effect ^{until} 1 January 1988. Until then the Solicitor-General for Scotland will earn only £24,085. We have told the Scots about this. They are not very happy but as the only alternative would be a separate Order covering the Solicitor-General for Scotland alone they accept that they have to put up with it.

AWK
PP J HALLIGAN