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PREM 19/328

The Top Salaries Review Body (TSRB)
Report on Parliamentary Pay

PARLIAMENT MEMBERS

Part 1

June 1979

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
4.6.79							
17.6.79							
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6.2.80							
7.2.80							
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PART _____ 1 _____ ends:-

cc (80) 5 ^{ca} covers item 6 (extract) of 7.2.80

PART _____ 2 _____ begins:-

cc (80) 13 of 12.2.80.

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
C(79) 22	18/06/79
CC(79) 7 th Conclusions, Minute 4	20/06/79
C(79) 24	04/07/79
CC(79) 8 th Conclusions, Minute 5	05/07/79
C(80) 10	05/02/80
CC(80) 5 th Conclusions, Item 6	07/02/80

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES

Signed Wayland

Date 5 August 2010

PREM Records Team

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in The National Archives.

1. Cmnd. 7598: Ministers of the Crown and Members of Parliament and the Peer's expenses allowance; part 1
Published by HMSO, June 1979
2. House of Commons Hansard, 21 June 1979, columns 1508-1526
"Members of Parliament and Ministers (Pay)"
3. House of Commons Hansard, 11 July 1979, columns 477-490, 503, 574-575 and 595-602
"Members' Salaries and Pensions"

Signed Wayland Date 5 August 2010

PREM Records Team

Cabinet Decisions on Cabinet Ministers' Salaries

	<u>Ministerial Salary</u>	<u>Parliamentary Salary</u>	<u>Total</u>
Present	14,300	3,529	= 17,829
Stage 1	17,867	4,686	= 22,553
Stage 2	21,433	5,843	= 27,276
Stage 3	25,000	7,000	= 32,000
.....			
Prime Minister (at present)	22,000	3,529	= 25,529
Lord Chancellor (at present)	22,228	-	= 22,228

Parliamentary Members

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Ref. A01342

PRIME MINISTER

Parliamentary Pay and Allowances

(C(80) 10)

BACKGROUND

The Government decided last summer, after one false start, to increase MPs' and Ministers' pay in three tranches - the first payable, and paid, at 13th June 1979, the second due on 13th June this year and the last due on 13th June 1981 - thereby implementing the recommendations of the last Boyle Report (TSRB 9) in a broadly similar manner to that used for other 'Boyle' groups. They also agreed to refer the question of interim updating, by way of salary linkage, to TSRB.

2. The latest report (TSRB 13) deals with this reference, together with a number of issues left outstanding from their last report - Members' secretarial allowances being the most important.

3. Mr. St. John Stevas met the leaders of the 1922 Committee on Monday night, and his paper (late in consequence) reflects their views.

HANDLING

4. I doubt whether the minor recommendations will cause much difficulty. If this is right, there will be two main subjects to discuss (updating of pay and secretarial allowances). I suggest you begin by asking if any colleagues have difficulty with the recommendations apart from these two. If not, you could invite the Chancellor of the Duchy of Lancaster to introduce these items.

(a) Updating. Boyle takes the view that there are no sensible analogues for MPs; that independent review is the best method of updating MPs' pay; but that, if some form of automatic updating is required, the least unsatisfactory method is to link MPs' pay to the relevant part of the New Earnings Survey (NES). Given this, the real choices open are regular review (Boyle originally suggested - in TSRB 9 last year - biennial reviews) or a link with the NES. If indexing is out - and given

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the Government's present stance it presumably ought to be - then regular review is the only acceptable solution. The 1922 Committee would apparently accept this provided that the review took place each year, that the Government gave a public commitment to implement the Reports, and that a procedural way could be found to avoid an annual debate on MPs' pay. The first condition is easy, the second less so (given the history of Government failure to implement TSRB reports in general in recent years, the other TSRB groups would be delighted to see such a commitment on the record) and the third may not be practicable (even new legislation would be likely to require an annual order to be laid before the House). The Chancellor of the Duchy recommends that the Government should accept annual reviews but with no commitment to avoid an annual debate. He also suggests that the House will have to take on trust the Government's good faith on the implementation of future reviews. Your colleagues may well feel that a solution on these lines would be acceptable to them (all the alternatives being worse) but may have doubts about their acceptability to Parliament. This turns on tactical handling to which I return below.

- (b) Secretarial allowances. Again you might invite the Leader of the House to introduce this part of the discussion. You might collect comments from the Chancellor, the Secretary of State for Employment, and perhaps the Home Secretary, before throwing the discussion open. The key question here is whether secretaries should be employed by individual Members or by the House. It is likely that the Cabinet - and most Members - would prefer the first, because it maintains a personal relationship. The secretaries concerned could well prefer the latter, because of the greater security it would give them. The hidden problem - barely touched on in Boyle - is that of accountability and the prospect of Members cheating on their allowances. I doubt whether colleagues will want to take a firm line. This too therefore is essentially a question of tactical handling in the House.

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5. Tactics: The Government will have to decide whether to put specific proposals to the House which it will back against opposition or to leave the issues for the House to decide with Government advice but no pressure. Either course would be helped if it proved possible to agree a complete package beforehand with senior representatives of both sides. But last year's experience does not augur well for a negotiated deal.

CONCLUSIONS

6. I suggest you should guide the Cabinet to conclusions on the three main points:

- (1) To agree on the nature of any interim updating between references to TSRB, indicating a preference as between indexation (to the NES as the only index with a modicum of support from TSRB) or an annual TSRB exercise. If the latter course is chosen, the Cabinet will have to decide whether to promise to implement the TSRB findings. The question of avoiding an annual debate must depend on the advice of the Leader of the House.
- (2) On secretarial allowances, to indicate a preference as between continued individual employment and a unified service; and if the former, then to approve (or vary) the remaining Boyle proposals.
- (3) On any other issues raised in discussion. You might specifically record the Cabinet's approval of the proposals on Peers and Ministers in the Lords.
- (4) Any conclusions on handling and Parliamentary tactics.

RA

(Robert Armstrong)

6th February, 1980

COVERING CONFIDENTIAL



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

Chancellor of the Duchy of Lancaster

5 February 1980

Dear John

TSRB 13: MINISTERS' AND MPS' PAY AND ALLOWANCES

As you will know, Cabinet are to consider this week a paper by the Chancellor of the Duchy of Lancaster on Parliamentary pay and allowances. I therefore attach a confidential copy of the Thirteenth Report of the Review Body on Top Salaries for your Minister's use.

I am copying this to the Private Secretaries to other Cabinet Ministers, Lord Ferrers, the Chief Whip and Sir Robert Armstrong.

John Stevens

J W STEVENS

J Chilcot Esq
Private Secretary to the
Home Secretary
Queen Anne's Gate
SW1

FEB 6 1980

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4 5 6 7 8 9 10 11

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REVIEW BODY ON TOP SALARIES

REPORT NO 13

MINISTERS OF THE CROWN

AND MEMBERS OF PARLIAMENT

AND THE PEERS' EXPENSES

ALLOWANCE: PART II

Chairman:

THE RT HON LORD BOYLE OF HANDSWORTH

Presented to Parliament by the Prime Minister
by Command of Her Majesty
1979

LONDON

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On 23 October 1978, the Review Body on Top Salaries was invited by the Prime Minister to review and make recommendations on:

- (i) the level of salary of Members of the House of Commons, including the question of a salary linkage;
- (ii) the arrangements for severance pay for Members of the House of Commons;
- (iii) the scope and level of the Members' secretarial allowance, with reference to the question of providing severance pay and pensions for secretaries;
- (iv) the levels of salary of Ministers and other office holders;
- (v) the pension position of former Members of the House of Commons who left the House before 2 August 1978;
- (vi) the rates of the Peers' expenses allowance;
- (vii) the scope for and level of an allowance towards the cost of running constituency 'surgeries', and
- (viii) the scope for and level of an allowance for travelling and subsistence for Peers' and Members of the House of Commons' spouses to attend official functions.

Items (i), (iv) and (vi) were dealt with in Report No 12 which also included an interim recommendation on the level of the Members' secretarial allowance. The remaining items are dealt with in this report. Subsequently two further items were added:

- (ix) the question of a support allowance for Ministers and other office holders in the House of Lords analogous to the secretarial and other allowances paid in the House of Commons;
- (x) salary linkage, by considering further the possibility of relating the salary of a Member to one or more analogues in the professional field.

The members of the Review Body are:

The Rt Hon Lord Boyle of Handsworth, Chairman

Sir Harold Atcherley¹

Sir George Coldstream, KCB, KCVO, QC

Lord Hirshfield

Andrew Leggatt, QC

Lord Plowden, KCB, KBE

Baroness Seear

The Secretariat is provided by the Office of Manpower Economics.

Sir John Clark resigned his membership in June 1979 and did not take part in this review.

¹ Also Chairman of the Review Body on Armed Forces Pay.

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MINISTERS OF THE CROWN AND MEMBERS OF PARLIAMENT AND THE PEERS' EXPENSES ALLOWANCE: PART II

CHAPTER 1

INTRODUCTION

The background

1. We were invited by the Prime Minister on 23 October 1978 to review and to make recommendations on the remuneration of Ministers of the Crown and Members of Parliament, the Peers' expenses allowance, and specific points relating to Parliamentary allowances and pensions arrangements. The first part of our report, submitted and published in June 1979¹, dealt with the salary of Members, the closely related issue of salary linkage, and the salaries of Ministers and other office holders. It also covered two other areas which warranted particularly urgent attention: the level of the Peers' expenses allowance and the maximum of the Members' secretarial allowance. At that time, we were able to make an interim recommendation only on the latter.

2. The levels of salary and of allowances recommended in that report have been accepted as appropriate at 13 June 1979. The new salaries are however to be introduced in three stages. One half of the increase has been paid from 13 June 1979, and two further equal instalments are to be paid from 13 June 1980 and 13 June 1981. The second payment is to be updated in accordance with recommendations that we have been invited to make on the level of salary appropriate for 13 June 1980.

3. In this report we deal with the remaining items in our terms of reference, including our final recommendations on the secretarial allowance, and the two further items added subsequently to our remit by the Prime Minister - the question of an allowance for Ministers in the House of Lords and the possibility of relating the salary of a Member to one or more analogues in the professional field. In some areas we have found it necessary to go beyond our original terms of reference in order to consider properly the items within our remit. The Prime Minister did confirm, when we began this review, that we might do so.

¹Review Body on Top Salaries, Report No 12: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I - Cmnd 7598.

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4. We have also taken the opportunity to comment, where we considered it necessary, on a number of questions, in particular, the accrual rate and transfer arrangements under the Parliamentary pension scheme and travel facilities for MPs, which have been brought to our attention in the course of this review. We have not however made any recommendations in these areas as they lie outside our terms of reference.

5. There are some further items outside our terms of reference upon which no more than a brief comment is required. These include the provision of free postage, telephones and stationery, and a number of payments - London supplement, additional costs allowance and car mileage allowance - which are linked to parallel payments in the public service. None of these appears to have given rise to significant problems and we see no reason to propose change. We are aware that some Members consider some of these arrangements inadequate but we believe that they are reasonable and that Members' concern on these matters will be reduced substantially as they receive a realistic salary. We do not consider it right when salary is depressed to attempt to boost remuneration by increasing allowances and facilities. We repeat our earlier view that the correct approach is for MPs' pay to be brought up to, and maintained at, a realistic level.

Our inquiries

6. As we indicated in Report No 12, we have received written and oral evidence from a number of Members of Parliament and from Ministers. A list of those who gave oral evidence for the subjects covered in this report is at Appendix A. We also explained then that a questionnaire was sent to each Member of Parliament to obtain factual information on patterns of work and levels of expenditure incurred in connection with the Parliamentary duties, and to obtain opinions on a range of matters related to pay and allowances. The response rate was 53 per cent. The results of this survey are referred to as necessary in the following chapters. A full analysis is in Appendix C to Report No 12. We would again like to express our thanks to all those who have helped our inquiries by completing the questionnaire and by otherwise bringing their views to our attention.

CHAPTER 2

SECRETARIAL ALLOWANCE

7. We have been asked to consider the scope and level of the Members' secretarial allowance, with particular reference to the question of providing severance pay and pensions for secretaries. When we were asked to do so, the maximum of the allowance stood at £4,200. It was increased subsequently to £4,520 for the year ending 31 March 1980 and is to rise to £4,600 thereafter. These changes followed the interim recommendation in our report earlier this year¹ that the maximum of the allowance should be increased to £4,600.

8. The secretarial allowance was introduced in 1969 to meet secretarial and general office expenses. The maximum against which claims could be made was then £500. In our First Report², we recommended that the maximum should be increased to £1,000 of which £300 was to be available for research assistance. That recommendation was implemented. In our 1975-76 review we considered that the maximum of the allowance should in future provide the opportunity for Members to employ a full-time secretary. It had not previously been designed to do so. We also proposed that the limit on the amount that could be spent on research assistance should be abolished, so that the full amount would be available for secretarial or research assistance or a combination of both. We also recommended that cost of purchase and maintenance of office equipment should be met separately and not, as was the case with the cost of maintenance of office equipment, through the secretarial allowance; this recommendation has not been implemented.

9. The evidence we have received in this review suggests that greater use is now being made of the secretarial allowance and that Members are employing secretarial and research assistance at the level we anticipated in our last substantive review in 1975-76³.

10. These developments we attribute to the changing nature of a Member's job. There is now a greater reliance on the written word than hitherto in the conduct

¹Review Body on Top Salaries, Report No 12: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I - Cmnd 7598 (paragraph 24).

²Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament - Cmnd 4836 (paragraphs 43-45).

³Review Body on Top Salaries, Report No 7: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I - Cmnd 6136 (paragraphs 28-31).

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of Parliamentary business. The strengthening of the committee system of the House of Commons may be expected to emphasise this trend. Consequently Members need help to deal with the growing volume of paper and to inform themselves on often increasingly technical or specialist subjects.

11. All those who responded to the survey carried out on our behalf in 1975 employed or shared in the employment of a secretary¹. The survey for this review² indicated no significant change. The difference is in the number of hours for which secretaries are employed. In 1975, 55 per cent of those who replied to the survey employed a secretary for 30 hours a week or more. The equivalent figure in 1978 was 72 per cent. There has also been a change in the nature of the job. The role of a secretary, a personal assistant and a research assistant can overlap. In many cases an MP's secretary is now a personal assistant who, in helping the Member to deal with the growing volume of paper that is an increasing feature of Parliamentary life, may also undertake some of the tasks normally associated with a research assistant.

12. Since 1975 there also appears to have been a substantial increase in the number of MPs who employ or share in the employment of a research assistant. Whereas in 1975 29 per cent of those responding to our survey did so, in 1978 the proportion had risen to 40 per cent².

13. We had to determine whether in the face of this evidence of increased use the scope of the present arrangement remained appropriate. We received a variety of suggestions on this point. Some favoured the status quo; others proposed an allowance that would enable an MP to employ one full-time secretary or more, a research assistant and other staff. There was also support for separate maxima for the employment of secretaries and the employment of research assistants.

14. In considering the evidence we also had to take account of the contribution that the Library does and could make in the provision of information to MPs. At present it provides a valuable service by identifying material relevant to an inquiry by a Member and in supplying general background information on topics coming forward for debate in the House. The division of research staff into groups specialising in particular subjects is also of help not least in the provision of

¹Review Body on Top Salaries, Report No 8: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II - Cmnd 6574 (Appendix A, Table 7).

²Review Body on Top Salaries, Report No 12: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I - Cmnd 7598 (Appendix C, Table 7).

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Gift oral briefings on factual points of concern to individual Members. The Library's capacity to analyse problems in depth for individual MPs is however necessarily limited; this role falls more often to a research assistant employed direct by the individual MP.

15. In reaching our conclusions on what the maximum of the allowance should be and what it should cover, we have taken account of a further factor - the liability upon the MP to meet the cost of the employer's national insurance contribution. This now stands at 13.5 per cent of the salary of the secretary or research assistant.

16. Finally, we have sought to satisfy ourselves that claims against the maximum of the allowance will be subject to an acceptable standard of accountability - a question to which we first drew attention in our Report No 8¹. At present, it is notionally possible for an MP to claim against the secretarial allowance without employing a secretary. We have received no evidence that this occurs in practice, but there is no check within the present system which would prevent or draw attention to any such abuse. This is unsatisfactory. It is important that Parliament should be seen to apply to itself the standards of accountability it would expect to see elsewhere.

17. The present single allowance, although available for secretarial or research assistance, or a combination of the two, was designed primarily to enable the MP to employ a full-time secretary. The evidence we have received indicates that many Members now do so and that in addition a significant number of Members now employ a research assistant. We think it right therefore that any new provision should be sufficient to enable the Member to employ where necessary both a full-time secretary and a part-time research assistant. We propose that there should in future be separate maximum allowances for secretarial assistance and for research assistance. The maximum of the secretarial allowance should be £5,500 and the maximum of the research allowance should be £1,250. These amounts take account of the MP's liability to pay the employer's national insurance contribution. We recognise that some Members may find two allowances less flexible than the present dual purpose allowance. We no longer see it as appropriate however, having accepted that there should be specific provision to enable MPs to employ two separate assistants, to make that provision in the form of a single maximum allowance, particularly bearing in mind the need for accountability. Provision of two allowances with separate maxima will not in itself produce an acceptable level of accountability. A minimum standard of

¹Review Body on Top Salaries, Report No 8: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II - Cmnd 6574 (paragraph 15).

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accountability would be attained however if payments against each allowance were made direct to secretaries or research assistants by the Fees Office on behalf of Members.

Recommendation: We recommend that there should be two allowances with separate maxima for secretarial assistance and for research assistance. The maximum of the secretarial allowance should be £5,500. The maximum of the research allowance should be £1,250. These amounts should apply with effect from the date of acceptance of these recommendations. Payments against the allowances should be made direct to secretaries or research assistants by the Fees Office on behalf of Members.

18. We would like to make one further comment. It is a comment and not a recommendation because the matter is strictly speaking outside our terms of reference. It relates to the services provided by the Library. We have been impressed in the course of our review by the way in which the different services provided by secretaries, research assistants and the Library inter-relate. In our view it is important that as the Member's need for secretarial and research assistance grows so the Library service should continue to develop in parallel to enable it to provide information for Members specialising in a particular field. If it does not there will be a wasteful duplication of effort as successive Members and their assistants seek out the same information.

Redundancy arrangements for secretaries

19. We have been advised by the Department of Employment that a secretary who becomes redundant can qualify for a redundancy payment under the provisions of the Employment Protection (Consolidation) Act 1978. No other redundancy benefit is available unless the individual Member chooses to make some additional provision.

20. We have considered the case for some provision that would increase the payments available to secretaries, or would enable MPs to be reimbursed from public funds for any additional costs that they might incur in this respect.

21. The provisions of the 1978 Act are regarded by many employers as minima upon which to build. They are not as generous as those available to the secretarial staff employed direct by the House authorities. However, the House has much greater flexibility in the deployment of its staff and this enables it to match a surplus in one area with a shortage elsewhere. Consequently, while individual redundancy payments may be larger than those available under the 1978 Act, they are unlikely to occur as frequently as they would if staff could not be re-allocated. Staff

employed by Members have no comparable obligation to move from one post to another. They have an individual contract with one or more Members, and should be aware of the conditions (including the arrangement for redundancy payments) under which they are employed, although in practice we realise that some may not be.

22. In our view it would not be appropriate to improve the present arrangements while the present system of individual employment is retained. It would add an additional cost without any commensurate benefit in the deployment of staff such as is achieved by the House authorities. We are also convinced that no sensible measures can be introduced to reimburse MPs for the cost of any additional expenditure they incur in order to top up payments due under the 1978 Act in the case of redundancy. Secretaries are employed individually in widely differing circumstances. It would be wrong to provide a fixed allowance to all Members irrespective of need; but it would also be difficult for any central authority such as the Fees Office to adjudicate on need.

23. The costs of the present redundancy arrangements vary widely. They can be substantial if an MP has employed a secretary full time for a number of years. 59 per cent of the cost has to be met by the MP as the employer; the remaining 41 per cent of the cost is met out of the Redundancy Fund which is financed out of national insurance contributions. Two illustrations demonstrate the possible range. A secretary aged 25 employed by a Member for 2 years and earning £5,000 a year would be entitled to a redundancy payment of £192 - a cost to the MP of £113. A secretary aged 40 at the same level of salary employed for 10 years would be entitled to a payment of £962 - a cost to the MP of £568.

24. In our earlier recommendations on the level of the maximum of the secretarial allowance we have not taken account of this additional prospective call on the resources of Members once they leave the House. There are difficulties in doing so now. The maximum of the secretarial allowance is designed as a maximum against which current actual expenditure may be reclaimed. It would not be appropriate to increase that maximum to provide for some possible future expenditure which may never be incurred. In any case, Members who need to claim will usually need to do so because they have lost their seat, a time when they will by definition no longer be eligible to claim against the secretarial allowance¹. They will, however, be able to claim any such cost as deductible for tax purposes. We make no recommendation as the issue is not within our terms of reference. Neither do we suggest that a general new facility should be provided, as we believe that the cases where the cost will be an onerous burden upon an individual Member will be few; but they will occur from time to time, arising as they do out of the MP's duties as an employer.

¹ Since June 1978 an allowance of up to £500 has been available to a former MP towards defraying the expenses of secretarial or research assistance which is required in connection with the former Member's Parliamentary duties after the former Member has left the House. This allowance is not intended to meet the cost of redundancy payments to MPs' secretaries.

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Pension arrangements for secretaries

25. Members' secretaries are included within the state pension scheme and Members, as employers, contribute to this. Consequently, the maximum of the allowance which we recommended in our Report No 7¹ took account of the higher level of contribution required of an employer with the advent of the new earnings related state pension scheme introduced in April 1978. The increase in the maximum of the allowance that we now recommend does, as we have indicated (paragraph 15), take account of the further increase in the employer's contribution since April 1978.

26. We have considered whether the maximum of the allowance should be revised to take account of the cost to MPs of contributing to an occupational pension scheme for a secretary where the secretary is in consequence contracted out of the state pension scheme. It is conceivable that the cost could be higher than the employer's national insurance contribution that would otherwise have to be paid. The additional costs are likely however to vary and we see no yardstick by which to assess the extent to which these costs would be reasonable. In these circumstances, we have not considered it appropriate to reflect this factor specifically in the maximum that we recommend.

Payment of claims against the secretarial allowance during a period of dissolution

27. The inability of Members to make claims against the secretarial allowance for costs incurred on Parliamentary business during dissolution has been brought to our attention. It has been suggested that as a Member's salary now continues to be paid during dissolution the secretarial allowance should also be available in that period.

28. Members' salaries continue in payment during dissolution to prevent hardship for them and their families at a time when they are uncertain of their future and cannot plan ahead. The same uncertainty may also affect Members' secretaries, albeit to a slightly lesser extent, and we have certainly no wish to suggest that the secretary should be at a financial disadvantage during dissolution. The main justification for the secretarial allowance flows however from the MP's constituency responsibilities. Technically, the Member no longer represents the constituency with effect from the date of dissolution and allowances which relate to the work of the constituency therefore cease. Settlement of claims against the secretarial allowance for secretarial support during a period of dissolution would be open

¹ Review Body on Top Salaries, Report No 7: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I - Cmnd 6136 (paragraph 29).

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to misconception, especially since it is not unusual for a Member's secretary to be closely involved in the election campaign. We consider that the only proper and defensible course is for secretarial expenses incurred during dissolution to be met either from the employer's own pocket or from party funds.

Employment of secretaries by the House

29. Our attention has been drawn, in the course of the review, to the differences that exist between the conditions of service of secretaries employed by Members and those employed by the House authorities. MPs' secretaries are covered by the state pension scheme. If they are redundant they benefit under the terms of the Employment Protection (Consolidation) Act 1978. In some cases the MP may make alternative, more favourable pension and redundancy arrangements. There are few such cases however since the maximum of the secretarial allowance, for reasons we have indicated, cannot reasonably include elements to cover the costs involved. In contrast, staff employed direct by the House authorities have more favourable pension and redundancy arrangements which are similar to those which apply to the civil service. In general therefore the position of the MP's secretary in these respects is less favourable than that of staff employed direct by the House or, indeed, of many other employees in both public and private sectors. Conversely, as an employer, the MP has a number of responsibilities which entail a potential financial liability. One to which we have already referred is the liability, under the Employment Protection (Consolidation) Act 1978, to contribute towards the cost of redundancy payments to secretaries; another is the liability to contribute towards the maternity benefits for a secretary who leaves to have a family. We have not attempted to chronicle all the potential liabilities, and there may be others.

30. It can be argued that the MP's position is no different from that of any other employer and that the secretary's pension and redundancy benefits are the same as those which apply to many other employees. Nevertheless, we consider that there is some case for attempting to standardise the conditions of service of MPs' secretaries and to bring them into line with those which apply to others employed in the House, in the public services generally, and in the 'better' private sector organisations. We have therefore looked at the ways by which some degree of improvement and harmonisation might be achieved. We have not found any that we can recommend, if the present system of employment is to be retained. We have however looked more widely at possible changes in the system. This is going beyond our terms of reference and therefore we make no recommendations. We wish only to record that it would be to the mutual benefit of secretaries and Members, if

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secretaries were to be employed by the House and not by Members individually.

The introduction of an optional arrangement of central employment was recommended by the Select Committee on Assistance to Private Members in their First Report in 1976¹. We suggest that the House might reconsider the introduction of such an arrangement now, but in doing so we would like to describe precisely what we have in mind.

31. By 'central employment' we do not mean the provision of a central pool from which Members would draw a secretary as and when they had a need to do so. What we have in mind is a scheme under which Members would select their own secretary, and the secretary would then become an employee of the House. That secretary would then remain with that MP as long as the arrangement was mutually acceptable. Such a scheme would be more in line with general practice outside Parliament. Elsewhere it is normal practice for senior staff to be able to choose their own secretaries from those already employed by the organisation or if necessary from outside, in which case they then become employees of the organisation concerned.

32. If a Member left the House, for whatever reason, his former secretary would be available for employment by another MP. This would be a formal variation of existing practice. Many new MPs do at present employ secretaries of Members who leave the House, most commonly through defeat at a general election. Present practice is mutually beneficial in that the secretary finds employment and the Member gains a secretary who is already conversant with the working of Parliament. The formal variant that we are proposing (and which already operates in a number of countries) would leave the individual Member with the same freedom to select a secretary from among the secretaries already employed by the House, or from an outside source. In our view, it would however bring a number of additional advantages to the Member and to his secretary. All MPs' secretaries, as employees of the House, would share the same pension arrangements which, we assume, could be the same as those that are applicable to other secretarial staff currently employed direct by the House authorities. Individual Members would be relieved of responsibility for supplementary pensions arrangements. The problems inherent in the provision of severance pay would also be avoided as an individual secretary's employment would not be linked to the electoral fortunes of individual Members. Moreover, the accountability problem would be resolved.

33. We recognise that a move to the central employment of secretaries would be a major step for the House to take. It would mean the adoption of a system untried in this country in place of one that is well established. The House may therefore want to consider the possibility of introducing a system of central employment on an optional basis. Members could elect to take on a secretary in this way or continue to employ a secretary direct. The choice would be theirs.

¹First Report from the Select Committee on Assistance to Private Members - House of Commons Paper 375, Session 1974-75 (paragraphs 11-17).

Background

34. Before 1964, there was no pension scheme for Members of Parliament. The only financial assistance available to former Members was provided through the House of Commons Members' Fund established by Act of Parliament in 1939 to make grants, based on an assessment of need, to former Members and to their widows and dependent children. An amending Act of 1948 extended the provision of grants to widowers. The Fund continues to provide for any former Member who may be in financial need, including Members who may have retired under the current pension scheme with an inadequate pension and without other resources. From the outset, it has been financed by an annual levy of £24 on all serving Members, a maximum annual contribution from public funds of £22,000, and dividends and interest from investments. The Members' Fund is administered by Trustees appointed by the House of Commons. Further details are in Appendix B.

35. The Parliamentary contributory pension scheme for Members was introduced in 1965 under the provisions of the Ministerial Salaries and Pensions Act 1965, and reflected the recommendations of the Lawrence Committee in October 1964¹. It provided a compulsory pension scheme based on a fund managed by Trustees appointed by the House of Commons. The scheme was introduced with effect from the date of the October 1964 general election that brought in a new Parliament. Members who had left the House before that date were not covered by it. Those whose service continued into the new Parliament could however count up to ten years of service prior to October 1964 as reckonable for pension purposes. This also applied to Members who lost their seats in the October 1964 general election or earlier and who were returned subsequently to Parliament. In our First Report we recommended a number of improvements in the scheme². These were implemented with effect from 1 January 1972 under the Parliamentary and Other Pensions Act 1972. They included special pension arrangements for Ministers and other office holders and a reduction in the period of service necessary to qualify for a pension.

¹ Report of the Committee on the Remuneration of Ministers and Members of Parliament - Cmnd 2516: Chairman, Sir Geoffrey Lawrence.

² Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament - Cmnd 4836 (paragraphs 53 - 74).

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● In our 1975-76 review, we recommended further improvements¹. These were implemented in the Parliamentary Pensions Act 1978 and were effective from 2 August 1978. They included provision for an option to purchase added years, for early retirement on grounds of ill health, for an option to retire at the end of a Parliament in certain cases and, for those retiring on or after 2 August 1978, an entitlement to reckon up to 15 years service before 1964 without contributions. There was no change in the entitlement of those who had left the House before 2 August 1978. For this group, the maximum number of years served before October 1964 that were reckonable for pensions purposes remained at ten years, as provided in the Ministerial Salaries and Pensions Act 1965.

37. Two other changes were made by the House itself. The rate of children's pensions was increased from one eighth of a deceased Member's prospective pension entitlement (for a maximum of four children) to one quarter (for a maximum of two children) likewise with effect from 2 August 1978. The Act also provided for the widower of a Member who had qualified for pension to receive a pension calculated on the same basis as a widow's pension, if he had attained the age of 65 or was under 65 but unable, for physical reasons, to earn his own living.

38. A summary of the present pensions arrangements for Members and Ministers is in Appendix C.

The present review

39. Our terms of reference invite us to consider the pensions position of former Members of the House of Commons who left the House before 2 August 1978. We have nevertheless thought it right, in the light of the evidence that we have received and as three years have elapsed since we last considered the subject, to look again at the pensions scheme as a whole, particularly in the light of developments in pensions practice in both the public and private sectors since 1976, to establish whether there is a need for a general review of the present scheme.

40. We have concluded that a general review would not be justified at this stage. We considered however that two particular features of the present scheme required further study. These were the rate of accrual and the arrangements for new Members to transfer from a pensions scheme to which they belonged before entering the House to the Parliamentary scheme.

¹ Review Body on Top Salaries, Report No 8: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II - Cmnd 6574 (paragraphs 31-60).

41. The present scheme provides for an even rate of accrual of pension entitlement of one-sixtieth of final salary for each year of service up to a maximum of 40 years, giving a maximum pension of two-thirds of final salary. What is, by comparison with practice elsewhere, a favourable rate of accrual means that the maximum benefit available to MPs is equal to that available in most public service schemes.

42. The survey of Members carried out for the review indicated less concern with the rate of accrual than in 1975. But it is the area in which most suggestions for improvement were made - about one-third of the total number of suggestions. Faster accrual has also featured in oral evidence on pensions. The most common specific proposal put to us has been that the rate should be one-fortieth of final salary for each year of service. The main argument in support of this rate is that it is extremely unusual for an MP to be able to serve the 40 years necessary under the present arrangements to qualify for full pension entitlement.

43. We can understand Members' feelings on this issue: the great majority of Members are unable to complete 40 years service in the House. However, as we explained when we considered this question in our 1975-76 review¹, a number of other points have also to be taken into account. A career in Parliament is probably a 'late entry' career to a greater extent than most others. Nevertheless MPs are by no means alone in being unable, in most cases, to qualify for maximum benefit from the scheme to which they belong. An accrual rate which provides maximum benefit equivalent to two-thirds of pay at retirement after 40 years is widespread in the public services although in practice, because of late entry, the average reckonable service of public service pensioners is well below 40 years. A similar rate of accrual is common among the better private sector schemes, but many private sector schemes offer a less favourable rate. Faster rates of accrual are not common and are mainly related to particularly hazardous and physically demanding jobs (such as the police and fire services). Moreover, the cost of a faster rate of accrual could be high, particularly were Members to bear the whole cost themselves. Within the public sector it is common for an entitlement to a pension to be preserved or transferred from one scheme to another. In the private sector the preservation of pension entitlement is common and a number of private sector schemes now make provision for transfers; however, many people do not elect to transfer - partly because of problems created by current pensions legislation and partly because preservation can be financially advantageous. Where these changes have taken place, MPs have the same opportunities as other people. Against this background we consider that the present accrual rate for MPs is satisfactory. Moreover, the ability to purchase additional years of reckonable service goes a long way towards meeting the criticisms of the present rate of accrual without imposing any further financial burden on those MPs who regard the

¹ Review Body on Top Salaries, Report No 8: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II - Cmnd 6574 (paragraphs 36-38).

Transferability

44. We have received evidence that the present limit of 12 months within which a Member may decide whether or not to transfer occupational pension rights into the Parliamentary scheme is inappropriate in the particular circumstances of a Parliamentary career. A Member may continue in his or her previous employment and pensions scheme and need only decide at a later stage, perhaps in circumstances of achieving Ministerial office, to give up the previous employment. However, under the present scheme, if this decision is taken later than 12 months after entering the House, it is not possible to transfer existing pension rights into the Parliamentary scheme and this may involve a financial loss.

45. It has been suggested that, although transfer time limits of this nature are common in other pension schemes, more flexibility would be appropriate to the Parliamentary scheme in view of the uncertainties of a Parliamentary career. We agree and suggest that the limit should be increased - possibly to five years from entry to the House - and that consideration should be given to a further option in the event of appointment as a Minister. We do not see this as a matter requiring immediate attention but as something that Parliament might consider when new legislation is planned on the pensions scheme.

The pensions position of former Members of Parliament who left the House before 2 August 1978

46. Two separate but related points, which we have already considered in earlier reports¹, arise in relation to the effective date of the present contributory pension scheme for Members of Parliament. The first is whether those Members who retired before October 1964 and who have no subsequent service in the House should be entitled to any benefits under the Parliamentary contributory pension scheme. The second is the amount of service prior to October 1964 that should qualify as reckonable towards the pensions entitlement of those who remained in the House after October 1964, but left before 2 August 1978 when the Parliamentary Pensions Act 1978 became effective. We consider the two points separately.

Former Members who left the House before 16 October 1964

47. In this review, as in our 1975-76 review, we received a substantial amount of evidence in support of a pensions provision as of right for those Members who left the House before 16 October 1964. A number of those who have given evidence have, however, recognised the problems involved in making such provision.

¹ Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament - Cmnd 4836 (paragraphs 69 and 70); Review Body on Top Salaries, Report No 8: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II - Cmnd 6574 (paragraphs 31-35).

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48. It is a firm point of pensions principle and practice that individuals who have no service on or after the date on which a scheme is introduced cannot benefit from that scheme. The Lawrence Committee endorsed this principle when recommending the introduction of a pensions scheme on the lines of the scheme subsequently adopted by the House¹. We examined the issue in our First Report² and we came to the same conclusion as the Lawrence Committee had done seven years earlier. We took the view that it remained appropriate for cases of financial hardship among former Members who had retired before October 1964 and their dependents to be dealt with through the House of Commons Members' Fund. We examined the question again in our Report No 8 but, notwithstanding natural sympathy for those affected and the fact that the cost might not be prohibitive, we considered the point of principle of such importance that it could not be disregarded. We drew attention to the fact that the position of this small number of former Members is by no means unique: for example, we have been told that over the years up to 1964, and indeed up to 1973, hundreds of thousands of former public servants had retired without a pension entitlement and were therefore in the same position. There are also many other such instances in the private sector.

49. We therefore felt bound to stand by the view that former Members who had no service after the introduction of the Parliamentary pension scheme should not be entitled to benefit from that scheme. The Members' Fund continued in being and, while we recognised that under the governing legislation it could not provide a pension 'as of right', we considered that it remained the appropriate channel through which to provide for the needs of former Members and of their dependents, including those who retired before October 1964. We did, however, make a new suggestion which reflected a development in the community at large, to the effect that, if it were the desire of Parliament as a whole that some additional provision should be made for those Members who had retired before the introduction of the present pension scheme, it might be appropriate to consider an arrangement in parallel to the state pension arrangements for the over 80's. Under such an arrangement some limited benefit could be made available as of right for such Members at age 80. We made no formal recommendations on this matter, as it is a matter for Parliament itself, and we note that no action has been taken.

50. We consider that the present arrangements are unsatisfactory in this respect. Not all of those who are eligible to receive grants from the Members' Fund apply, for reasons which we can understand. Moreover, the grants that are available for those who do apply are low compared with the benefits available to Members who retire now, reflecting the proportionately smaller contributions made to the Members'

¹ Report of the Committee on the Remuneration of Ministers and Members of Parliament - Cmnd 2516 (paragraph 76).

² Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament - Cmnd 4836 (paragraphs 69 and 70).

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Fund compared with the contributions to the Pension Fund. We understand that the Fund's expenditure is well below income and that its income could indeed be increased since at present only some £15,000 of the £22,000 available from public funds is drawn upon. In our view, the appropriate course would be to change the constitution of the Fund to entitle former Members without service on or after 16 October 1964, their widows or other dependents, to a measure of benefit as of right. The need for amending legislation should not be regarded as an insuperable barrier and we consider that such legislation should be introduced as a matter of urgency. No precise estimate of the number of potential claimants is available to us, but the number of former MPs who would qualify would be small - perhaps 200 or so at the outside. The total cost would likewise be relatively small. But if, nevertheless, it is judged to be too great we would suggest that as a minimum a grant should be made available as of right to all such former Members or their dependents who are aged 75 or over at the date upon which a change is made.

Members who left the House on or after 16 October 1964 and before 2 August 1978

51. In our 1975-76 review, we recommended that the maximum amount of service reckonable under the Parliamentary pensions scheme prior to October 1964 should be increased from 10 years to 15 years, but that this benefit should be restricted to Members who served in the House after the date (2 August 1978) upon which our recommendations were implemented. We also recommended that the additional cost should be met from public funds. These recommendations were implemented but concern has continued to be expressed in the House about the position of those who ceased to be Members after 16 October 1964 but before 2 August 1978, and whose entitlement to credit for service before October 1964 is still restricted to 10 years.

52. Our 1976 recommendation provided a limited improvement that we considered was the most that we could then recommend. We have examined this issue again but have concluded that no further improvement would be appropriate. The amount of credit for service before the introduction of the scheme is not ungenerous by comparison with what is permitted under other schemes both in the public and private sectors, and we can see no special circumstances that would justify more favourable arrangements for Members in this respect.

CHAPTER 4

OTHER PARLIAMENTARY ALLOWANCES AND FACILITIES

Introduction

53. We deal in this chapter with the severance arrangements for MPs, constituency 'surgery' costs, travel expenses for wives and husbands of Ministers of both Houses, and the question of a support allowance for Ministers and office holders in the House of Lords which was added to our remit by the Prime Minister on 26 June 1979. We have also decided that it would be appropriate to refer here to the travel and office equipment costs borne by Members: we made recommendations on both in Report No 8¹ but they were not implemented.

Severance arrangements

54. Our terms of reference include the arrangements for severance pay for Members of the House of Commons. We considered this question in our 1971 review². Before that review there had been no provision for the alleviation of the financial effect on Members of losing their seats at a general election. Moreover, at that time, the Member's salary ceased as from the date of dissolution. Unless Members retired on pensions they could, with very little notice, find themselves without income, and even where they were able to turn readily to some other employment it was often some time before they were in receipt of a steady and adequate income. Members were unable at the time to claim unemployment benefits and they were not entitled to payments under the Redundancy Payments Acts.

55. We considered that, in view of the uncertainty attached to the tenure of a Parliamentary seat and at the same time the widely different circumstances of Members in regard to opportunities to obtain alternative earnings, a severance payment should be available to all Members who lost their seat at a general election. We recommended in our First Report that Members of Parliament should continue to be paid throughout the period of

¹ Review Body on Top Salaries, Report No 8: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II - Cmnd 6574 (paragraphs 16, 18 and 19).

² Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament - Cmnd 4836 (paragraphs 48-52).

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dissolution and, in the event of losing their seat in a general election, should be entitled to claim a terminal grant equivalent to three months' salary. We also recommended that the status of Members of Parliament under the national insurance arrangements should be reviewed to enable them to draw unemployment benefits when appropriate. These recommendations were implemented and the severance payment was also extended to those who lost their seats because of constituency boundary changes.

56. We considered severance arrangements again in our 1975-76 review¹. We examined a number of proposals by Members for improvements in the light of changes since 1971: in particular, the April 1975 re-classification of MPs for national insurance purposes, enabling them to claim unemployment benefits with effect from the day after polling day if they lost their seat in a general election. We also noted that MPs might become eligible for redundancy payments if their seat disappeared as a result of the re-organisation of the constituency. We concluded that in the circumstances no improvement in the level of benefits provided by the existing severance arrangements was necessary. We recommended that the grant under the severance arrangements should be available only as an alternative to redundancy payments in cases where a Member became entitled to such payments: otherwise, the severance arrangements should remain unchanged. We now understand that the information we received in that review was misleading and that there was in fact no circumstance in which a Member could qualify for a redundancy payment under the terms of the Redundancy Payments Acts.

57. We have in this review received many proposals for an improvement in the present severance arrangements for MPs. Fifty-nine per cent of the MPs who responded to a question on the severance arrangements in the survey² considered that the present arrangements were inadequate. Dissatisfaction was even higher among those who were over fifty years of age. The proposals for change fall into two categories. Some relate to the circumstances under which an MP would be eligible for a payment. The others relate to the size of the payment.

58. In our judgment severance payments are intended to meet a specific kind of need. When we recommended the present arrangements in 1971, our aim

¹ Review Body on Top Salaries, Report No 8: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II - Cmnd 6574 (paragraphs 22-24).

² Review Body on Top Salaries, Report No 12: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I - Cmnd 7598 (Appendix C, Table 27).

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was to help Members defeated in a general election, who were left suddenly with no regular source of income. It was not our intention that the payment should relate to retirement on grounds of ill-health (for which there was already provision in the Members' pension scheme) or to any other forms of retirement.

59. We have looked at this issue again. There will be occasions, other than defeat at a general election, when Members may be compelled to resign for unexpected reasons. But most Members who retire either do so voluntarily, sometimes to take up other employment, or, as with the Member who fails to be re-adopted, can see some time in advance that they may have to leave the House. In all these circumstances we do not consider that any extension of the existing criteria under which a severance payment is made is practical or desirable.

60. We turn now to the size of the payment made. There are two issues: whether the absolute amount received by MPs is sufficient and whether it should vary in amount according to age and/or the length of service in the House.

61. Our starting point has been the amounts payable under the Employment Protection (Consolidation) Act 1978 and actual practice in the public and private sectors. We have found that the amounts payable under the 1978 Act (recorded in Appendix D) are in general regarded by employers as minima. The public service and many private employers operate more favourable arrangements that are, like payments under the Act, linked to age and length of service.

62. We consider that the present severance payments for MPs are in general reasonable. They are more advantageous in many cases than the age and service related payments that would be available to people of similar age and service under the Employment Protection (Consolidation) Act 1978. For example, the salary of £12,000 for MPs recommended in Report No 12 will provide, when implemented, a severance payment of £3,000 for MPs irrespective of age or length of service, whereas someone aged 40 would receive under the 1978 Act £1,150 if redundant after five years' service, or £2,300 after ten years. They are not however as advantageous as those available under many public and private sector schemes, particularly for the longer serving, older person. It is with regard to the older and longer serving Member that there are doubts about the adequacy of the present scheme. We share these doubts in view of the evidence put to us that the older Members are, and the longer they have been in the House, the more difficult it is for them to find employment.

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Recommendations: We recommend that the basic severance payment for a Member leaving the House because of a failure to be re-elected, or through a change in constituency boundary should remain at 25 per cent of current salary, but that the payment should be increased for those Members who are more than 50 years of age and have served in the House for more than 10 years, in accordance with the table at Appendix E.

General office equipment

63. In our 1975-76 review we recommended that a new allowance be introduced to assist with the initial and maintenance costs of general office equipment¹. We recommended that the maximum of the allowance should be £300 during any period of three years and that reimbursement of claims should be conditional upon evidence of expenditure. This recommendation was not implemented.

64. The recommendation took account of two conflicting objectives that we set for ourselves in the conduct of that review. The first was that Members should be reimbursed for all reasonable expenditure incurred in the exercise of their responsibilities as an MP. The second was that there should not be an undue proliferation in the number of separate allowances. Our view was that on balance there was a case for a separate allowance for office equipment.

65. At present Members have to meet initial capital expenditure on office equipment from their own resources although the cost can be claimed as deductible for tax purposes. The cost of maintaining or replacing office equipment may be claimed against the maximum of the secretarial allowance. The survey of MPs carried out for this review² shows that the costs are moderate especially when compared with secretarial expenses; those Members who replied to the question on office equipment costs and who incurred such costs spent on average £260 a year. Furthermore, to the extent that total secretarial, research and office equipment replacement and maintenance costs exceed the maximum of the secretarial allowance, they are deductible for tax purposes.

66. Our conclusion now is that a new separate allowance should not be introduced for office equipment. We do not consider that it would be right to recommend the provision of public funds to be used for the purchase of

¹ Review Body on Top Salaries, Report No 8: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II - Cmnd 6574 (paragraph 16).

² Review Body on Top Salaries, Report No 12: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I - Cmnd 7598 (Appendix C, Table 8).

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Equipment that would then remain the property of the purchaser. This would represent a breach of the general principle that no one should be given an opportunity to benefit in this way from public funds. We would only add that these costs would not be borne by MPs if secretaries were employed by the House (paragraphs 29-33 above) and if essential office equipment, such as a typewriter, were supplied by the House authorities.

Constituency 'surgery' costs

67. Our terms of reference invite us to consider the scope for and level of an allowance towards the cost of running constituency 'surgeries'. In our 1971 review we concluded that the cost of hiring rooms to meet constituents was one of a number of expenses for which it was difficult to find a common yardstick for reimbursement¹.

68. In considering on this occasion whether there should be financial assistance to the Member for a surgery, whether by an allowance or on the basis of reimbursement, we have been aware that the question also impinges on the wider issue of financial aid to political parties. It has been customary for the Member's party either to provide premises where surgeries can be held or to assist with the cost of hiring premises. We suggest therefore that this particular aspect should be taken into account by the Government when it considers the report² of the Committee under the chairmanship of Lord Houghton on the question of financial support for political parties.

69. The evidence we have received in support of assistance towards the cost of constituency 'surgeries' consists mainly of the answers provided in the survey of MPs carried out for this review. Thirty of the 125 MPs who proposed that specific additional categories of expenses should be covered suggested that there should be some assistance with the expenses of a constituency office³. The survey also showed⁴ that the average expenditure incurred by the individual MP is around £250 a year, and that 60 per cent of MPs who supplied details of expenditure spent £200 or less and 76 per cent £300 or less.

¹ Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament - Cmnd 4836 (paragraphs 46-47).

² Report of the Committee on Financial Aid to Political Parties: Cmnd 6601.

³ Review Body on Top Salaries, Report No 12: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I - Cmnd 7598 (Appendix C, Table 17).

⁴ *ibid*, Table 16.

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70. Other MPs in evidence have opposed the introduction of any new allowances, whether for this or other costs, on the ground that additional allowances would only confuse further the already hazy line of demarcation between remuneration and reimbursement of necessary expenditure. We agree that there has to be a limit to the number of additional payments which Members may receive if a sensible balance between pay and allowances is to be maintained and if further public confusion over reimbursement and remuneration is to be avoided.

71. We have not been convinced that there should be a further allowance for constituency 'surgery' costs. A Member may already choose to claim secretarial costs incurred in the constituency against the secretarial allowance, and additional expenditure may be deducted for tax purposes.

Travel facilities

72. Members' travel costs are reimbursed for journeys between Westminster, their home and constituency, within the constituency, and to central and local Government authorities concerned with the constituency area, but located outside the constituency boundaries. However, reimbursement of Members' costs for journeys to and from home is regarded as a taxable benefit and Members therefore pay tax on car mileage allowance or on the value of travel warrants in respect of such journeys.

73. In our First Report in 1971, we recommended the establishment of two funds, one for travel in the United Kingdom, the other for travel overseas, to meet the cost of Members' travel where it could be shown to be of assistance in carrying out their duties effectively¹. The recommendation was accepted in principle by the Government but was not adopted by the House. In our 1975-76 review we recommended that the cost of all travel within the United Kingdom on Parliamentary business should be reimbursed or should qualify for payment of the car mileage allowance². This too was not adopted.

¹Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament - Cmnd 4836 (paragraph 42).

²Review Body on Top Salaries, Report No 8: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II - Cmnd 6574 (paragraph 19).

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74. We are still of the view that all travel within the United Kingdom on Parliamentary business should be reimbursed or should qualify for payment of the car mileage allowance. We recognise that there may be difficulty on occasion in distinguishing between political and party business for this purpose, but we still consider that it should be possible to draw reasonable lines of demarcation without adding unduly to the work of the Fees Office.

75. It has been put to us that the present arrangement whereby a Member, who does not live in London or in the constituency, is taxed on the value of free travel, from home to Westminster and from home to constituency, is unreasonable and does not take into account the special circumstances of an MP's position. This is in our view a matter for the Inland Revenue and falls outside our terms of reference.

Travel and subsistence for wives and husbands of MPs and Peers

76. We have been asked to consider the scope for and level of an allowance for travel and subsistence for wives and husbands of Peers and of Members of the House of Commons to attend official functions.

77. In our 1975-1976 review we recommended that wives and husbands of Members of the House of Commons should be entitled to 15 free vouchers a year for first class return travel by rail, air or sea between Westminster and the Member's constituency or Westminster and home¹. This recommendation was implemented and replaced the previous entitlement to 10 vouchers a year. There is no provision for Members' wives or husbands to receive subsistence payments.

78. In the survey of MPs' views on their remuneration² carried out for this review, some 56 per cent of MPs who responded to a question on the adequacy of the travel facilities for their wives or husbands considered the present facilities inadequate. There were many proposals for improvements. Of these, those which received the greatest support, apart from increases in the maximum number of warrants, were proposals for an allowance for children to travel with their parents, for entitlement to claim mileage allowance for travel by car, and for facilities to accompany Members on Parliamentary business in the United Kingdom or when they travel abroad.

¹ Review Body on Top Salaries, Report No 7: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I - Cmnd 6136 (paragraph 40).

² Review Body on Top Salaries, Report No 12: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I - Cmnd 7598 (Appendix C, Table 12).

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79. We recognise that a Member's duties, which often involve lengthy absences from home, can impose a considerable strain on family life. It has been suggested to us that one way to ease this would be to make greater provision for free travel by wives and husbands of Members and by their children. Obviously, individual Members' circumstances will vary a great deal in this respect but the nature of the job is such that there will, inevitably, whatever Members' circumstances, be a considerable degree of pressure on their private lives. We are not convinced that further travel concessions for wives or husbands and families would help significantly. We consider that, as hitherto, the concession should be confined to wives and husbands of Members and that the maximum of 15 vouchers per year is adequate. We see no case whatsoever for an allowance for this purpose given the widely differing circumstances of individual MPs and the need for accountability. We do consider however that there is a case, where the husband or wife of a Member uses his or her car for the journey between home or constituency and Westminster, for the husband or wife to claim a car mileage allowance, at the same rate as for Members, for up to a maximum of 15 such return journeys a year. We do not favour the introduction of any subsistence payment for Members' wives or husbands in conjunction with these travel facilities. It has been represented to us that the system under which the value of warrants issued to wives or husbands of Members for travel between home and Westminster is taxable is unduly harsh. The issue here is of course similar to the one mentioned in paragraph 75 and again we consider that it is a matter for the Inland Revenue and is not within our terms of reference.

80. In our view the pressure for a travel and subsistence allowance for wives and husbands of MPs is a reflection of the past inadequacy of the Member's salary. If the salary is realistic we would consider it reasonable for additional travel and subsistence expenses not covered by an existing provision to be met out of that salary. It may be significant that, while other countries appear to be less generous in their assistance for travel costs¹, they appear to have been more successful in the past in consistently keeping the salaries of their Parliamentarians in line with the cost of living.

81. Peers' wives or husbands have no entitlement to free travel or to subsistence payments. In our 1975-76 review we considered proposals that facilities on the lines of those available to MPs should be provided to enable wives or husbands of Peers to travel to Westminster to attend official functions. We concluded however

¹ Review Body on Top Salaries, Report No 12: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I - Cmnd 7598 (Appendix D).

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that there was a significant difference between the position of an MP's wife or husband and the position of a Peer's wife or husband arising from the regular involvement of the former in the practical constituency side of the MP's job¹. We remain of that view and can see no case for introducing special travel facilities for the wives or husbands of Peers.

Support allowance for Ministers and other office holders in the House of Lords

82. We have been asked to consider the question of some form of support allowance for Ministers and office holders in the House of Lords, analogous to the secretarial and other allowances for which Members of the House of Commons are eligible.

83. Ministers and other office holders in the House of Lords receive the salary appropriate to their appointment with the addition of the London Supplement. Since June 1975, Ministers below Cabinet rank in the House of Lords have also been able to claim up to £700 a year against the Peers' expenses allowance, although only the first £100 of such claims has been free of tax. In the first part of our report we made it clear that, once the salaries recommended were fully implemented and up to date, the additional income represented by this limited entitlement to the Peers' expenses allowance would not be justified and we recommended that it be withdrawn. This remains our view. The present payment is more in the nature of pay than reimbursement and is inconsistent with the system of categorising eligible items in the Peers' expenses allowance recommended in the first part of our report², and since implemented. If there is a need for a support allowance for Ministers and office holders in the House of Lords then its purposes should be defined and a maximum amount specified for each purpose.

84. Ministers and other office holders in the House of Commons receive, in addition to the salary for the appointment and London Supplement, a Parliamentary salary which recognises their constituency responsibilities as distinct from the responsibilities of their office. They are entitled to claim for the cost of secretarial and research assistance and office expenses up to the maximum

¹ Review Body on Top Salaries, Report No 9: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part III - Cmnd 6749 (paragraph 42).

² Review Body on Top Salaries, Report No 12: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I - Cmnd 7598 (paragraph 60).

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of the MPs' secretarial allowance; they are also entitled to claim some of the costs of running a home in the constituency against the additional costs allowance, the maximum of which is currently £3,046.

85. Some disparity between the total remuneration of Ministers in the House of Lords and Ministers in the House of Commons is inevitable, given that the former have no constituency responsibilities. Nevertheless, it has been strongly represented to us that in two respects - assistance with secretarial costs and with the expense of running a home outside London - Ministers in the House of Lords are at a substantial disadvantage.

86. Ministers and office holders in the House of Lords have no constituency responsibilities but many attract a great deal of correspondence, by virtue of their public position. Although they are provided with secretarial assistance by their Departments, this assistance may not be used for non-Departmental correspondence. Neither may they claim the cost of employing a secretary to handle this correspondence against an allowance analogous to the MPs' secretarial allowance. Finally, while some Ministers and office holders in the House of Lords can at present claim up to £700, of which only £100 is free of tax, against the Peers' expenses allowance, Cabinet Ministers are not able to do so.

87. We consider that there is a case for Ministers and other office holders in the House of Lords to receive some financial help towards the cost of the secretarial assistance needed to deal with non-Departmental correspondence. We take the view that this correspondence is unlikely to be less than that of a Peer who is not a Minister or office holder, although it would not be as great as that of an MP in relation to constituency matters. This leads us to the conclusion that an allowance with a maximum of £1,000 a year would be right. However, such an allowance should not be made available so long as Ministers retain their present limited entitlement to claim against the Peers' expenses allowance.

88. Ministers and other office holders in the House of Lords are ineligible for any financial assistance or tax relief on the costs of running a second home outside London. A Minister in the House of Lords is deemed for tax purposes to live in London. Yet if, prior to assuming office, he has been living outside London, he is unlikely to move his home into London because his Government appointment is by its nature of uncertain duration. Ministers in this position are therefore likely to be faced with the expense of a second home in London. Those Ministers in the House of Lords who are entitled to claim up to £700 against the Peers' expenses allowance may of course include some elements of the

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additional expenditure, such as overnight expenses in London, in their claims. However, this limited, and largely taxed, entitlement is low when compared with the real costs of staying overnight in London. By contrast, a Minister in the House of Commons, although deemed for tax purposes to live in London, can claim against the Members' additional costs allowance, for the running costs of a second home outside London provided it is in or near the constituency. The claim may however only be made in respect of the time spent there on constituency business.

89. The differences in the treatment of Ministers in each House as regards allowances and tax arrangements arise largely out of the constituency responsibilities carried by a Minister in the Commons. The differences between Ministers in the House of Lords and other Peers are largely attributable to the fact that the latter do not hold a paid office. For these reasons we feel unable to recommend an allowance to enable Ministers in the House of Lords to meet the costs of maintaining a home outside London.

Recommendations: We recommend that Ministers and other office holders in the House of Lords should be able to claim up to £1,000 a year for secretarial expenses subject to production of evidence of expenditure. We do not however recommend any further support allowance. The present arrangements under which some Ministers and office holders in the House of Lords may claim up to £700 against the Peers' expenses allowance should cease with the introduction of the allowance for secretarial expenses.

CHAPTER 5

SALARY LINKAGE

90. In Part I of our report we examined the possibility of a salary link for MPs¹. We have been asked subsequently to consider further the possibility of relating the salary of a Member to "one or more analogues in the professional field". Our starting point must be the position we adopted in Part I. Whilst recognising the underlying pressures that had led to the inclusion of the linkage issue in our terms of reference, we decided that in principle we could not recommend any form of link, either to another group or to an index. We concluded that the right approach to MPs' pay is regular independent review coupled with the swift implementation of the resulting recommendations.

91. In reaching that conclusion we considered evidence in which a variety of different forms of linkage were proposed, including links with particular professional groups, and we examined the underlying principles upon which any form of link would need to be based. Consequently, our conclusions were not related to a particular analogue but were intended to be of general application. It may therefore be helpful if we set out those principles.

92. The basic requirement for a link between the salaries of any two groups is a close similarity between the work, both in function and in weight of job. To fulfil its purpose a link must operate automatically, thereby updating pay from one year to the next. The result must also appear reasonable to the general public.

93. Even if these requirements are met, there remain serious objections to using any individual comparator, since the arrangements for settling its salaries could be subjected to the undesirable pressures that would inevitably arise from the knowledge that what was agreed would also apply to MPs. The different circumstances of the comparator could well generate a further difficulty. Factors might need to be taken into account which would not be relevant to the pay of MPs and which, if allowed to influence the level of MPs' pay, could lead to increases which on subsequent independent review might be found not to have been justified.

¹Review Body on Top Salaries, Report No 12: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I - Cmnd 7598 (paragraphs 62-75).

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94. A link with a pay index of some kind would be more general in nature and would therefore be less open to the objections to a link with an individual comparator. But the use of a general index related to the total workforce in the country would reflect some pay movements that, for the reasons set out in Part I of our report¹, would not be appropriate to the salary of MPs. A less unsatisfactory approach would be to reflect only the movements at parallel levels of pay. In that case, we remain of the view that if such an approach were thought desirable the most suitable procedure would be to make use of the movement in the nearest percentile in the Department of Employment's New Earnings Survey². The data from that survey is published in November each year, and we suggested that this date might be used each year for updating MPs' pay. The change to a November date has been criticised in Parliament because it might influence pay negotiations elsewhere in the community. We see the force of this criticism. However, it would be possible to use the New Earnings Survey and at the same time to retain a June date for change if Parliament were prepared to make use of information from the previous Survey. Yet even this course is open to serious objections of a kind that, in our view, would further undermine the case for the creation of any automatic link. For instance, in a period of falling inflation, the use of data that would be fifteen months out of date could lead to higher increases in MPs' salary than the general rate of increases current at the time of updating.

95. Since the publication of Part I of our report one fresh suggestion has been made to us, namely that some form of automatic updating of MPs' pay might be based on the increases that are recommended for the four groups specified in our standing terms of reference. These are the Chairmen and members of the Boards of nationalised industries, the higher judiciary and certain other judicial appointments, senior civil servants, and senior officers of the armed forces.

96. But we are bound to conclude that an updating system on this basis would not be appropriate either. The appointments in these groups cover a wide range both of functions and responsibilities. As a consequence, pay too covers a wide range and has to take account of many factors peculiar to individual appointments. There is no similarity between the functions and responsibilities of these groups and those of a Member of Parliament. Furthermore, there is no relationship in terms of pay level between these groups and MPs.

¹Review Body on Top Salaries, Report No 12: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I - Cmnd 7598 (paragraphs 71 and 72).

²ibid.

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97. All the proposals for a link of one kind or another have one aim: the introduction of an automatic system that will effectively remove the decision on MPs' pay from the Parliamentary arena. We repeat that we do not consider that a pay link is the right way to deal with the problem. In Report No 7 in 1975, we recommended that the salaries of Members of Parliament and of Ministers and paid office holders should be subject to biennial review by an independent body. The Government have accepted that the salaries of Ministers' and paid office holders should be reviewed in this way every two years; it would be consistent to review the salary of Members with the same frequency, but with a full reassessment of the Member's job only taking place every 4 years. This is the method that we recommend.

98. As for the adoption of some form of link between independent reviews, this is not, for the reasons which we have given (paragraphs 91-96) a course we can recommend. But if Parliament resolves to take such a course then the least unsatisfactory method of updating that we can suggest is, as we have said, by reference to the appropriate percentile of the Department of Employment's New Earnings Survey.

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APPENDIX A

LIST OF THOSE WHO GAVE ORAL EVIDENCE

Individuals

Mr Kenneth Baker MP

Sir Richard Barlas KCB OBE, Clerk of the House of Commons

Sir Paul Bryan KB DSO MC MP

The Hon Adam Butler MP

The Lord Denham, Government Chief Whip in the House of Lords

The Rt Hon Edward Du Cann MP

Mr Frank Field MP

Mr Philip Goodhart MP

The Rt Hon Lord Irving

The Rt Hon Lord Lee of Newton

The Rt Hon Baroness Llewelyn-Davies of Hastoe, Opposition Chief Whip in the House of Lords

The Hon Charles Morrison MP

Mr John Parker CBE MP, Chairman of the Trustees of the Members' Fund

The Rt Hon Lord Peart, Leader of the Opposition in the House of Lords

The Rt Hon Enoch Powell MBE MP

The Rt Hon Francis Pym MC DL MP (then Shadow Leader of the House)

Mr Giles Radice MP

The Rt Hon Lord Soames GCMG GCVO CBE, Lord President of the Council

Mr Nigel Spearing MP

Mr John Stanley MP

The Rt Hon Donald Stewart MP

The Rt Hon Margaret Thatcher MP, Prime Minister (then Leader of the Opposition)

Mr Philip Whitehead MP

Mr Jerry Wiggin TD MP

Mr Dafydd Wigley MP

Mr F J Wilkin OBE DFM, Accountant to the House of Commons

The Rt Hon Fred Willey MP

Mr George Younger TD MP

Government Department

Civil Service Department

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APPENDIX B

HOUSE OF COMMONS MEMBERS' FUND

1. The Members' Fund was established in 1939 by the House of Commons Members' Fund Act 1939, and is governed by this and subsequent Acts passed in 1948, 1957 and 1962. The Fund is based on compulsory contributions from Members (£24 a year from each Member), a further contribution by the Exchequer of up to £22,000 a year, and dividends from investments.
2. The present contribution from the Exchequer is £15,000 a year. The ceiling figure of £22,000 has not been taken up since 1968-69 because the House of Commons Members' Contributory Pension Scheme caused the extent of the Members' Fund activities gradually to decline.
3. In the year ending 30 September 1978 (the latest available information) the total income from Members' contributions was £15,191, and the income from investments and from interest on deposits was £25,947.
4. The Members' Fund is managed by six of the eight Trustees of the Members' Contributory Pension Fund, who are all Members of Parliament appointed from all political parties.
5. Grants from the fund are made to ex-Members and their widows and children in cases of special hardship.

Qualifications

6. (i) The former Member must have completed 10 years' service (save in very special circumstances) and

(ii) must be over 60 years of age or permanently medically unfit for work.

Grants to former Members

7. Up to £1,230 a year or an amount which will take the former Member's annual income to £2,245 a year, whichever is less. If, having regard to length of service and need, the Trustees think fit, they may make a larger payment not exceeding £2,370 or such sum as, in their opinion, will bring the income up to £3,385 a year, whichever is less.

Grants to widows and widowers

8. The annual amount to a widow or widower of a past Member of the House of Commons shall not exceed £615 a year, or such sum as, in the opinion of the Trustees, will bring his or her income up to £1,630 a year, whichever is the less.

If, having regard to his or her husband's or wife's length of service or to his or her need, the Trustees think fit, they may make a larger payment not exceeding £1,185 or such sums as, in the opinion of the Trustees will bring his or her income up to £2,200 a year, whichever is the less.

Grants to children (up to and including 15 years of age)

9. Where both parents are dead:

one child: £100 a year
two or more: £50 a year

Where one parent is living:

one child: £50 a year
two or more: £50 for the eldest and £30 for the others.

In order to arrive at the private income of the applicant all assets are valued, receipts from investments being assessed at the gross value before income tax has been deducted, property other than the applicant's main home is also assessed on a yearly income basis.

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APPENDIX C

THE PARLIAMENTARY PENSION SCHEME

1. A pension scheme for Members of the House of Commons was first introduced under the provisions of the Ministerial Salaries and Members' Pension Act 1965 following the October 1964 recommendations of the Lawrence Committee. The scheme was compulsory, based on a fund managed by Trustees appointed by the House of Commons, and was effective from the date of the October 1964 general election that brought in a new Parliament. In 1972 the scheme was considerably improved and amended by the Parliamentary and Other Pensions Act 1972, and pensions for Members retiring since that date have been subject to that Act and the subsequent amending Acts of 1976 and 1978.
2. Members who retired after the introduction of the scheme could count up to 10 years of service prior to October 1964 as reckonable for pension purposes. This also applied to Members who lost their seats in October 1964 or earlier and who subsequently returned to Parliament. However, in the case of a person who was a Member after the Parliamentary Pensions Act 1978 was passed, 15 years service before October 1964 may be counted as reckonable for pension purposes.
3. Membership of the scheme is compulsory. All Members with service in the House of Commons on or after 16 October 1964 have been required to participate in the scheme, with the exception of Prime Ministers, Speakers of the House of Commons and Lord Chancellors who are entitled to ex-officio pensions from public funds.
4. The present contribution is 6 per cent of a Member's salary.
5. The minimum aggregate period of reckonable service needed to qualify for a pension is four years.
6. The Member's annual pension is calculated as one-sixtieth of his or her pensionable salary multiplied by the number of years of reckonable service (including portions of years). There is provision for part commutation of pension into a lump sum.

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7. The normal minimum pension age is 65. However, there is provision for a Member who has reached age 62, has served for 25 years in the House of Commons and does not intend to stand again for election, to retire at a dissolution of Parliament and receive his or her full accrued pension. An actuarially reduced pension may also be paid, with the agreement of the Trustees, to a former Member who has reached age 60 and does not intend to stand again for election to Parliament.

Office Holders

8. The 1972 Act introduced supplementary arrangements for pensions to be accrued by office holders. Benefits are related to an office holder's pensionable salary. Participation by office holders is voluntary, the qualifying period is three years.

Ill health pensions

9. A Member who because of ill health ceases to be a Member of the House before the age of 65 may apply to the Trustees for an early pension provided he or she would normally have been eligible for a pension but for not having attained the age of 65.

Widows' and widowers' pensions

10. The annual amount of widows' pensions is half of the basic or prospective pension of a deceased Member. There are restrictions on payment in circumstances of remarriage or cohabitation.

11. A widower of a Member is entitled to the same level of pension as a widow provided he has attained the age of 65 or is unable to earn his own living due to ill health.

Children's pensions

12. A pension is payable in respect of each dependent child (with a limit of 2) under the age of 17 (or 22 if still in full-time education) of a deceased Member, at the rate of one quarter of the Member's pension.

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Death in Service Benefits

13. If a Member dies in service a gratuity will normally be payable to his or her spouse equal to the greater of the Member's annual pensionable salary and total unrefunded contributions accumulated with interest from the dates of payment. There is also provision for the payment of pension to or in respect of a Member's ordinary salary for a period following the death in service of the Member.

Added Years

14. There is provision for Members of the House of Commons in service after the 1978 Act to purchase additional years of reckonable service by lump sum or by periodical payment.

Transferability

15. Powers are provided to receive into the Members' Pension Fund transfer value payments from other superannuation schemes or funds when a Member enters the fund, and for transfer value payments to be paid to such schemes or funds when a Member ceases to be a Member of the House.

Contracting Out

16. The scheme is contracted out of the new state pension scheme.

Increases in pensions

17. Pensions awarded under the scheme are 'official' pensions for the purposes of increases under the Pensions (Increase) Act 1971.

Actuarial provisions

18. The Government Actuary performs the function of actuary to the fund which includes an assessment of the general financial position of the fund every five years and the calculation of transfer value.

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APPENDIX D

EMPLOYMENT PROTECTION (CONSOLIDATION) ACT 1978
REDUNDANCY PAYMENTS READY RECKONER

The table shows HOW MANY WEEKS PAY the employee is entitled to. At present, for the purpose of calculating a redundancy payment, a weeks pay is subject to a maximum of £110, giving a maximum entitlement of £3,300 under these provisions.

For women aged between 59 and 60, and men aged between 64 and 65, the cash amount due is to be reduced by one-twelfth for every complete month by which the age exceeds 59 or 64 respectively.

AGE (years)	SERVICE (years)																			
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
20	1	1	1	1	—															
21	1	1½	1½	1½	1½	—														
22	1	1½	2	2	2	2	—													
23	1½	2	2½	3	3	3	3	—												
24	2	2½	3	3½	4	4	4	4	—											
25	2	3	3½	4	4½	5	5	5	5	—										
26	2	3	4	4½	5	5½	6	6	6	6	—									
27	2	3	4	5	5½	6	6½	7	7	7	7	—								
28	2	3	4	5	6	6½	7	7½	8	8	8	8	—							
29	2	3	4	5	6	7	7½	8	8½	9	9	9	9	—						
30	2	3	4	5	6	7	8	8½	9	9½	10	10	10	10	—					
31	2	3	4	5	6	7	8	9	9½	10	10½	11	11	11	11	—				
32	2	3	4	5	6	7	8	9	10	10½	11	11½	12	12	12	12	—			
33	2	3	4	5	6	7	8	9	10	11	11½	12	12½	13	13	13	13	—		
34	2	3	4	5	6	7	8	9	10	11	12	12½	13	13½	14	14	14	14	—	
35	2	3	4	5	6	7	8	9	10	11	12	13	13½	14	14½	15	15	15	15	
36	2	3	4	5	6	7	8	9	10	11	12	13	14	14½	15	15½	16	16	16	
37	2	3	4	5	6	7	8	9	10	11	12	13	14	15	15½	16	16½	17	17	
38	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	16½	17	17½	18	
39	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	17½	18	18½	
40	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	18½	19	
41	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	19½	
42	2½	3½	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	
43	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
44	3	4½	5½	6½	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	
45	3	4½	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	
46	3	4½	6	7½	8½	9½	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	
47	3	4½	6	7½	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	
48	3	4½	6	7½	9	10½	11½	12½	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½	
49	3	4½	6	7½	9	10½	12	13	14	15	16	17	18	19	20	21	22	23	24	
50	3	4½	6	7½	9	10½	12	13½	14½	15½	16½	17½	18½	19½	20½	21½	22½	23½	24½	
51	3	4½	6	7½	9	10½	12	13½	15	16	17	18	19	20	21	22	23	24	25	
52	3	4½	6	7½	9	10½	12	13½	15	16½	17½	18½	19½	20½	21½	22½	23½	24½	25½	
53	3	4½	6	7½	9	10½	12	13½	15	16½	18	19	20	21	22	23	24	25	26	
54	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	20½	21½	22½	23½	24½	25½	26½	
55	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22	23	24	25	26	27	
56	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	23½	24½	25½	26½	27½	
57	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25	26	27	28	
58	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	26½	27½	28½	
59	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28	29	
60	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	29½	
61	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30	
62	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30	
63	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30	
64	3	4½	6	7½	9	10½	12	13½	15	16½	18	19½	21	22½	24	25½	27	28½	30	

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APPENDIX E

PROPOSED RATES OF SEVERANCE PAY, AS A PERCENTAGE OF SALARY, BASED ON MPs' AGE AND LENGTH OF SERVICE

LENGTH OF SERVICE (Completed years)

		under 10	10	11	12	13	14	15 or over
AGE	under 50	25	25	25	25	25	25	25
	50	25	25	26	27	28	29	30
	51	25	26	27½	29	31	32½	34
	52	25	27	29	31½	33½	36	38
	53	25	28	31	33½	36½	39	42
	54	25	29	32½	36	39	42½	46
	55 - 64	25	30	34	38	42	46	50
	65	25	25	28	31	34	37	40
	66 or over	25	25	27	29	31	33	35

Paul Mbs (TSRB) (June 79)

Extract from a letter CAs to Chancellor of Duchy of Lancaster

31. 1. 80

Subject copy filed on National Health (June 79) 'Carrie Bill
on Abortion'

MPs' Pay and Allowances

The Chancellor of the Duchy of Lancaster said that he would shortly be circulating a note on the latest Boyle Report on MPs' Pay and Allowances. He was going to talk to the Executive of the 1922 Committee about the Report.

The Prime Minister welcomed the soundings of backbench opinion which Mr. St. John Stevas was proposing to take.

I am sending a copy of this letter to Murdo Maclean (Chief Whip's Office).



Chancellor of the Duchy of Lancaster

New pp to follow
mjs

Co
to advise

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

30 January 1980

Lees Nick

PARLIAMENTARY PAY AND ALLOWANCES

In your letter of 15 January you asked for the Chancellor of the Duchy's advice on the handling of TSRB 13. I now enclose this in the form of a draft Cabinet paper - although if the Prime Minister preferred, this could easily be converted into a letter to her and colleagues.

The paper generally proposes acceptance of the TSRB recommendations on allowances which are, in the main, uncontroversial. However, on the suggestion that Members' secretaries should become employees of the House, the paper suggests the Government should favour the continuance of the present well-established system of direct employment by Members, if the House decides to debate the issue.

The pay linkage issue remains the major problem. As you know, this is a very contentious issue in the House, and, if Ministers can see no way of agreeing to indexation by the use of the New Earnings Survey, then we will need to devise some alternative method of keeping Parliamentary pay at an appropriate level, if the Government is to avoid embarrassing difficulties with the House. One possible way of achieving this might be by annual Boyle reviews, as suggested in the Paper, with the Review Body invited to take account specifically of professional earnings as part of their normal process.

At this stage I am copying this only to Murdo MacLean (No 12) and David Wright (Cabinet Office).

J W STEVENS
Principal Private Secretary

N J Sanders Esq
Private Secretary
10 Downing Street
SW1

TSRB 13: PARLIAMENTARY PAY AND ALLOWANCES ETC.
MEMORANDUM BY THE CHANCELLOR OF THE DUCHY OF LANCASTER

Introduction

1. Report No 13 from the Review Body on Top Salaries (TSRB) on Parliamentary Pay and Allowances was delivered to the Prime Minister on 15 January. It recommends an increase in the Members' secretarial allowance and changes in its method of payment, together with improvements in certain pension arrangements, in severance pay, and in the free travel arrangements. A new support allowance for Ministers in the House of Lords is also recommended. TSRB also reiterate their earlier view that a salary link with an outside analogue for the Members' salary would be undesirable.
2. A summary of the Report's recommendations is at Annex A; the terms of reference for the review are at Annex B. Most of the Report is uncontroversial but two comments which need particular examination are those on the secretarial allowance and the salary link.

Secretarial allowance

3. TSRB comment on the growing usage of secretarial and research assistance by Members, reflecting the growth in paper-work and the need for them to inform themselves on increasingly technical or specialist subjects. Consequently, they propose that the present secretarial allowance should be replaced by two separate allowances with maxima of £5500 for the employment of a full-time secretary, and of £1250 for part-time research assistance. Together, these represent an increase of 47% over the current £4600 allowance, fixed at this level as an interim measure in June 1979. The introduction of these new arrangements would help Members in their work, and contribute to the better functioning of Parliament. TSRB consider that there should be better accountability to match these higher allowances and they propose that payments be made direct by the Fees Office to secretaries or research assistants on the Members' behalf.

CABINET

4. TSRB additionally made the suggestion (rather than recommendation, since the matter is outside their terms of reference) that the House might reconsider the question of secretaries being employees of the House rather than of Members. It is envisaged that under this arrangement, which would be optional, Members would still select their own personnel. How this would work is unclear. The advantages would be that Members would be relieved of dealing with pay, tax and national insurance matters, and of liabilities under Employment Protection legislation, while the secretaries would benefit from standardised pension and redundancy pay arrangements. The accountability problem would be solved. There would, however be a number of difficulties for the House authorities, as the new employer. They would find it difficult to accept responsibility for the management and perhaps the careers of staff they had no part in choosing. Also, there would be occasions when the reallocation of an unwanted secretary, due to a Member's departure from the House, could be difficult. The rest of the House staff might also feel resentful about Members' secretaries being taken on without going through the normal competition procedure. The arrangement would, of course, tend to increase costs.

5. It is difficult to reconcile the various views expressed on this issue, but I consider, on balance, that the existing arrangement whereby a secretary is an employee of the Member operates reasonably well most of the time. I would suggest therefore that the Government support the existing arrangements should the House wish to debate the matter. On the accountability point, I recommend that the Government should strongly urge Members to arrange for payment through the Fees Office, but should not oblige them to do so.

Salary Link

6. TSRB have looked at proposals for linking MPs' pay with other salaries or with general indices in previous Reports, but have on each occasion rejected the idea because in their view the special features of the Parliamentary salary made it unsuitable for such treatment. Report No 12 (June 1979) acknowledged the force of the arguments put for the automatic updating of MPs pay without the need for public debate, and suggested that, if Parliament

itself wanted to pursue the concept, the use of the Department of Employment's New Earnings' Survey to reflect movement at levels of pay comparable to MPs afforded the best solution. However, in discussion last year Cabinet felt that a link with this general index might create a precedent too easily copied by other public sector groups; more recently, of course, the public and Government evidence to the Clegg Commission specifically rejected indexation as a basis for pay determination. TSRB were, however, asked last year to look at possible links with one or more specific analogues in the professional field following a suggestion from the 1922 Committee. After careful consideration, however, TSRB conclude that there is no similarity between the functions and responsibilities of any professional groups and those of MPs, and that there is no relationship in terms of pay. They reiterate that in their view regular independent review remains the best way of dealing with Parliamentary pay, but that, if some form of automatic updating is required, the least unsatisfactory method is by reference to the NES.

7. It is clearly difficult to recommend linkage in the light of the rejection from TSRB, and our general views as a Government on indexation. However, I am equally conscious of the very considerable pressure which there has been in the House for the use of an analogue as an improvement in the way in which Parliamentary salary is updated and it can be argued that linkage with a comparable professional group (if one can be found) is not strictly "indexation".

8. Accordingly I propose to see the Chairman of the 1922 Committee and the Shadow Leader of the House to sound them out about the matter in the light of the latest TSRB views. I am sure that we shall need to offer some concession to feeling in the House. One alternative to a salary link would be the institution of annual Boyle reviews of Members' pay. As part of these annual reviews, TSRB could be invited to take account of salary movements in the professional field, which would go at least some way towards meeting the views of our back-benchers. It would obviously not be possible for the Government to give any

CABINET

firm commitment with regard to the implementation of these annual recommendations, but we can argue that good faith has already been demonstrated by our commitments to pay the full 1979 recommended salary by 1981 and to accept and implement whatever updating for Members' pay TSRB recommends for this Summer. Annual reviews could begin in 1981.

Conclusions

9. Accordingly, I invite the Cabinet to agree

- i) to the acceptance of the TSRB 13 recommendations listed at Annex 'A', except that:
- ii) on the question of secretaries becoming House employees, the Government will support the line that the present arrangement whereby a secretary is the employee of the Member, should continue;
- iii) I should discuss linkage with the Chairman of the 1922 Committee and the Shadow Leader of the House in the light of the latest views of the TSRB, and report further on the matter.

The Report can be available for publication about 8 February and I shall need to announce our decisions in the House at the time of publication.

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REVIEW BODY ON TOP SALARIES - REPORT NO 13 MINISTERS OF THE CROWN
AND MEMBERS OF PARLIAMENT AND THE PEERS' EXPENSES ALLOWANCE: PART II

SUMMARY OF RECOMMENDATIONS

SECRETARIAL ALLOWANCE

Recommendation that there should be two separate allowances sufficient to enable Member to employ both a full-time secretary and part-time research assistant

i. secretarial allowance - maximum £5,500

ii. research allowance - maximum £1,250

(Increase £2,150. Maximum cost in full year £1,365,250)

Payments to be made direct to secretaries or research assistants by Fees Office on behalf of Members (paragraph 18)

Redundancy arrangements for secretaries

No recommendation on provision for redundancy payments as it is believed that the cases where cost will be an onerous burden on MPs will be few (paragraph 24).

Pension arrangements for secretaries

Considered inappropriate to reflect cost to MP of contributing to an occupational pension scheme outside State scheme as costs likely to vary and no yardstick available to assess the extent to which these costs would be reasonable (paragraph 26).

Payment of claims against the secretarial allowance during a period of dissolution

Considered that secretarial expenses incurred during dissolution should as now be met from MP's pocket or party funds. Technically the member no longer represents the constituency from date of dissolution and secretarial allowance relates to constituency work (paragraph 28).

Employment of secretaries by the House

Suggestion that House might reconsider the question of secretaries being employees of the House rather than of MPs. Considered to be to the mutual benefit of secretaries and MPs. (paragraph 30).

(Cost unquantifiable but would exceed cost of secretarial allowance)

CONFIDENTIAL

THE PARLIAMENTARY PENSION SCHEME

Rate of accrual

Considered that present accrual rate is satisfactory (paragraph 43).

Transferability

Suggestion that in the longer term, consideration should be given to extending the present limit of 12 months within which a Member may decide whether or not to transfer occupational pension rights into the Parliamentary scheme (paragraph 45).

Former Members who left before October 1964

Suggestion that the constitution of the Members Fund be changed to allow former Members without service at October 1964, and their dependents, to a measure of benefit as of right (paragraph 50).
(Cost small.)

Members who left on or after October 1964 and before August 1978

Conclusion that no improvement in amount of credit would be appropriate (paragraph 52).

OTHER PARLIAMENTARY ALLOWANCES AND FACILITIES

Severance arrangements for MPs

Recommendation that the basic severance payment to remain at 25% of annual salary, but to be increased according to a sliding scale for members over 50 years with more than 10 years service.
(paragraph 62). (Cost unquantifiable.)

General office equipment

Conclusion that the new separate allowance recommended in TSRB2 for office equipment should not now be introduced (paragraph 66).

Surgery costs

Suggestion that matter should be taken into account when Houghton Report on financial support for parties is considered
(paragraphs 68).

Members' travel

All travel on Parliamentary business in UK should be reimbursed, and not just home/Westminster/constituency travel (paragraphs 73 and 74).
(Cost unknown but might be about £2m on the basis of doubling of present costs).

Travelling expenses of spouses attending official functions

The 15 vouchers currently available to spouses for travelling to Westminster is considered adequate. No case is seen for further arrangements, except that car mileage allowance should be made an

CONFIDENTIAL

alternative to rail vouchers. No special facilities should be introduced for Peers' spouses (paragraphs 79 and 81). (Cost fairly small.)

Support allowance for Ministers in the Lords

Recommendation that up to £1000pa should be available towards cost of secretarial assistance needed to deal with non-Departmental correspondence. No further support allowance - eg for maintaining London home - recommended. Arrangement for claiming up to £700 PEA to cease with introduction of new allowance (paragraph 89). (Cost based on present number of Lords Ministers and assuming £700 PEA was phased out = £6,300 until June 1981, £21,000 thereafter.)

Salary link

Recommendation that the salary of Members should be reviewed with frequency with a reassessment of the Members' job taking place every 4 years. Recommendation against any link with professions on grounds of unsuitability. However, view repeated that if Parliament resolves in favour of a link, then updating by reference to New Earnings Survey would be least objectionable course (paragraph 98).

TOTAL QUANTIFIABLE COST PER ANNUM (approx) £3.4m.

On 23 October 1978, the Review Body on Top Salaries was invited by the Prime Minister to review and make recommendations on:

- (i) the level of salary of Members of the House of Commons, including the question of a salary linkage;
- (ii) the arrangements for severance pay for Members of the House of Commons;
- (iii) the scope and level of the Members' secretarial allowance, with reference to the question of providing severance pay and pensions for secretaries;
- (iv) the levels of salary of Ministers and other office holders;
- (v) the pension position of former Members of the House of Commons who left the House before 2 August 1978;
- (vi) the rates of the Peers' expenses allowance;
- (vii) the scope for and level of an allowance towards the cost of running constituency 'surgeries', and
- (viii) the scope for and level of an allowance for travelling and subsistence for Peers' and Members of the House of Commons' spouses to attend official functions.

Items (i), (iv) and (vi) were dealt with in Report No 12 which also included an interim recommendation on the level of the Members' secretarial allowance. The remaining items are dealt with in this report. Subsequently two further items were added:

- (ix) the question of a support allowance for Ministers and other office holders in the House of Lords analogous to the secretarial and other allowances paid in the House of Commons;
- (x) salary linkage, by considering further the possibility of relating the salary of a Member to one or more analogues in the professional field.

The members of the Review Body are:

The Rt Hon Lord Boyle of Handsworth, Chairman

Sir Harold Atcherley¹

Sir George Coldstream, KCB, KCVO, QC

Lord Hirshfield

Andrew Leggatt, QC

Lord Plowden, KCB, KBE

Baroness Seear

The Secretariat is provided by the Office of Manpower Economics.

Sir John Clark resigned his membership in June 1979 and did not take part in this review.

¹ Also Chairman of the Review Body on Armed Forces Pay.

30 JAN 1980
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Parliament members

c. CDL

10 DOWNING STREET

THE PRIME MINISTER

21 January 1980

Dear Edward,

Thank you for your letter of 15 January which enclosed Report No. 13 of the Review Body on Top Salaries, relating to Parliamentary Pay and Allowances.

I am most grateful to you and the other members of the Review Body for the consideration you have given to these matters and for your suggestion of a meeting. As you will understand, however, the Government will now wish to consider your recommendations with care and I will let you know in due course how our thinking develops.

Yours sincerely,

Margaret Thatcher

The Rt. Hon. Lord Boyle of Handsworth



Chancellor of the Duchy of Lancaster

Parliament Members

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

18 January 1980

Law Nick

PARLIAMENTARY PAY AND ALLOWANCES

... As requested in your letter of 15 January I enclose a draft letter for the Prime Minister to send to Lord Boyle in response to his letter of the same date, which covered Report No 13 of the Review Body on Top Salaries. In his letter, Lord Boyle offered to meet the Prime Minister to discuss the recommendations made if she were to find it helpful. The suggested draft reply does not pick this up for the present. The Chancellor of the Duchy is currently considering the handling of the report and I will let you have further advice at the earliest opportunity.

... I also attach a summary of the Report's recommendations which you may find useful.

Copies of this letter go to Geoffrey Green (Civil Service Department), Murdo MacLean (Chief Whip's Office), Charles Cumming-Bruce (Chief Whip's Office, House of Lords) and Martin Vile (Cabinet Office).

*Yours ever
John Stevens*

J W STEVENS
Private Secretary

N J Sanders Esq
10 Downing Street
SW1

First Council Office
Waterbury, London SW14 6AT



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18 JAN 1980

DRAFT LETTER FROM THE PRIME MINISTER TO:

The Rt Hon Lord Boyle of Handsworth
Office of Manpower Economics
22 Kingsway
London
WC2B 6JY

GR type for PM
PI

M/S

Thank you for your letter of 15 January which enclosed Report No 13 of the Review Body on Top Salaries, relating to Parliamentary Pay and Allowances.

I am most grateful to you and the other members of the Review Body for the consideration you have given to these matters and for your suggestion of a meeting. As you will understand, however, the Government will now wish to consider your recommendations with care and I will let you know in due course how our thinking develops.

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REVIEW BODY ON TOP SALARIES - REPORT NO 13 MINISTERS OF THE CROWN
AND MEMBERS OF PARLIAMENT AND THE PEERS' EXPENSES ALLOWANCE: PART II

SUMMARY OF RECOMMENDATIONS

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(Increase £2,150. Maximum cost in full year £1,365,250)

Payments to be made direct to secretaries or research assistants by Fees Office on behalf of Members (paragraph 18)

Redundancy arrangements for secretaries

No recommendation on provision for redundancy payments as it is believed that the cases where cost will be an onerous burden on MPs will be few (paragraph 24).

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(Cost unquantifiable but would exceed cost of secretarial allowance)

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THE PARLIAMENTARY PENSION SCHEME

Rate of accrual

No change recommended (paragraph 43).

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In the longer term, consideration should be given to extending the present limit of 12 months within which a Member may decide whether or not to transfer occupational pension rights into the Parliamentary scheme (paragraph 45).

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Recommendation that the constitution of the Members Fund be changed to allow former Members without service at October 1964, and their dependents, to a measure of benefit as of right (paragraph 50). (Cost small.)

Members who left on or after October 1964 and before August 1978

No change recommended in amount of credit (paragraph 52).

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Basic severance payment to remain at 25% of annual salary, but to be increased according to a sliding scale for members over 50 years with more than 10 years service. (Cost unquantifiable.)

Surgery costs

No allowance recommended. But matter to be taken into account when Houghton Report on financial support for parties is considered (paragraphs 68 and 71).

Members' travel

All travel on Parliamentary business in UK should be reimbursed, and not just home/Westminster/constituency travel (paragraphs 73 and 74). (Cost unknown but might be about £2m on the basis of doubling of present costs).

Travelling expenses of spouses attending official functions

The 15 vouchers currently available to spouses for travelling to Westminster is considered adequate. No case is seen for further arrangements, except that car mileage allowance should be made an alternative to rail vouchers. No special facilities should be introduced for Peers' spouses. (paragraphs 79 and 81). (Cost fairly small.)

Support allowance for Ministers in the Lords

Up to £1000pa should be available towards cost of secretarial assistance needed to deal with non-Departmental correspondence.

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No further support allowance - eg for maintaining London home - recommended. Arrangement for claiming up to £700 PEA to cease with introduction of new allowance (paragraph 89). (Cost based on present number of Lords Ministers and assuming £700 PEA was phased out = £6,300 until June 1981, £21,000 thereafter.)

Salary link

Recommendation against any link with professions on grounds of unsuitability. However, view repeated that if Parliament resolves in favour of a link, then updating by reference to New Earnings Survey would be least objectionable course (paragraph 98).

TOTAL QUANTIFIABLE COST PER ANNUM (approx) £3.4m

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Parliament
Members

16 January 1980

I am writing on behalf of the Prime Minister to thank you for your letter of 15 January with which you enclosed Part II of the Review Body's Report on Parliamentary Pay and Allowances. I will of course place it before the Prime Minister at once.

N. J. SANDERS

The Rt. Hon. The Lord Boyle of Handsworth

TLW

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PRIME MINISTER

Here is Part II of Lord Boyle's Report on Parliamentary Pay and Allowances, covering all the topics which were not included in his earlier Report.

The most important recommendations are that:

1. There should be two allowances with separate maxima for secretarial assistants and research assistants. The secretarial maximum should be £5,500 and the research maximum £1,250. Payments should be made direct to secretaries or research assistants by the Fees Office;
2. There should be no new arrangements for redundancy payments for secretaries;
3. The House might consider the possibility of introducing a system of central employment of secretaries on an optional basis;
4. The present accrual rate for Members' pensions is satisfactory;
5. The constitution of the Members' Fund should be changed to entitle former Members without service since October 1964, their widows or other dependents, to a measure of benefit as of right; or, if this is judged to be too expensive, as a minimum a grant should be made available to all such former Members or their dependents who are aged 75 or over at the date upon which a change is made;
6. There should be no further improvement in the pension scheme for Members who left the House on or after 16 October 1964 and before 2 August 1978;

7. There should be no extension of the existing criteria
under which severance payments are made to Members;

8. Severance payments should be increased for those
Members who are more than 50 years of age and who have
served in the House for more than 10 years;

9. A new separate allowance should not be introduced
for office equipment;

10. There should not be a further allowance for
constituency surgery costs;

11. All travel within the United Kingdom on Parliamentary
business should be reimbursed or should qualify for payment
of the car mileage allowance;

12. There should not be greater provision for free travel
by wives and husbands of Members, except that spouses should
be able to claim a car mileage allowance for a maximum of
15 return journeys to the constituency each year;

13. There is no case for introducing special travel
facilities for the wives or husbands of Peers;

14. Ministers and other office holders in the House of Lords
should receive an allowance of a maximum of £1,000 a year to
help with the cost of secretarial assistants needed to deal
with non-Departmental correspondence, but such an allowance
should not be made available so long as Ministers retain
their present entitlement to claim against the Peers'
expenses allowance;

15. There should not be an allowance to enable Ministers
in the House of Lords to meet the costs of maintaining a
home outside London;

16. The previous recommendations on salary linkage stand
(see paragraphs 90-98);

We have asked the Chancellor of the Duchy, in consultation with his colleagues as necessary, to give you urgent advice on the handling of this Report. We can look further into the details when we have that advice.

MS

16 January 1980



OFFICE OF MANPOWER ECONOMICS

22 KINGSWAY
LONDON WC2B 6JY

Telephone 01-405 5944

CONFIDENTIAL

The Rt Hon Margaret Thatcher MP
10 Downing Street
London S W 1

15 January 1980

Dear Prime Minister.

On 23 October 1978, Mr Callaghan invited us to undertake a review of Parliamentary pay and allowances. Since then, you have invited us to consider also the question of a support allowance for Ministers and office holders in the House of Lords and to look further at the possibility of relating the salary of a Member of Parliament to one or more analogues in the professional field. For convenience, I enclose a copy of our complete terms of reference.

We did, as you know, decide to tackle our task in two stages and to concentrate in our first report on the four aspects that we considered to be the most urgent. These were the salary of MPs, the salaries of Ministers, the Peers' expenses allowance, and an interim recommendation on the maximum of the Members' secretarial allowance. These were covered in Report No 12 which I sent to you on 11 June 1979.

I am now able to let you have the second and final report, Report No 13, arising out of the present review. The report explains the reasons that have led to our recommendations. But may I say that, if you would find it helpful, one or two of my colleagues and I would be very willing to come and explain the thinking behind them. I have in mind in particular our conclusions on the issue of a possible link between the salary of MPs and the salary of one or more analogues in the professional field, to which we have given a good deal of thought in the light of your letter of 30 July 1979.

Yours sincerely

Edward Boyle

BOYLE OF HANDSWORTH, CHAIRMAN
REVIEW BODY ON TOP SALARIES

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*Parliament
Members*

10 DOWNING STREET

From the Private Secretary

15 January, 1980.

BF 1) 18.1.80

BF 2) 23.1.80

Parliamentary Pay and Allowances

The Prime Minister has today received the report of the Review Body on Top Salaries on the items remaining in its Review on Parliamentary Pay and Allowances. No doubt a copy has also been sent to you.

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1 // I should be grateful to have the Chancellor of the Duchy's advice on the handling of this Report, to reach us as soon as possible. I should also be grateful to have a draft letter for the Prime Minister to send to Lord Boyle in response to his covering letter, a copy of which is attached.

I am sending copies of this letter for information to Geoffrey Green (Civil Service Department), Murdo Maclean (Chief Whip's Office), Charles Cumming-Bruce (Chief Whip's Office, House of Lords), and Martin Vile (Cabinet Office).

N. J. SANDERS

J.W. Stevens, Esq.,
Office of the Chancellor of the Duchy of
Lancaster.

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*Parliamentary
members*

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MS



10 DOWNING STREET

From the Private Secretary

5 December 1979

The Prime Minister has seen your letter to me of 4 December about the possibility of giving help to Mr. Edward du Cann for his appearance before the Top Salaries Review Body. As I told you this morning, the Prime Minister is well content for the Chancellor of the Duchy to proceed as he suggests. She has commented, however, that she does not like the linkage examples set out in the final paragraph.

I am sending a copy of this letter to Murdo Maclean (Chief Whip's Office).

N. J. SANDERS

John Stevens, Esq.,
Chancellor of the Duchy of Lancaster's Office.

MS

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Chancellor of the Duchy of Lancaster

PRIME MINISTER

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

I am unhappy about any
analysis which takes the

4 December 1979

analogue argument too
far; but are you content
for the CDL to help

I don't like the
linkage recipe's chosen.

Yes Nick Mr du Cann in this way? - Yes

MJS 4/xii

Mr Edward du Cann mentioned to the Chancellor of the Duchy that he had undertaken to appear before the Top Salaries Review Body on 6 December to give them his views about the question of a linkage for MPs' pay. Mr Edward du Cann told the Chancellor, quite frankly, that neither he nor his colleagues on the executive of the 1922 Committee had any positive ideas about the best way to proceed, and accordingly he asked whether the Chancellor could give him written or oral briefing which would assist generally when he appeared before the TSRB.

The Chancellor of the Duchy sees some advantage in being helpful to Mr du Cann, although he recognises the difficulties in that there has been no recent collective discussion with colleagues about linkage.

... I attach a note which the CSD has prepared which, subject to there being no objection, the Chancellor could use as a basis for an entirely informal briefing of Mr du Cann. As you will see, in its final paragraph the note does give a steer in a particular direction, albeit without commitment.

Time is now of the essence because Mr du Cann is due to see the TSRB on 6 December, and I shall be most grateful for any comments you may have as quickly as possible.

I am copying this letter to Murdo MacLean (Chief Whip's Office).

J W STEVENS
Private Secretary

N Sanders Esq
Private Secretary
10 Downing Street
SW1

MP's PAY: PROFESSIONAL LINK

1. This note looks at the present position on an analogue for Members pay and suggests a couple of options for possible consideration.

2. The TSRB have looked at the question of linkage for Members pay on a number of occasions and have rejected a direct link on each occasion on the grounds that it would be inappropriate for three reasons:

a. there was no directly comparable job

b. the sensitivity currently attached to MP's pay might simply be transferred to the analogue

c. a link with general indices would provide guaranteed salary inflation-proofing which the majority of constituents would not have.

3. However, in looking at the issue again in its last report, the Review Body said that it recognised to a large extent the force of the arguments which had been put forward from various quarters for some form of automatic updating, and recommended that Member's pay be linked to the New Earnings Survey between substantive TSRB reviews. The Government initially reserved its position on this until it had the opportunity to take the views of the House, and subsequently the Prime Minister invited the Review Body to consider further some mechanism to establish one or more analogues in the professional field. This arose from a suggestion from the 1922 Committee.

4. These revised proposals on Parliamentary pay were, because of Parliamentary timetable pressures, carried through without detailed discussion of the precise mechanics of a professional analogue link and the Government's announced position in the House was that consideration will be given to a linkage between the (Substantive) reviews according to the recommendations made by the Boyle Committee. However, it can be said now that the Government

would see grave disadvantages in the use of a general index of earnings which would be too broad for this purpose, or in linking, directly or in percentage terms, to hierarchical, and incremental, salary scales, such as that of the Assistant Secretary in the Civil Service. Among factors, such a step might create a precedent too easily copied by other public service groups. These views would seem to rule out a return either to a link with the New Earnings Survey, which has considerable attraction otherwise from an administrative point of view, or to a link with Assistant Secretaries, which the House sought in 1975. Moreover, of course, the Government has subsequently said in its published evidence to the Clegg Standing Commission on Pay Comparability that "indexation is not a satisfactory means of determining pay".

5. Of course, one of the principal purposes in having a link is to establish some mechanism which will enable Members to escape the necessity of an annual debate on their own salaries. This will entail a Resolution to operate the link, the wording of which would need careful consideration so that there could be no doubt as to the appropriate increase.

6. There are a number of other factors which will need to be considered in deriving an analogue, such as whether there are advantages in a "composite" rather than a "single" link, the types of professional disciplines to be used, and where reliable statistics on professional earnings can be obtained. A link with any single profession could well be unwelcome by its members because of the focussing of public attention on it. Additionally, such a narrow-based link could result in unreasonable distortions and fluctuations if earnings in that particular discipline were particularly high or low in certain years for whatever reason. The use of a number of professions might perhaps serve to disperse attention and also iron out irregularities in income changes. The choice of professions is also important since unfavourable public reaction could be caused if MPs were linked to a group traditionally having associated with it unreasonably high levels of pay. Additionally, it is notoriously difficult to obtain reliable

1-4 DEC 1979



published earnings statistics for the various professions. This last difficulty is significant in that if no published figure is readily available and acceptable it will be almost impossible to draft a Resolution with sufficient clarity to avoid an annual debate.

7. To overcome these various difficulties and minimise the danger that invidious and uncertain comparisons could be drawn, one possible option might be a composite linkage based on the percentage (rather than money) movements in the earnings of a variety of groups. One obvious way of achieving this might be to use the average percentage increase for all the groups covered by the standing reference for TSRB. This would mean that some of the factors currently brought to bear in considering Members' pay, such as the importance of public service, would continue to be valid during the years of updating between substantive TSRB reviews of the MP's salary. An alternative option if named comparatives were demanded, would be to use more narrowly-based components for the link. The TSRB currently makes recommendations for the higher Civil Service, senior armed forces officers, the judiciary and chairmen and members of nationalised industry boards. From these, particular posts could be chosen: eg an average of, perhaps, circuit judge and major-general. Either proposal would have the advantage of being a link broadly to professions, as required. It would also be readily definable and perhaps therefore capable of incorporation into Resolutions of the House. Moreover, it would keep determination within the TSRB's (and the Government's) ambit, thus reducing the possibilities of embarrassment. It would not be argued that there was any genuine comparability in the jobs but rather that this was a link of convenience to provide reasonable increases between substantive TSRB reviews.



10 DOWNING STREET

THE PRIME MINISTER

30 July 1979

Mr Richard,

When I wrote to you on 20 June, I was able to tell you the proposals the Government then intended to put to the House of Commons on Parliamentary pay following the Twelfth Report of your Review Body. You will know of the developments which have happened since; I am now writing formally to tell you of the Government's present position and to invite you to undertake further references in this field.

On reflection, we decided, in accordance with your views, that the first instalment of the recommended increase to be paid this summer should be 50 per cent. However, on the question of the length of the staging process we remained of the view that we had to have regard to the staging imposed on public service groups covered by the other review bodies, such as Doctors and Dentists, and we therefore decided to continue with the view that the balance of the recommended salaries should be paid in two equal stages in 1980 and 1981. It is an integral part of our proposals that so far as possible we should seek to restrict any further fall in the real value of the Parliamentary salary in this period. We therefore proposed to the House that the 1980 stage payment should be updated by the usual Review Body process, as had been the case for the other Review Body clients. I would be grateful if you would undertake this review. It is our intention to accept and implement the recommendations you make.

/Looking beyond

Parliament Members,

cc CDL

Looking beyond 1980, whilst we were very conscious of the advice you have given in relation to linkage, we also came to appreciate the force of the arguments put to us from all quarters of the House that the Members' salary should be related in some way to one or more analogues in the professional field. There is obviously a good deal to be thought about here and it is certainly our intention that, whatever emerges from this, the Members' salary should continue to be subject to substantive independent review from time to time. I would therefore be grateful if you would consider further some mechanism to establish such an analogue.

We accept your recommendation that there should be substantive biennial reviews of the salaries of Ministers and Office Holders. We should hope that the first of these could be in 1981. Nevertheless, since we have decided to stage the salaries recommended for these posts in the same way as those for Members, we would also be grateful if you would undertake an updating review of the salaries of Ministers and Office Holders for next summer.

I very much hope that you will agree to accept these further references on this subject and I would like to take this opportunity once again to thank you for the considerable work that I know underlies the various reports you have produced.

Yours sincerely
Margaret Thatcher

The Right Honourable Lord Boyle of Handsworth

tw



Chancellor of the Duchy of Lancaster

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

25 July 1979

Dear Nick,

TSRB: MEMBERS' AND MINISTERS PAY

Now that the Government's proposals on Members' and Ministers' pay have been approved by both Houses, following the recommendations of the Twelfth Report of the Review Body on Top Salaries, it remains for the Prime Minister to formally invite Lord Boyle to undertake the remaining references to which the Government is committed. I attach a self-explanatory draft letter for this purpose.

*Yours sincerely
Charlotte Egerton*

C M EGERTON

N Sanders Esq
Private Secretary
10 Downing Street
LONDON
SW1

DRAFT LETTER FOR THE PRIME MINISTER'S SIGNATURE TO:-

The Rt Hon Lord Boyle of Handsworth
Review Body on Top Salaries
Office of Manpower Economics
22 Kingsway
LONDON WC2B 6JY

1. When I wrote to you on 20 June, I was able to tell you the proposals the Government then intended to put to the House of Commons on Parliamentary pay following the Twelfth Report of your Review Body. ^{You will know of the developments which have happened since;} ~~As I am sure you will know, our position on this subsequently evolved and~~ I am now writing formally to tell you of the Government's present position and to invite you to undertake further references in this field.
2. On reflection, we decided, in accordance with your views, that the first instalment of the recommended increase to be paid this summer should be 50%. However, on the question of the length of the staging process we remained of the view that we had to have regard to the staging imposed on public service groups covered by the other review bodies, such as Doctors and Dentists, and we therefore decided to continue with the view that the balance of the recommended salaries should be paid in two equal stages in 1980 and 1981. ~~However,~~ **I** it is an integral part of our proposals that so far as possible we should seek to restrict any further fall in the real value of the Parliamentary salary in this period. We therefore proposed to the House that the 1980 stage payment should be updated by the usual Review Body process, as had been the case for the other Review Body clients. I would be grateful if you would undertake this review, ~~and, as you will note,~~ **I** it is our intention to accept and implement the recommendations you make.

3. Looking beyond 1980, whilst we were very conscious of the advice you have given in relation to linkage, we also came to appreciate the force of the arguments put to us from all quarters of the House that the Members' salary should be related in some way to one or more analogues in the professional field. There is obviously a good deal to be thought about here and it is certainly our intention that, whatever emerges from this, the Members' salary should continue to be subject to substantive independent review from time to time. I would ~~nevertheless~~^{therefore} be grateful if you would ~~also, therefore, be willing to~~ consider further some mechanism to establish such an analogue.

4. We accept your recommendation that there should be substantive biennial reviews of the salaries of Ministers and Office Holders. We should hope that the first of these could be in 1981. Nevertheless, since we have decided to stage the salaries recommended for these posts in the same way as those for Members, we would also be grateful if you would undertake an updating review of the salaries of Ministers and Office Holders for next summer.

5. I very much hope that you will agree to accept these further references on this subject and I would like to take this opportunity once again to thank you for the considerable work that I know underlies the various reports you have produced.

25 JUL 1981

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advice you have given in relation to the... as came to
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of the House that the Members' salary should be related in some
way to one or more salaries in the professional field. There is
obviously a good deal to be thought about here and it is certainly
our intention that, whatever emerges from this, the Members'
salary should continue to be subject to substantive independent
review from time to time. I would nevertheless be grateful if you
would also, therefore, be willing to consider further some
measures to establish such an exercise.

4. We accept your recommendation that there should be substantive
biennial reviews of the salaries of Ministers and Office Holders.
We should hope that the first of these could be in 1981.
Nevertheless, since we have decided to state the salaries
recommended for these posts in the same way as those for Members,
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to once again to thank you for the considerable work that I know
underlies the various reports you have produced.



c.c. Press
IG

Original in C/R
Parliament
Members

10 DOWNING STREET

THE PRIME MINISTER

9 July, 1979.

Dear Harry,

Thank you for your letter of 15 June about Members' pay. The motions which we tabled today setting out our proposals for Members' and Ministers' pay are, we believe, the right response to the Boyle recommendations and take into account all the representations which have been made since the publication of the Boyle Report.

With very best wishes,

Yours ever,

(SGD) MT

Harry Greenway, Esq., MP.



10 DOWNING STREET

From the Private Secretary

9 July 1979

Pensions for House of Commons Servants

The Prime Minister has seen your letter of 5 July. She is grateful to have this explanation of what has happened, and is content not to take the matter further.

NJS

Miss Charlotte Egerton,
Office of the Chancellor of the Duchy of Lancaster.

M



10 DOWNING STREET

From the Private Secretary

9 July 1979

Review Bodies on Top Salaries

I am writing on behalf of the Prime Minister to thank you for your letter of 5 July, which we will, of course, place before her.

NJS

~~_____~~

The Right Honourable Lord Boyle of Handsworth

GB



Press off.
Original in G/R.

10 DOWNING STREET

THE PRIME MINISTER

6 July 1979

Dear Martin,

Thank you for your letter of 14 June about Members' pay. The motions which we tabled today setting out our proposals for Members' and Ministers' pay are, we believe, the right response to the Boyle recommendations and take into account all the representations which have been made since the publication of the Boyle Report.

With very best wishes,

Yours ever

Martin Stevens, Esq., M.P.

Parsons

lu



FILE

cc Press Office
Ian Gow
Original in G/R

10 DOWNING STREET

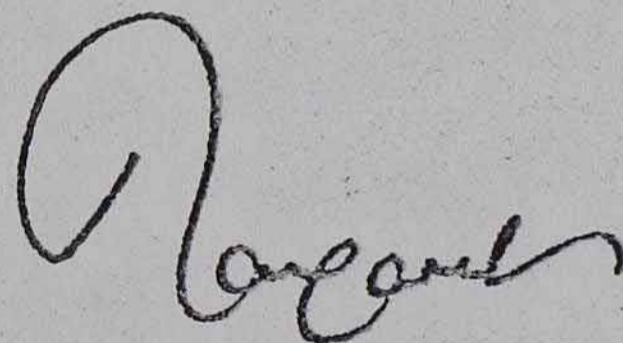
THE PRIME MINISTER

6 July 1979

Dear Nicholas,

Thank you for your letter of 19 June about Members' pay. The motions we tabled today are, in our view, the right response to the Boyle recommendations. They allow for the staging of the increase because we concluded that we should not be seen to be treating ourselves more favourably than we have treated other groups covered by recommendations of the Review Bodies. In reaching our conclusions, we have taken into account the representations which have been made by Members and I am convinced that our proposals strike the right balance.

Yours ever



Nicholas Winterton, Esq., M.P.

NJS o/r.

PRIME MINISTER

Do you want to take this

Cabinet Office

70 Whitehall London SW1

Telephone 01-2338850 5826

further?

ms

5 July 1979



Chancellor of the Duchy of Lancaster

NO

Handwritten signature

Dear Nick,

The meeting note attached to your letter of 27 June asked, inter alia, for a report on the situation whereby some retired servants of the House of Commons may now be entitled to pensions larger than the salaries currently in payment to their successors.

Although the circumstances that can give rise to such an anomaly are extremely rare and invariably short lived, there have been some instances where it has arisen. Briefly, in the past increases in salaries have consistently exceeded increases in prices and this pattern seems likely to be repeated in the future. But because of the very severe restraint that has been applied in recent years to public service pay levels, salaries in most parts of the public sector have for extended periods been prevented from rising to the extent necessary to keep pace with rising prices. At the same time the pensions of those who have already retired have been increased in line with price movements to protect their real purchasing power. Thus, for example, if an individual had retired in 1972 his pension would since then have increased by a multiple of 2.3. If that individual had a full pension, and if the salary of the post from which he had retired had increased by less than 15% over the same period, then the pension would have overtaken the salary.

The possibility of such circumstances arising is not, of course, peculiar to service in the House of Commons. In theory it could happen in any of the public services. But since - despite salary restraint - most salaries have increased regularly if not to the full extent of

/price



price increases, very few such cases have in practice come to light. Moreover once the salary of the employee concerned receives an increase that restores its real value, the normal relativity is restored.

I should add that we are not aware that this particular situation has ever arisen in the Civil Service with whose pay scales the salaries of servants of the House of Commons are linked. It may be, of course, that during the meeting reference was made to a similar but slightly different situation - circumstances in which a pensioner is receiving more in pension than he used to receive in pay. This, of course, is by no means unusual. There are many pensioners who retired 20 or more years ago since when prices have increased by well over 300%. A pension awarded then will have been increased similarly and it would hardly be surprising if in many instances the original salary was surpassed. Nor would it be unreasonable in principle. The important point is that the real purchasing power of the pension is maintained at its original level; it is not in any way increased.

Yours sincerely

A handwritten signature in cursive script, reading "Charlotte Egerton".

CHARLOTTE EGERTON
Private Secretary

Nick Sanders Esq
Private Secretary
Office of the Prime Minister
10 Downing Street
LONDON SW1

1 2 3 4 5 6 7 8 9 10 11 12

1973 JUL 25

NLS



PRIME MINISTER

PS

MAD
6/10

~~PPS~~ 2.
PPS

OFFICE OF MANPOWER ECONOMICS

22 KINGSWAY
LONDON WC2B 6JY

Telephone 01-405 5944

The Rt Hon Margaret Thatcher MP
10 Downing Street
London SW1

mb

5 July 1979 R6/7

Dear Prime Minister,

REVIEW BODY ON TOP SALARIES

Thank you for your letter of 26 June 1979 in which you ask whether we would be able to consider the question of some form of support allowance for Ministers and office holders in the House of Lords within the timescale of the present review.

We are certainly willing to look at this addition to our remit, although I cannot at this stage be certain whether its inclusion will lead to some delay in the submission of Part II of our report. We will, of course, do our best to keep any such delay to a minimum.

Yours sincerely

Edward Boyle

BOYLE OF HANDSWORTH, CHAIRMAN
REVIEW BODY ON TOP SALARIES

OFFICE OF THE
ATTORNEY GENERAL
STATE OF TEXAS
DALLAS, TEXAS



4-6 JUL 1979





Chancellor of the Duchy of Lancaster

Cabinet Office
70 Whitehall London SW1
Telephone 01-~~930542~~ 233 5826

4 July 1979

Law Nick

You asked to see the latest drafts of the various legal instruments necessary to implement the Government's decisions on TSRB12.

I attach a copy of the latest versions.

*Yours
John Stevens*

John Stevens
Private Secretary

Nick Sanders Esq
Private Secretary
Office of the Prime Minister
10 Downing Street
LONDON SW1

Ref: A09911

PRIME MINISTER

MPs' and MINISTERS' PAY
(C(79) 24)

The Cabinet last discussed MPs' and Ministers' pay on Wednesday, 20 June (CC(79) 7th Conclusions, Minute 4). The essential conclusions as they affected MPs' pay were that the Cabinet accepted the TSRB recommendations as "the rate for the job"; agreed that the full rates should be adopted in full for pensions purposes immediately; and agreed that the increased pay of MPs should be implemented "in three equal stages over a period which would give treatment no more generous than that given in any other recent public sector group decision". This latter decision was subsequently interpreted, and announced to Parliament, as requiring payment in three equal stages, in June 1979, June 1980 and June 1981.

2. You subsequently took stock of the position at a meeting with your senior colleagues on 26 June before your departure for Tokyo. The outcome of that meeting was that those present agreed that there could be no retreat from the position already adopted by the Cabinet. They were however prepared to see improvements made in the Government's offer where these could be reconciled with the decision of the Cabinet. The three possibilities identified as meeting this criterion are described in paragraph 1 of the Chancellor of the Duchy's paper C(79) 24. Your meeting authorised "those concerned" - ie the Chief Whip - to float these ideas with backbench Members of Parliament, without commitment, as a preliminary for a final decision by the Cabinet after your return from Tokyo.

3. In his paper the Chancellor of the Duchy of Lancaster reports a counter-proposal which has been made by the 1922 Committee. They have conceded 2-year staging but have asked for an immediate increase of 35.9 per cent (as against the 24.7 involved in "three equal stages") on the grounds that this would bring Members' current salary up to the current pensionable rate. The remainder of the increase would be paid in two equal stages, in June 1980 and June 1981. They have however also asked that, starting in 1980, MPs' pay should be

"indefinitely" linked to "one or more professions to be derived by the TSRB". The Chancellor of the Duchy of Lancaster, while recognising that these proposals go well beyond the Cabinet's original intentions (notably but not only on linkage) recommends that they should be further improved to bring the size of the first stage into line with the original Boyle recommendations - 50 per cent of the increase now (37 per cent on existing salaries) and half the balance in June 1980 and June 1981 - and then accepted. The Chancellor of the Duchy also proposes that the same staging should apply to Ministerial and other office holders' salaries though he does not say whether, in his view, these too should be index-linked.

4. I must say that I am surprised at the Chancellor of the Duchy's proposals. The impression my people got from the Chief Whip late last week (and it is the Chief Whip, not the Chancellor of the Duchy who has been most closely involved with the 1922 Committee) was that the proposals which had emerged from your meeting on 26 June were likely to be acceptable subject only to a promise that the third stage payment in June 1981 would be dealt with in whatever way emerged as the treatment of the third stage payments due to the doctors and dentists in April 1980. This would have been a tolerable concession within the parameters laid down by Cabinet. The new proposals are however not only well outside the Cabinet's parameters but carry severe potential penalties for wage bargaining in the economy at large. This is particularly the case with the linkage proposals where as of now only the police and firemen have a guaranteed link to pay movements by other groups and, eg the local authority manual workers, have long sought, but been denied, an automatic link with the movement in manual workers' earnings generally.

5. In short the Chancellor of the Duchy of Lancaster's proposals are defective in the following ways -

- a. They go beyond the principles accepted by Cabinet on 20 June (a promise to update the third stage has been denied the doctors and dentists and the other top salary groups).

- b. They depart from rather than build on the Government's statement of 21 June. (A 37 per cent pay increase now as against 24.7 per cent).
- c. They concede the principle of indefinite forward linking on which Boyle expressed considerable doubts and which could have a significant adverse effect on wage bargaining elsewhere in the economy.
- d. They even go beyond what the 1922 Committee is asking for.
6. The Cabinet now has to decide -
- a. Whether it regards the 1922 Committee's demands as representative of opinion in the House and whether they are to be regarded as a negotiating position or as their last word. (If I may say so without disrespect there is something slightly comic about seeing the 1922 Committee behave like a group of very efficient shop stewards negotiating with a rather uncertain management.)
- b. If so whether the Government is prepared to concede their demands - or indeed to go rather beyond them as the Chancellor of the Duchy proposes. (My own view is that this cannot be an acceptable option.)
- c. Whether to negotiate further and if so on what basis. The proposals which emerged from your meeting on 26 June are at about the limit of acceptability under the Cabinet's decisions in principle. Is it worth saying as authoritatively as possible that they are the Cabinet's last word and that the 1922 Committee must decide whether to accept them or defeat the Government and accept the public odium for so doing.
7. As a separate issue you might also care to ask the Chancellor of the Exchequer and the Lord President where they have got to in the points about Junior Ministers and Ministers in the levels raised at your meeting on 26 June.

CONCLUSIONS

8. Subject to discussion you may find it helpful to lead the Cabinet to agree -

a. That it stands by the conclusions it reached on 20 June and the proposals made in the House on 21 June.

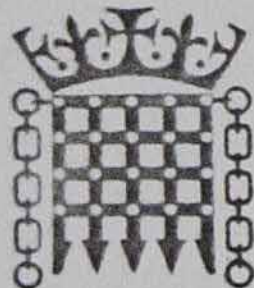
b. That it is prepared to accept the additional proposals, summarised in paragraph 1 of C(79) 24, which emerged from your meeting of 26 June and which are consistent with a.

c. That it should be made clear to the 1922 Committee that, unless they can find some additional suggestion within the framework of the Government's statement and the principles adopted by Cabinet, the Government's offer set out in a. and b. above is its last word. And that if the 1922 Committee insist on more they can only get it by voting down the Governments' proposals in the House and substituting their own on their own responsibility.

M.H.

PP

JOHN HUNT



HOUSE OF COMMONS
LONDON SW1A 0AA

2 July 1979

6900
1372
L. Nichol

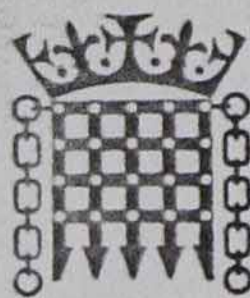
The Officers and Executive of the 1922 Committee have given further thought to the discussions we have been having, and we would like to propose the following:

- 1) that the salary of M.Ps be £9,372 per annum with immediate effect. You will know that this is the notional figure which is used for calculating the pension of an M.P., i.e. it is the Boyle recommendation of 1975 (para.20) plus the increments awarded under pay policy since that time. This is a 17% increase compared with a 60% increase in average earnings;
- 2) that the difference between £9,372 and £12,000 be spread over two years in line with the Government's proposals announced by the Leader of the House. This would mean that the pay on the 1 June 1980 would be £10,686 and on 1 June 1981 £12,000;
- 3) that the figure of £10,686 be up-dated at 1 June, 1980 in line with the principle of your own proposals.

We are insistent that a form of linkage be devised in order to avoid embarrassment in future years. We wish to see Boyle instructed by the House to devise a form of linkage with one or more professions which will provide a yardstick for annual linkage from 1 June, 1981 and to provide the yardstick for updating on 1 June, 1980. It is our unanimous view that these proposals should be considered as a whole.

It is clear that proposals that do not contain annual updating in the way we suggest would not commend themselves to the House.

It is appropriate to remind you that our aim throughout has been to devise a system for dealing with M.Ps remuneration which would avoid embarrassment for the Government of the day and for the House. We believe that our proposals meet this requirement exactly.



HOUSE OF COMMONS
LONDON SW1A 0AA

2.

An illustration of our careful attention to this matter lies in the proposal that the immediate salary should be only £9372 per annum. If Government cannot accept the present recommendations of Boyle, 1979 at least it can accept the recommendation of 1975. This will illustrate to the public the extent of the sacrifice which M.Ps have made in the interim. We are not even asking for any part of Boyle, 1979 in this year although powerful arguments could be adduced in favour of doing so.

Your proposal that Boyle should review the position every two years is not acceptable because we believe that this would mean bi-annual embarrassment for us all.

So far as Ministers are concerned we suggest that their situation is dealt with pro rata.

We must tell you of the continuing strong feeling among our colleagues. It is plainly urgent that a decision should be made quickly and we believe that these proposals would have every chance of being accepted by all sides of the House.

*The sooner I can approach the Chairman
of the P.H.P. ... the better.*

A large, stylized handwritten signature in black ink, consisting of several sweeping, connected strokes.

The Rt Hon Michael Jopling, M.P.

as mother arrives

BIRMINGHAM POST 27/VI/79



Together again . . . the defending women's Wimbledon champion, Martina Navratilova, had a special reason for winning her opening match yesterday, for her mother, Jana, watched her play in the West for the first time.

It was only a first-round tennis match, but as far as the Wimbledon champion Martina Navratilova was concerned, it was one of the greatest moments of her life.

Because, watching her for the first time on the Wimbledon centre court, was her mother, Jana.

It is four years since the Czech tennis star, aged 22, last saw her. That was in February, 1975, when

David Talbot at WIMBLEDON

she defected to the United States, leaving her family in Czechoslovakia.

Martina has fought constantly to get permission for her family to join her in the West. Now for the first time the Czech authorities have relented a little and allowed

Mrs. Navratilova to spend the Wimbledon fortnight with her famous daughter.

Mrs. Navratilova arrived by air only on Monday afternoon. Her visit was a closely-kept secret until yesterday. Meeting her mother at Heathrow Airport was, said Martina, "One of the greatest moments of my life."

The top seed learned that her mother had been granted an exit visa only last Friday, when she called her sister, aged 16. "When my sister told me, I started crying and she started crying. It was all very emotional. I was like a little kid," she said.

Martina beat her first opponent in the 1979 Wimbledon, the South African, Tanya Harford.

Wimbledon reports — Back Page

JOHN BRIGHT

at Wimbledon — Page 4

...determined man to lie on the floor and shouted: "Where is it? Hurry up. Get the cash." The manager Mr. Philip Drew, unable to hear the man's voice muffled by a balaclava helmet, was smashed in the face with a pistol butt when he hesitated.

Mr. Drew with a broken nose and other facial injuries was taken to East Birmingham hospital, but was discharged shortly afterwards.

The robbers made their attack through the bank's car park in Jenkins Street. They smashed windows and

the others broke into the bank.

"I was taken inside the bank — with a gun in my back all the way — and ordered to lie with the rest of the employees. I did not feel frightened — just calm and determined to remember everything I could for the police."

In 1976, four men, armed with pistols and shotguns, smashed down the bank door with a white Land Rover. Last night Wolverhampton police confirmed the case remained unresolved.

MPPAY file PA

Wage rise peace plan for MPs

By JOHN LEWIS

Birmingham Post Political Editor.

The Prime Minister is considering a compromise to take the sting out of the revolt of Conservative and Labour MPs over their pay award.

She is expected to stick to the phasing of the 70-80 per cent £5,000-a-year increase in three stages, the last in 1981, but, at the same time, state her readiness to update the award at each stage.

This would meet the fear of many backbenchers who believe that by the time they receive the final instalment they could again be some 40 per cent behind — because of the march of inflation in the intervening years. The £5,000 would take MPs up to £12,000 a year.

The Boyle review body recommended earlier this month that the full awards to MPs and Ministers should be paid immediately.

Fear for as double

As a double strike looms at Chrysler in Coventry, engineering leaders fear that thousands of jobs could be lost.

They have been told that Peugeot intends to build a series of new car factories in France.

Delegates at the Confederation of Shipbuilding and Engineering Unions conference in Llandudno will today debate an emergency resolution on the Peugeot-Citroen-Chrysler management's plans.

The Birmingham-based National Society of Metal Mechanics wants the CSEU to sew a top level meeting with the Peugeot management.

Details of the plan were revealed to a British union delegation by French trade unionists in Lille.

The fears of huge job losses arose yesterday as Chrysler slid into a major



Drawing by BERT HACKETT

Dark deeds smoke out h

By PETER GAVAN

Birmingham Post Parliamentary Correspondent

Mr. Anthony Beaumont Dark, the fiery Conservative MP for Selly Oak, set alight the session's first meeting of the Scottish Grand Committee at Westminster yesterday.

The voters of Selly Oak may well ask what their newly-elected representative was even doing on that committee, given the distance between them and the border.

The answer is that as Conservatives did badly in the election in Scotland they have to pack it with often unwilling English MPs to make up the numbers on the Government side.

Mr. Beaumont Dark quickly drew attention to himself. Soon after MPs settled down to grapple with the Bail, etc. (Scotland) Bill, they were astonished to see clouds of smoke

emanating from his pipe which he was puffing contentedly.

"Are we on fire?" cried an agitated Dr. Jeremy Bray, Labour MP for Motherwell.

Smoking in a committee room is as serious a crime as eating oranges in the Commons chamber, for which a former Scottish MP, Mr. Teddy Taylor, was once reprimanded.

"I didn't want to be on this committee anyway," the offending MP was heard to mutter.

Since he could not smoke he then turned his attention to his newspaper, clearly not over-interested in the business before the committee.

The chairman, Mr. Harry Courlay, Labour MP for Kirkcaldy, reprimanded him. Are we allowed to breathe? Mr. Beaumont Dark complained, determined to demonstrate his independence of the rules.

Other political Thorpe attacked Thatcher defends deal.—Page 5

Mr. Gordon Wilson, Nationalist MP for Dundee said it was wrong that the Government side should be "upheld" by unwilling English MPs.

But he said that Mr. Dark was setting a fine example to MPs who did not want to be reprimanded by behaving in a way that he would not be asked to.

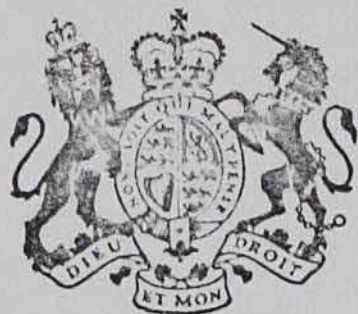
Mr. Beaumont Dark, though that point never occurred to him as well.

CLASSIFIED INDEX

Page 15: Public Notices, Vehicles, Property, Appointments

CONFIDENTIAL

ALS



10 DOWNING STREET

From the Private Secretary

27 June 1979

I attach a copy of the note of the meeting held here yesterday to discuss MPs' pay and mortgage rates.

I am copying this letter and its enclosure to John Chilcot (Home Office), George Walden (Foreign and Commonwealth Office), Tony Battishill (H.M. Treasury), Roger Facer (Ministry of Defence), Jim Buckley (Lord President's Office), Ian Fair (Department of Employment), John Stevens (Chancellor of the Duchy of Lancaster's Office), and Murdo Maclean (Chief Whip's Office).

N. J. SANDERS

ORS

M.J. Vile, Esq.,
Cabinet Office.

CONFIDENTIAL



10 DOWNING STREET

THE PRIME MINISTER

26 June 1979

Dear Edward

I was glad to have a further talk last night.

Having taken a number of soundings since then, particularly on the linkage question, I think it would be better if no specific Motion were canvassed for the time being.

I know that while I am away in Tokyo, the Chief Whip will continue to seek the views of the Party and I would be grateful if you could have a word with him because he may have one or two things to suggest.

I am copying this letter to the Chief Whip and the Chancellor of the Duchy.

(sgd) M T

The Rt. Hon. Edward Du Cann, M.P.

jfh

CONFIDENTIAL

cc Masts
Housing Mortgage Rates

NOTE OF A MEETING HELD IN THE CABINET ROOM, 10 DOWNING STREET
AT 1130 ON TUESDAY, 26 JUNE 1979

Present

The Prime Minister (in the Chair)	Sir John Hunt
The Home Secretary	Mr. Le Cheminant
The Foreign and Commonwealth Secretary	Mr. Wolfson
The Chancellor of the Exchequer	Mr. Whitmore
The Secretary of State for Defence	Mr. Sanders
The Lord President of the Council	
The Secretary of State for Employment	
The Chancellor of the Duchy of Lancaster	
The Chief Whip	

* * * * *

The PRIME MINISTER said that she had called the meeting to take stock of the situation on MPs' pay and the threatened increase in mortgage rates, before her departure for Tokyo.

MPs' Pay

The CHIEF WHIP reported on the present state of feeling in the House of Commons. The views of Conservative backbenchers appeared to have been somewhat modified by the adverse criticism in the Press and the country of the initial attitude adopted by the House of Commons to the Government's proposals on MPs' pay. There was however, he judged, no chance of bringing Members to accept staging of their pay award over 2 years without a forthcoming attitude by the Government on the question of keeping MPs' pay up to date from now on. At a dinner on the previous evening some senior members of the Conservative 1922 Committee and the Parliamentary Labour Party had agreed that a two-stage implementation over 18 months, with 50 per cent paid now and 50 per cent in November 1980, coupled with linkage, would be acceptable to them. Few Members however appeared to know what they meant by "linkage".

The PRIME MINISTER said that Mr. Du Cann, the Chairman of the 1922 Committee, had been to see her on the previous evening

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/and

CONFIDENTIAL

and had made a proposal on the lines of that described by the Chief Whip. It was apparent that he had no clear view on how "linkage" should be interpreted. Her own view was that the Cabinet must stick to the decisions and principles it had already adopted. Public opinion was on its side and a retreat in the face of pressure in the House of Commons would damage the Government's credibility. This meant in particular that the Government should stick to its proposal that the present award to MPs should be paid in three equal stages spread over two years and that no concessions should be made which went beyond what the Government had already given to other groups. It was relevant, however, that with the exception of rejecting the Boyle proposal that MPs' pay might be indexed to the appropriate part of the New Earnings Survey, the Cabinet had expressly reserved its position on "linkage". A solution would need to be found within these parameters. It had also become apparent that some junior Ministers were suffering particularly from the Treasury ruling that all Ministers were deemed to reside in London even when they did not do so. This meant that junior Ministers living in the country had lost their previous entitlement to the special allowances made to MPs in similar circumstances.

In discussion the following points were made:-

(a) Backbenchers on both sides of the House were afraid that implementation of their pay award might be interrupted by a pay freeze. Those who had served in the previous House of Commons were conscious that they had been badly treated by the then Government and that their pay had been held very far below what it ought to have been. And there was concern that the Government's proposals on staging were less generous than those recommended by Boyle.

(b) Unless the Government made a substantial move towards House of Commons' opinion there was a risk that the House would amend the Government's Motion and impose its own solution. No Government could welcome defeat, especially when its own Members voted against it. On the other hand it was by no means certain that defeat was inevitable.

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/Members

Members could be expected to be reluctant openly to vote themselves a pay increase against the Government's advice. Some of those pressing for an improvement in the Government's proposals were no doubt concerned to shift the onus for a substantial pay increase on to the Government's shoulders.

(c) It would be within the principles laid down by Cabinet for the second, but not third, of the proposed stage payments to MPs to be updated, because this is what had been done for both the Doctors and Dentists and the other TSRB groups. In both cases the second stage of their 1978 awards had been updated by the Government this year though no promises had been made about further updating next year when the third stage payments were due.

(d) It was relevant that the Boyle Committee regarded the linkage of MPs' pay to an outside indicator as very much a second best solution and one appropriate only to the intervals between major reviews which they envisaged as taking place every four or five years. Their recommendation for the pay of Ministers excluded linkage but envisaged biennial reviews. One way of avoiding linkage - with its potentially dangerous effects on wage negotiations generally - might be to institute more frequent reviews for MPs' pay on the lines recommended for Ministers.

The PRIME MINISTER, summing up the discussion, said that the group were agreed that there could be no retreat from the position already adopted by the Cabinet. On the other hand there were assurances and arrangements which might be offered which could increase the acceptability of the Government's proposals to Parliament. Thus it might be possible to ensure that the Motion to be put to the House on MPs' pay would guarantee the implementation of the Boyle recommendations irrespective of whether there were a pay freeze - though such a freeze was very far indeed from the Government's intention. It would also be possible to undertake that the pay of MPs would be reviewed biennially by the TSRB. And it should be possible to find a means, perhaps through a special request to the TSRB, to update the second stage of

/implementation

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implementation of the present proposals in June 1980. Such a special updating would accord with the treatment given to the Doctors and Dentists and others. On the other hand it would not be possible to guarantee to the House that the third stage of the present award due in 1981 would be also updated or that a new biennial review conducted in 1981 would be implemented immediately. To do this would be to go beyond the promises made to others and would breach the principle adopted by Cabinet. Those concerned might now float with backbench Members of Parliament, without commitment, the ideas which had emerged from the group's discussion so that a final decision could be taken by the Cabinet after her return from Tokyo. In addition, the Chancellor of the Exchequer should explore urgently the implications of changing the present rules which debarred junior Ministers whose homes were out of London from the allowances payable to Members of Parliament in the same circumstances. The group noted, too, the similar problem which could arise for Ministers in the House of Lords who were debarred under present rules from qualifying for the overnight allowance payable to other Peers. The Lord President of the Council should look at this further. The Cabinet had already agreed that the problem of the reimbursement of Parliamentary expenses necessarily incurred by Ministers and office holders in the House of Lords should be referred to the Boyle Committee for consideration. Finally the Lord President of the Council should examine and report to her on two other points which had emerged in the group's discussion, namely the arrangements governing the determination of the pensions of former Prime Ministers and Speakers of the House of Commons; and the anomaly which appeared to have arisen whereby some retired servants of the House of Commons were now entitled to pensions larger than the salaries currently in payment to their successors.

The Group:

took note with approval of the summing up of their discussion by the Prime Minister and invited the Ministers concerned to proceed accordingly.

/Mortgages

CONFIDENTIAL

Mortgages

The PRIME MINISTER said that she was particularly concerned that the present high level of the Minimum Lending Rate should not lead to an increase in the rate of interest charged by Building Societies on mortgages. It would be highly damaging to the Government's standing if mortgage interest rates now rose to record levels. The Chancellor of the Exchequer was naturally concerned to avoid a new major claim on the contingency reserve and had a proper concern for the maintenance of monetary discipline. But a solution would have to be found. The subject of interest rates was not suitable for discussion in full Cabinet. She would arrange for the matter to be considered by a small group of senior Ministers after her return from Tokyo and before the relevant meetings of the Building Societies Association due to be held in mid-July. The Chancellor of the Exchequer already had in hand the preparation of material on which the discussion could be based.

The Group:

took note.



V13

10 DOWNING STREET

CC LPO
CDL

THE PRIME MINISTER

26 June 1979

Dear Lord Boyle,

In my letter of 20 June I said I would be writing to you further about the expenses incurred by Ministers in the House of Lords.

I am now writing to ask whether the Review Body would, in the timescale of its present review, be able to include the question of some form of support allowance for Ministers and Office-Holders in the House of Lords, analagous to the secretarial and other allowances paid in the Commons. The purpose of such an allowance would be to ensure that no Minister or Office-Holder in the house of Lords would have to meet unreasonable costs himself through the necessary performance of his duties.

As you know, we have accepted the recommendation made by the Review Body that the limited entitlement of Ministers and Office-Holders in the Lords to draw Peers' Expenses Allowance should end when their revised salaries have been implemented in full. Nevertheless, I am sure you will know that Ministers and Office-Holders may be at a disadvantage compared with their Commons counterparts in that they are also called upon from time to time to perform non-Ministerial Parliamentary duties. For example, members of the public may treat a Lords Ministers or Office-Holder almost as if he were an MP and write to him because his name is prominent even when the subjects raised have little to do with that individual's official responsibilities.

/Individuals

V13

Individuals feel bound to deal with subjects raised in this way and I am sure that they should not be out of pocket for so doing. And there are other forms of expense which may fall on Ministers and Office-Holders too. I look forward to receiving your views on this question as part of your forthcoming report.

Yours sincerely
Margaret Thatcher

The Rt. Hon. The Lord Boyle of Handsworth.

CONFIDENTIAL

Parl. Member



Cabinet Office
70 Whitehall London SW1
Telephone 01-233 8550 5826

PA

Chancellor of the Duchy of Lancaster

25 June 1979

PRIME MINISTER

Isn't this interesting? Average income from salaries and allowances £11290, to which should be added £3970 secretarial allowance - a total of £15260.

Dear Nick,

You asked me this morning for some information regarding payments made to MP's during the financial year 1978/9. I attach a note by the Accountant which I hope will be helpful.

MS
MS

There are obviously a number of ways of juggling these figures to obtain an "average payment to an MP", and no doubt any particular method would attract criticism as presenting a most misleading figure. In particular, it would be thought to distort the result if Ministerial salaries were included in the calculation, but the figure for total Parliamentary salaries takes account of the fact that Ministers receive only an abated Parliamentary salary. It would also seem unfair to include in the calculation the figures for the secretarial allowance, which as you know, consist of payments which a Member has certified that he has incurred in the course of employing his secretary. Employers' National Insurance should also probably be excluded.

Given these two exclusions, my pocket calculator gives an answer of £11,290.78 as an "average payment", but I fear we should treat this figure with some scepticism!

H

Yours sincerely
Charlotte

C M EGERTON

Nick Sanders Esq
10 Downing Street
SW1

CONFIDENTIAL

Charlotte Egerton

The total expenditure from the House of Commons Vote in respect of the following services during the year 1978/79 was as follows:

	£	£
<u>Members' Parliamentary salaries</u>	4,139,766	
Add Employers' National Insurance	359,036	
	<u> </u>	<u>4,498,802</u>
<u>Members' Travel</u>		
Rail	269,632	
Air	144,838	
Season Tickets (Suburban lines)	15,840	
Car	1,055,379	
Public Road Transport	130	
Spouse	80,865	
	<u> </u>	<u>1,566,684</u>
<u>Secretarial Allowance</u>		<u>2,521,138</u>
<u>Additional Costs of living away from home Allowance</u>		<u>1,463,197</u>

To complete the picture on Members' expenses &c. you may wish to have the following data:

Exchequer contributions to the Parl. Contributory Pension Fund	£1,265,598
Financial Assistance to Opposition Parties	£221,061
Exchequer contributions to the Members' Fund	£15,000
Miscellaneous expenses	£9,320

25th June, 1979

J. W. Allen
Accountant.



25 JUN 1979

The total expenditure for the year of 1978 is as follows:

Particulars	Amount
Salaries	1,00,000
Grants	50,000
Donations	20,000
Interest	10,000
Depreciation	5,000
Other	5,000
Total	1,90,000

The total expenditure for the year of 1979 is as follows:

To evaluate the performance of the organization, you are required to have the following data:

Accountant

o/10

12 DOWNING STREET,
S.W.1.

FILE
(MB, pg)

With

The Private Secretary's

Compliments



Government Chief Whip
12 Downing Street, London SW1

25 June 1979

The Prime Minister had a discussion on the telephone with the Chief Whip on 24 June when they discussed, inter alia, the Inland Revenue ruling that all Ministers are deemed to reside in London and therefore are unable to off-set the cost of living in London against tax.

The Prime Minister asked whether the Chief Whip would arrange with the Chancellor for a realistic look to be taken at this ruling in the light of present circumstances with a view to establishing whether it can be changed. As I understand it, the Prime Minister had in mind considering change only in respect of Junior Ministers, but it may be that it would be difficult to differentiate between Junior Ministers and others.

The Chief Whip would be most grateful if arrangements could be made to have this ruling looked at as a matter of urgency.

I am sending a copy of this letter to Nick Sanders (No.10), John Chilcot (Home Office) and John Stevens (Leader of the House's Office).

A M Battishill Esq
H M Treasury
Parliament Street
SW1P 3AG

(M MACLEAN)



26 JUN 1979
11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31



Boyle Memo

Civil Service Department
Whitehall London SW1A 2AZ
01-273 4400

25 June 1979

Nick Sanders Esq
Private Secretary
10 Downing Street
LONDON SW1

Dear Nick

In her letter to Lord Boyle of 20 June, the Prime Minister said that she would be writing to him again shortly to ask him to consider the question of expenses incurred by Ministers in the House of Lords. I attach a draft.

You will notice that the draft refers to Ministers and other Officeholders, of whom there are four (the Leader of the Opposition, the Opposition Chief Whip, and the Chairman and Deputy Chairman of Committees). This reflects the wording used in the Boyle Report itself and also the agreement reached between the Lord President and the Chancellor of the Duchy of Lancaster last Thursday (in the Prime Minister's absence abroad) that these Officeholders should continue to be included in the reference back to the Review Body, since they, like Ministers, receive no expense allowance as do other Peers.

I am sending a copy of this letter to Charlotte Egerton.

Yours sincerely

MS E A THORNTON
APS/Lord President

Enc

DRAFT LETTER FROM THE PRIME MINISTER TO LORD BOYLE

In my letter of 20 June I said I would be writing to you further about the expenses incurred by Ministers in the House of Lords.

We have accepted the recommendation made by the Review Body that the limited entitlement of Ministers and Office-Holders in the Lords to draw Peers' Expenses Allowance should end when their revised salaries have been implemented in full. We agree that there is a certain illogicality in the present arrangement which gives salaried Ministers (other than Cabinet Ministers) an entitlement to an allowance of £700, of which only £100 is tax-free, designed as a "reimbursement" of expenses for Peers who themselves receive no salary in this context.

Nevertheless, we are aware that there is a good deal of feeling in the Upper House that Ministers and Office-Holders are at a disadvantage compared with Commons Ministers in that they are also called upon from time to time to perform duties that have an essentially Parliamentary aspect rather than being solely Ministerial in character. One example of the additional work involved is that members of the public may often write to a Lords Minister or Office-Holder because his name is prominent even when the subjects raised have little to do with that individual's official responsibilities. In this sense members of the public may treat these Ministers and Office-Holders almost

as if they were MPs. Ministers and Office-Holders have also on occasion raised the question of their having had to meet certain entertainment expenses from their own pockets. This may sometimes arise in a purely Ministerial capacity, where individuals may wish to provide light refreshments for briefing meetings late in the evening, or in a Parliamentary capacity with meetings with representative and "pressure" groups.

I ^{sh}would therefore be grateful if the Review Body would consider ~~as a matter of urgency and within the timescale of its forthcoming report~~ ~~in the context of its forthcoming report~~ whether any form of support allowance, analagous to those paid in the Commons, would be appropriate in these circumstances. Its purpose would be to ensure that no Minister of Office-Holder in the House of Lords would be unreasonably out of pocket through the necessary performance of his duties. I hope that it will be possible

for you to ^{let me have} ~~include~~ your conclusions, ^{on this matter} as part of your forthcoming report.



25 JUN 1979

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NOTE FOR THE RECORD

cc: Mr. Whitmore
Mr. Lankester
Mr. Sanders

MPs' PAY

The Prime Minister spoke to the Home Secretary and to the Chief Whip on 24 June about MPs' pay.

Mr. Whitelaw told the Prime Minister that his visits to Wales and Manchester had shown him that both the public and the Party rank and file thought that the Government was entirely right to take the position it had on MPs' pay; the reaction was hostile to the behaviour of the MPs on Thursday and approving of the Government's line that MPs should not treat themselves better than other groups. Mr. Whitelaw said that there was a body of opinion which favoured linkage between MPs' salaries and that of another group, for example Assistant Secretaries in the Civil Service. The Prime Minister said that another possibility might be a biennial review, as suggested by Boyle. Mr. Whitelaw agreed that this would be better than indexing; the Treasury and the Department of Employment would in any case oppose either linkage or indexing. He would take stock of the position while the Prime Minister was in Tokyo and be prepared to report to Cabinet on her return.

The Prime Minister told Mr. Whitelaw that her instinct was to stand firm and let Members vote on the issue. Mr. Whitelaw agreed but said that it would be important to avoid creating a "we and they" atmosphere as between the Cabinet and the backbenchers.

The Prime Minister recalled that the doctors and dentists had been given a built-in review in real terms: it should be possible for MPs to have the same, at stage 2. Mr. Whitelaw thought that this would be a good idea and would defuse the problem. The Prime Minister recognised that Junior Ministers had a special problem: would it be possible to enable them to receive a cost of living allowance for their London houses, as they would if they maintained houses in their constituencies. She asked

/Mr. Whitelaw

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- 2 -

Mr. Whitelaw to get in touch with the Chancellor on this point. Mr. Whitelaw said that he would pursue this; but he thought that a biennial review and an up-dating in real terms in 1980 would carry the Party.

At the end of the conversation, the Prime Minister said that her main worry was the mortgage rate: this must on no account go up - if necessary, it should be subsidised from the contingency reserve. The Prime Minister said that she would like to have a meeting of the "Inner Cabinet" at 1130 on Tuesday, 26 June.

Speaking to the Chief Whip later in the day, the Prime Minister said that it was important that the Whips should be active in selling the Government's proposals to the Party. Mr. Jopling expressed the view that part of the Government's difficulties had arisen from inadequate consultation with Mr. Du Cann before Thursday's announcement. He suggested that the Prime Minister should see Mr. Du Cann as soon as possible. Mr. Du Cann was now taking the line that the Government could carry the Party if linkage were to be added to the package. Mr. Jopling's own view was that the Government should agree to this, while standing firm on phasing. The Prime Minister mentioned the up-dating in real terms, comparable to that given to the doctors and dentists, which could be brought into the package at stage 2. Mr. Jopling said that linkage to, e.g., the Assistant Secretary grade would give MPs a better deal than phasing over two years. This linkage could apply to percentage changes in Assistant Secretaries' salaries during the period of phasing.

The Prime Minister commented that linkage in this way would give MPs an enormous increase. She pointed out that Assistant Secretaries were to be cut by 3 per cent in numbers in order to pay for their salary increases. It followed that the Boundary Commission should be told to cut the number of seats in Parliament. Mr. Jopling strongly urged the Prime Minister not to adopt this course. The Prime Minister said that linkage with an outside grade would not be in accordance with the Boyle recommendations.

/Mr. Jopling

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Mr. Jopling repeated that it was important for the Prime Minister to meet Mr. Du Cann soon. He went on to say that there was deep gloom among a number of Junior Ministers, some of whom were experiencing severe personal difficulties. The Prime Minister said that the problem here was one of allowances: the possibility of an allowance for London houses should be taken up with the Treasury. Mr. Jopling said that he would pursue this. Several Junior Ministers were finding it difficult to meet preparatory school fees and maintain the two houses which many of them had. He would send a note to the Chancellor on Monday.

GM.

25 June 1979

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2

10 DOWNING STREET

PRIME MINISTER

I attach the record of the exchanges in the House when Mr. St. John-Stevas made his statement about Members' pay on Thursday. I am sorry that because Hansard is not available it is in this rather indigestible form, but I thought you would like to see the terms of the representations which were made from all sides of the House.

22 June 1979

MS
Harley
Pit

2/ Members of Parliament and Ministers (Pay)

THE CHANCELLOR OF THE DUCHY OF LANCASTER AND LEADER OF THE HOUSE OF COMMONS (MR. NORMAN ST. JOHN-STEVAS):

The Top Salaries Review Body, under the chairmanship of Lord Boyle, submitted to the Prime Minister on 11 June its twelfth report, which deals with the pay of Members of Parliament, Ministers and ~~Officers~~ ^{Office Holders} of the House of Lords, and with certain allowances. The Government ~~is~~ ^{is} most grateful to Lord Boyle and his colleagues for their thorough review and clear recommendations. The report was published today and copies are available in the Vote Office.

The Review Body draws attention to the fact that the Parliamentary salary has not been brought properly up to date for seven years. ~~It~~ ^{It} recommends a revised figure of £12,000 with effect from the due date of 13 June 1979. ~~It~~ ^{It} also recommends that the Parliamentary salary of Ministers and other paid office holders who are Members of the House of Commons should be increased from their present level to £7,000. ^{Review Body} They ~~make~~ ^{make} a series of detailed recommendations about the pay of Ministers and of Office Holders, of which the most significant are an increase in the pay of Cabinet Ministers from £14,300 to £25,000, and of Parliamentary Secretaries from £6,050 to £13,000, excluding, in both cases, the relevant part of their Parliamentary salary. The other increases ~~they~~ ^{it} proposes are set out clearly in the report. These increases are large, although this is in part the result of action taken by previous Governments in holding back the recommended rates in earlier reviews.

The Government accept the sums recommended. However, both sides of the House will recognise that it would be entirely wrong if we in this House were to treat ourselves more favourably than others. We have therefore decided to recommend to the House that the full ^{Parliamentary} increases should not be brought in immediately, but in three equal stages, the first in the present month, the second in June 1980 and the third in June 1981.

Mr St. John-Stevas spkg

That is over a two-year period - [H Ms: "Three years."] - and not, as reported in some newspapers, a three-year one.

[The Government also propose~~s~~ that the full recommended salary rates should be adopted for pension purposes from the appropriate date this summer. This too follows the treatment agreed for other groups covered by the Review Body.

[The Review Body also recommends increases in the secretarial allowance for Members of Parliament from £4,200 to £4,600 as an interim measure, pending a final recommendation in the second part of ~~their~~^{its} Report, which is due shortly. ~~They~~^{It} proposes increases in the Peers' expenses allowance, together with certain changes in the definition of eligible expenditure.

[The Government propose~~s~~ that the increases in allowances, including Peers' expenses allowances, should be introduced in full immediately. The Government ~~has~~^{have} asked the Review Body to consider urgently the question of secretarial and other necessary expenses incurred by Ministers ^{and other office holders} in the House of Lords in the course of their Parliamentary duties.

[The Review Body considered how ~~their~~^{it} recommended salaries ~~could~~^{should} be kept up to date. ~~Their~~^{Its} view was that ~~for~~^{for} Members of Parliament and for Ministers alike, the proper course is regular independent review. ~~They~~^{It} recognised, however, the practical advantage of finding a suitable way of keeping the salary of Members up to date between reviews and described in detail the comparative advantages and disadvantages of some of the different forms of link ~~which~~^{but} had been suggested to ~~them~~^{it}. This is a difficult issue and there are arguments for and against a link of this kind. The Government prefers, therefore, to reserve judgement until ~~we~~^{we have} had further opportunities to take account of the views of the House.

(The rates recommended by ^{the}TSRB for the Prime Minister and the Lord Chancellor are, as in the past, higher than those for other Cabinet Ministers. The Prime Minister is unable to be in the House today because she is attending the European Council in Strasbourg.)

She has, however, authorised me to say that, while she and the Lord Chancellor have agreed that the proposed rates are appropriate for their respective offices and should apply after the next election, they have decided not to accept any increase which would put their Ministerial salary above the amount recommended for their Cabinet colleagues. Consequently, they will take no increase in Ministerial salary until 1981. They have decided to take this course on the clear understanding that all other Ministerial increases are accepted, subject only to staging.

[The House will have an early opportunity to debate and decide upon these matters.]

(MR ~~NICHOL~~ FOOT: ~~(Eph. Valé)~~) May I ask the r h G, first, ~~what consultations he had, before the~~ Govt decided to make these recommendations, with other parties in the House and representatives of Back Benchers who have made representations on these matters over a number of years? What were those consultations and what was their outcome?

[Will the r h G also take account of the fact that one of the matters that the House will wish to discuss is the qn of the ^{linkage} ~~leakage~~ of Members' salaries, as has been proposed previously? Does he recall, as I am sure the House recalls, that the House of Commons itself passed a ^{motion} ~~resolution~~ on this matter some years ago, and that the previous Govt recommended to ~~the Review Body~~ ^{the Review Body} that it should take special account of that resolution and ~~the~~ ^{the} recommendation? Therefore, will not the Govt come forward with a recommendation on that subject after we have been able to consider it?

[Will the r h G also take account of the fact that many of us do not accept for a moment the statement that he makes that what he is proposing about phasing is treating Members of Parlt equally favourably with others, because ~~there has been~~ ^{has been} a very different treatment/ ^{proposed} by the present Govt for dealing with other qns?

[Will the r h G also take account of the fact that the House of Commons now has to decide the matter - it may be that in future we should have some system of linkage, and many of us believe that that would be the right course - and it may be that the House of Commons will wish to insist

that the Boyle recommendations should be carried out, not merely the general recommendations but also the recommendations about the phasing, which for some reason the Govt apparently have rejected?

[MR ST. JOHN-STEVAS: With great respect to the r h M for Ebbw Vale (Mr Foot), I must say that on the qn of consultations he has got his remarks into the wrong context. The context of all our discussions is this House. We have the present report before us, thanks to the efforts of the Back Benchers of the House, including my r h F the M for Taunton (Mr Du Cann) and the former Chairman of the Parly Labour Party, Mr Cledwyn Hughes. I take this opportunity to pay tribute to the work that they did.]

When the ^{Review Body,} ~~Committee~~ appointed as a result of their efforts, reported, the Govt's duty was to take a view. We have done so.

[As a matter of proper courtesy, the Prime Minr conveyed the Govt's proposals in advance to the r h G. I did ^{so} ~~it~~ myself to the leaders of the various minority parties in the House.

No doubt the Ldr of the Opposition will express the Opposition view and supplement anything that has been said by the r h M

for ^{Ebbw} ~~Ebbw~~ Vale. But I must stress that this is not a matter

for consultations in the sense implied by the r h ^M ~~M~~ for

Ebbw Vale. [H Ms: "Why not?"] Because this is not a matter

to be settled by discussion through the usual channels;

It is a matter to be settled through and by ~~the~~ the decision

of the House of Commons.

The r h G referred, secondly, to the qn of the linkage of salaries in this House to some other criterion.

This is an extremely complex qn, because it raises social qns of other people's standing ~~and~~ and their needs throughout the country. We have to decide ^{(what Members' salaries ~~should~~ be linked} ~~what it~~ should ~~link~~ to.

The ~~Boyle~~ Boyle report recommended against any form of linkage.

[H Ms: "It did not."] Yes, it did, but it ~~recognised~~ ^{et cetera,} recognised that there might be political reasons, ~~et cetera,~~

^{and so on,} why a Govt might have to adopt this course, and it recommended links with an index, the new earnings review. But that ~~is~~ ^{is} quite a different link from that suggested by the House of Commons itself when it last discussed this matter.

K fols.

(MR. ST. JOHN-STEVAS speaking)

That conflict alone should show the House that it is a difficult issue and cannot be decided within a few days of the receipt of that report. Having taken account of all the considerations and debated the issues, it is for the House to reach a ~~decision~~ decision.

The r h M for Ebbw Vale ^{said} ~~is~~ that different people had been differently treated by the Govt. That is not true as far as the three review bodies are concerned. With the exception of ~~the~~ the police and defence forces, ~~the~~ ^{those} ~~all~~ ^{the} ~~salary~~ ^{salary recommended by} ~~increases~~ ^{those bodies} have been spread over two years.

MR. FOOT: Of course I am not suggesting that the matter should be settled by consultations through the usual channels or with ~~the~~ representative bodies of Back Bench opinion. I am suggesting that if only the r h G had taken the ^{some} ~~course~~ ^{as} ~~of~~ previous Govts, he might not have come forward with recommendations that ~~the~~ the House will regard as unfair to h Ms.

MR. ST. JOHN-STEVAS: I can only express my disagreement with the r h G.

MR. duCANN: I agree with my r h F that such decisions ultimately must be for the House, but will he, as Ldr, follow the example of his predecessor which led to the establishment of Boyle ^{and} be good enough, before we discuss the matter, to receive representations about the numerous ^{issues} ~~points~~ that flow from his statement and that have given obvious concern to us all? ~~What is the~~ Phrasing is one ^(of those issues) ~~of those issues~~. Secondly, and more important, is the need to discover a method ~~by~~ which the British House of Commons can be saved from such embarrassments in future. Finally, will my r h F explain why we read about these matters in the newspapers/or hear about them on the radio before h Ms are themselves informed?

[Signature]: "Almost word for word."

MR. ST. JOHN-STEVAS: We take all the precautions that we can to ^{ensure} ~~see~~ that leaks do not occur, but unfortunately they happen from time to time. I cannot say where they came from. I certainly regret the leaking of frequently inaccurate information before ^{issues} ~~readers~~ are brought before this House.

I am in the greatest sympathy with my r h F's second point. These matters are embarrassing to all h Ms and should be dealt with in a dignified and reasonable ^{an} ~~an~~ matter. I shall be grateful for representations from my r h F and other h Ms on that.

MR. DAVID STEEL: Is the Ldr of the House aware that I was one of those who accepted, in the ~~1975~~ 1975 Division, that we should reject the Boyle ~~and~~ recommendations and accept a lower salary? With the ~~benefit~~ benefit of hindsight, I think ^{it} that decision was wrong. ^{Does} Will the r h G accept that ~~the~~ Boyle ~~and~~ put in italics the ^{point} that our salaries now ~~four~~ four years later ~~are~~ are still lower than was recommended four years ago? Will he note that ~~the~~ Boyle ~~and~~ specifically said that, if there were to be staging, it should be done ~~in~~ in two stages by no later than June 1980? ^{Her h G} Will ~~he~~ assure us that in the debate we shall have the opportunity to vote for that option? Finally, will he recall specifically that in 1975 the House actually had a vote and decided that it was in favour of the principle of linking? It urged that that ~~be~~ be done by the new Govt within three months of the election, ^{and} ~~we~~ we regarded that as binding on which ever Govt came to power.

MR. ST. JOHN-STEVAS: I agree that salaries of Ms of Parliament ~~and~~ and even more ~~of~~ of Minrs ~~and~~ have fallen dramatically behind. That was due to the anomaly of ^(not to ~~implement~~ implementing) the £8,000 recommendation, the last decision ^{which} ~~was~~ as the r h G ~~and~~ candidly admitted, he supported. That is the difference between this ^{(of the Govt) ~~that on~~ (previous occasion.)} ~~and~~ recommendation and the ~~recommendation~~. We have accepted that figure, ^{but} ~~we~~ have said that it should be phased ~~in~~ [H Ms: "Three years."] ~~in~~ No, it is not three ^(It is two years.) years. ~~We~~ We have said that it should be phased over the period that I have outlined.

It is the Govt's duty to see that justice is done to h Ms. It is equally the duty of the Govt in particular and the Ldr of the House ~~to see that our~~ proposals ~~do not~~ do not undermine the position of this House in the country. This House rests ultimately on the goodwill and respect of the electorate. We ~~could~~ ^{should} forfeit that respect if we treated ourselves more favourably than other groups in society.

Whatever propositions ~~on~~ the Govt put forward on these matters, it is for the House, having considered carefully the issues on a free vote, to ~~consider~~ ^{decide} what should be done.

MR. JAMES CALLAGHAN: I am grateful ~~to~~ for the Prime Minr's courtesy ~~on~~ giving me prior information. As far as I know, I am not responsible for the leak. I should have preferred some consultation instead of just being asked to go and hear the Govt's decision. However, I make no further point on that.

Our Govt and the Govt before us must accept responsibility for the ~~present~~ position in which the House ~~and~~ h Ms find themselves. We should not ~~and~~ and so far ^{none} ~~has~~ ^{has} seek to make party advantage out of that.

The Boyle ~~is~~ is independent and ~~is~~ comprises ~~a~~ a number of people who have made recommendations for other groups. That is precisely to avoid the embarrassment ~~to which~~ ^{to which} ~~that~~ the r h M for Taunton (Mr. du Cann) refers ~~to~~. ~~The~~ ^{fact} way to avoid that ~~a~~ embarrassment and the invidious ~~way~~ ^{fact} that h Ms may

feel that they have to vote against the Govt to increase their salaries is to accept the Boyle ~~Commission~~ report.

Boyle proposed initially $\{$ and it is clear that that was his ^{real} view $\{$ that, because h Ms had fallen so far behind, ~~that~~ there should not be staging. He then concluded that it would be right to stage in such a way that half should be paid on 1 June 1979 and the remainder on 1 June 1980 or, if linkage or up~~dat~~ing was introduced, ^{that} the second instalment should be paid in November 1980.

The r h G has seen the turbulence in the House. Speaking for myself, I believe that there would be overwhelming support in the House for the proposition that Boyle should be accepted in one of those two forms. If that were so, both sides of the House would have to accept equal responsibility for what ^{was} done. We should have to account for ourselves ~~to~~ to our electors and constituents. Most of us would have no difficulty in that, in view of the past record on the matter.

MR. ST. JOHN-STEVAS: I am grateful to the Ldr of the Opposition for that constructive intervention. We have accepted the ~~principal~~ ^{second} principal recommendaton of ~~the~~ Boyle's report that the salaries of Ms of Parliament should be raised to £12,000. It is true that the report recommended against staging, but, recognising certain political difficulties, ^{it went on} ~~to~~ to suggest a form of staging as a reluctant alternative.

(Mr. St. John-Stevas speaking)

I have outlined to the House why that ~~actual~~ time-scale is not acceptable to the Govt. The Hse must now consider the matter and see whether it takes a different view.

~~[redacted]~~ The Leader of the Opposition ^{on linkage.} said that we must follow the Boyle Report. If we ~~do~~ ^{do}, ~~[redacted]~~ ^{it} means ^{it} we must come out against linkage. But again, in a second thought, the Boyle Report recommended linkage with an index. This is a complex matter, and the Hse has made another recommendation. However, I assure the Hse that in this matter the Hse of Commons is sovereign. ~~If~~ If the House, by whatever means, indicates clearly that it wants a particular form of linkage after it has had time to reflect on the issues, of course the Govt will accept that decision.

^{ISSUES}
[MR. CALLAGHAN: I am grateful to the r h G for indicating that this would be a matter for individual h Ms to take their decisions upon, ^{but} will he please reconsider the issue and not put us in the position of saying that we must differ from the Govt on this matter? We do not necessarily wish to differ from the Govt. Instead of h Ms reconsidering the matter, will the Govt, who have had no previous consultations, take the matter back and reconsider it to see whether, on the basis of the arguments in Boyle and on the basis of the expression of the feeling in the Hse this afternoon, they ~~could not~~ ^{cannot} come forward with a resolution based on Boyle?

Then, if h Ms disagree and want to take a more restricted view, they may vote against that proposition. I ~~would~~ suggest that the Govt should reconsider ^{the matter}, bring forward Boyle and then let the Hse, in its sovereign responsibility, take a decision on that.

[MR. ST. JOHN-STEVAS: The Leader of the Opposition has had a full response from myself on the essential points. I have said that the Govt will accept the decision of this Hse. That is the major issue. How this recommendation on linkage comes forward is a minor matter, and there are a number of ways ⁱⁿ which it can be pursued.

(is)

Does
[MR. EMERY: ~~would~~ my r h F accept that this was a very difficult statement to make and that ^{it is obvious from} the submissions that have been put to him ^{it is obvious that} a large number of h Ms ~~do~~ believe that Ms of Parlmt deserve to be paid the full amount that has been recommended by Boyle? However, if linkage ^{were} ~~was~~ to be put into that recommendation, I believe that h Ms would be more than willing to accept the staging. Without the matter of linking, the acceptance of the staging may well mean that at the end of three years Ms of Parlmt would again be 30 per cent. or 40 per cent. out of ^{Kiltey} ~~the~~ with the rest of the economy. Therefore, I believe that it is important that if linkage is put in ⁱⁿ the manner suggested by Boyle ^{will} it ~~would~~ ensure that the Govt obtain staging, which they ^{feel is} ~~is~~ necessary.

Kiltey

L.3

[MR. ST. JOHN-STEVAS: I ^{do not} cannot necessarily agree ~~with~~ with everything that my h F ~~has~~ said. However, he ~~has~~ made a very important and constructive contribution to what I hope all Ms will recognise is an extremely difficult situation to resolve. I shall take full account of that consideration, along with others that are made in the course of these qns.

[MR. MOLYNEAUX: As there does not appear to be any shortage of volunteers to come to this place, can the hardship really be as great as we are led to believe? Secondly, ^{does} ~~will~~ the Leadr of the Hse agree that the status ^{and} standing of, and respect for Ms of Parlmt would be further diminished if we were to ^{award} award ourselves, from public funds, vast immediate increases at a time when we are preaching restraint to others?

[MR. ST. JOHN-STEVAS: I am extremely grateful to the h G for that contribution. Of course it is a privilege to serve as a Member of this Hse. I accept that. I accept also that labourers are worthy of their hire. I also accept the ~~point~~ point that the h G ~~has~~ made that we must take account of feeling and opinion in the country, which is not always the same as the opinion expressed by reporters and newspaper editorials.

[SEVERAL H Ms rose —

[MR. SPEAKER: Order. May I appeal to ^hMembers not to argue the case, but to ask a question? I must be mindful that a half-day ^{Supply} debate follows ~~this~~ ^{and} ~~in that it~~ ^h Ms are deeply interested. That debate will end at 7 p/m. I shall include as many h Ms as I can.

[SIR DEREK WALKER-SMITH: Is not my r h F rather like Clive of old, astonished at his own moderation? Is it not a fact that ~~Assistant Secretaries~~ in the Civil Service ~~is~~ not a very exalted grade ~~with~~ ^{and} with whom it has been suggested Ms of Parlm might be linked for pay purposes ~~it~~ ^{it} will receive an increase from about £13,000 to £17,000, or perhaps £18,000 taking account of the London weighting allowance, to take effect no later than 1 January? Will not my r h F reconsider the long phasing proposed for Ms' pay? ~~I suggest~~ ^{I suggest} with great respect, ~~that~~ I do not agree with his assessment of the public's reaction. Will he do his best to make clear ~~to~~ ^{to} the public, in which he will be assisted by h Ms of this Hse, that this is at best a tardy and partial act of justice?

[MR. ST. JOHN-STEVAS: I am grateful to ~~the~~ ^{my} r h and l ~~for~~ ^F for pointing out in a practical and restrained way one of the difficulties of linkage. If we had a straight linkage of the kind that the Hse wished, we would be advancing the salary far beyond £12,000 to the ultimate £17,000 to which ~~the~~ ^{my} r h and l ~~has~~ ^F has referred. We must avoid that. I am extremely grateful to the Leadr of the Oppositn for ~~the~~ statesmanlike way in which he approached this difficult matter. We must recognise that we are in a difficult situation and we must resolve it in accordance with justice to Ms and the good standing of this Hse in the country.

[MR. MIKE THOMAS: Is the r h G aware that in paragraph 21 of the Boyle Report it is recommended not only that, ~~that~~ ~~staging~~ staging, which Boyle was basically against, should be completed by June 1980, but also, if staging were contemplated

That the increase in Ms' salaries should be accordingly updated in the intervening period? Will he give a firm commitment that in the event of any staging ~~and~~ I do not concede that the Hse ~~would~~ ^{will} accept that ~~he~~ he will suitably update the pay in the interim?

[MR. ST. JOHN-STEVAS: I must point out that the h M's argument, and, indeed, the argument of Lord Boyle's Report would be absolutely true, if we were living in an abstract world of logic and justice. But, in fact, we are not. We are returned here by our constituents, who have great financial problems and who are looking to us to be fair to ourselves, but also to set an example to others.

[MR. WILLIAM CLARK : ^{Does} ~~Will~~ my r h F agree that, whether it was the fault of the previous Govt or the Govt before that, it is never the right time to increase the salaries of Ms of Parlmt? This is the dilemma that any Govt faces. ^{my r h F} Will ~~he~~ give an assurance; as there is a lot of feeling about this matter on all sides of the Hse that when the issue is debated in the Hse, ~~the Govt will~~, if the Hse decides that phasing is not on and that the £12,000 should come immediately,

~~Handwritten scribble~~

M follows

CL
BW/Lane/TJ

M.1

4.20 - 4.30 pm

MR. WILLIAM CLARK spkg

let
X
and indeed that there should be some form of linkage?
~~Will~~ ^{will} the Govt then accept the decision of the Hse and not put the matter to any other ~~cttee~~?

MR. ST. JOHN-STEVAS: I have already made it clear that the Govt will be bound by the decision of this Hse. Members must consider not only their interests but the long-term interests of the Hse as a corporate body. We are not here solely for ourselves; We are here as part of this Hse of Commons, representative of the nation and we must consider both sides of the coin in order to reach a just and reasonable solution that is acceptable to the country.

MR. ASHLEY: ^{Donnison} As the ~~recommendations of the Donnison Commission~~ were published before the Boyle report, may we take it that this Hse will discuss ^{those} the ~~Donnison~~ recommendations, on poor people's ~~pay~~, before the report relating to the pay of h Ms?

MR. ST. JOHN-STEVAS: I cannot give that undertaking, but I ~~welcome~~ ^{welcome} the point made by the h G in drawing ~~the~~ attention to the social and economic condition of the entire country of which we ~~are~~ are a part.

MR. GEORGE GARDINER: I am sure that my r h F will agree that Members of this Hse have for a long ~~period of~~ time received adjustment of their ~~slar~~ salaries ~~towards~~ towards the end of the annual pay review. Therefore, ^{does} ~~will~~ he accept that an ^{award} ~~award~~ that is paid in three stages, the last stage of which is in June 1981,

M2

is a three-stage rather than a two-stage payment? For the enlightenment of the Hse, will he point to any other occupational group which has had its pay award phased over a similarly long period?

MR. ST. JOHN-STEVAS: If I may correct my h F, I believe that there is a difference between the staging and the period over which it is staged. Before there is a ~~to~~ great storm again,

I remind the Hse
~~May I dare to say~~ that this is a three-stage award over a two-year period?

~~[I H~~ [H Ms: "No."] I know that none of us ~~is~~ *is* a

professors of ~~mathematics~~ ^{mathematics,} in this Hse but if the first stage

of the award is made on 13 June 1979 and the last stage

is made in June 1981, the period is two years.

~~May I point my h F to~~ ^{Let me give my} other examples of those who have had similar three-stage awards over a two-year period ~~if~~ *if* I may dare

~~say~~ ^{use} those offending words against ~~me~~ I refer to top civil servants, senior members of the Armed Forces, the judiciary, the senior

managers of the ~~Natio~~ nationalised industries who were referred to the Top Salaries Review Body, ^{and} the doctors and dentists who

were referred to ~~the review~~ ^{that} body. The only exception was the reference of the ~~Armed~~ ^{Armed} Forces and the police. Therefore,

it is against that background of principle that this recommendation is made

MR. ASHTON: ~~Ashton~~ ^{Boyle} Has the r h G seen that part of the ~~Boyle~~ ^{Boyle} Report which says that, since the last Boyle report in

1975, which was not implemented, the national average wage has

risen by ~~over~~ 60 per cent. when the pay of Members of Parlt has risen by only 17 per cent? Is it not, in all fairness, ^{time} ~~we~~ *we*

caught up?

M3

(MR. ST. JOHN-STEVAS: That is a most telling figure, and I hope that it will be noted by those who comment on and publicise this matter. Indeed, if the increase ^{to} which has been reported by Lord Boyle's cttee had been based on the pension figure of £8,000, as uprated, the increase proposed today would be 28 per cent. That figure, taken with the figure given by the h M for Bassetlaw (Mr. Ashton), gives a reasonable picture of the situation. We have accepted a £5,000 rise. I do not think that it would have been acceptable if we had paid ourselves that all at once.

(MR. JAMES CALLAGHAN: I apologise for intervening again, but may I put a clear question to the r h G? ~~Will he~~ In the light of the views expressed in the form of questions ^{from} ~~both~~ sides of the Hse this afternoon, ^{will he} report back to the Cabinet what has taken place in ~~the~~ the Hse and invite the Cabinet to reconsider its decision and ask it to come forward with recommendations based on the Boyle stages, leaving it to h Ms if they take the view of the Ldr of the Hse, ^{to} to impose ~~some~~ a more restrictive condition ~~on~~ if they think fit?

(MR. ST. JOHN-STEVAS: The Cabinet has thought very carefully about these matters and has given its view to the Hse.

I, ~~as~~ as Ldr of the Hse, am most willing to receive representations [H Ms: "When?"] I have had representations. It is not always those who make the most noise who are the most representative. There may be others in this Hse who take a different view. I am open to all representations, so that we can reach a satisfactory solution to this problem in the interests of the Hse and the country which we represent.

M4

Several H Ms rose -

MR. SPEAKER: Order. I propose to call two more h Ms from either side. ~~Mr. Nicholas Winterton.~~

MR. NICHOLAS WINTERTON: Is my h F aware that his statement this afternoon is both deplorable and disgraceful to many Ms on both sides of the Hse? Will he take seriously the request made, in a moderate and responsible fashion, by the r h G the Ldr of the Oppsn and reconsider the proposals ~~which he has~~ ^{tt} ~~put~~ ^{have been} to the Hse this afternoon? Will he also give an assurance that there will be a free vote in this Hse on the subject, including Minrs, so that the Hse can come to a proper decision? Furthermore, will he ~~say~~ ^{he answer the question} how h Ms are to be able to contain and manage the bureaucracy if the people who comprise it are given much better facilities and far higher salaries than ~~the~~ Ms of this Hse?

MR. ST. JOHN-STEVAS: On the question of a free vote, I must point out that the proposals ~~which~~ ^{tt} have been put before the Hse are Govt proposals. Since they are Govt proposals, they will be supported by the Govt. [HMs: "Oh."] Yes, of course, they must be. It is no good h Gs shouting. That is the most ~~elec~~ elementary rule in our constitution. There is a Govt recommendation before the Hse, but as regards other h Ms who are not members of the Govt ~~they~~ will be free to vote according to their interests. I cannot speak for members of the Oppsn. I am saying, I hope as clearly and as openly as I can, what the situation is from the Govt's point of view.

M5

I have already expressed my appreciation of the attitude taken by the r h G the Ldr of the Oppsn. I am ~~u~~ sure that he will be delighted that that support has now been backed by my h F the M for ~~Macclesfield~~ Macclesfield (Mr. Winterton). ^{However,} I cannot agree that these proposals are deplorable and disgraceful.

MR. WINTERTON: They are.

MR. ST. JOHN-STEVAS: That is my h F's view. I believe that they are a responsible attempt to put forward ~~a~~ proposals ^{reconcill} ~~which reconcill~~ ~~less~~ a number of conflicting interests.

N fols

(Mr. St. John Stevas speaking)

There is no proposal before the Hse on the qn of linkage.
It is a matter for the Hse to decide and not ^(a matter) for Govt proposals.

[MR. COHEN: Does the r h G regard Minrs as Ms of the Hse?
He ~~has made certain references~~ ^{said} to the fact that ^{eventually} the Hse will
decide what is to happen ^(on the matter?). In reply to the qn
from his h F the M for Macclesfield (Mr. Winterton) ~~he stated~~ ^{he stated}
clearly that Govt Minrs will not be entitled to the privilege
of a free vote.

I should like to ask ^(the r h G) three qns and I ~~would~~ ^{and short} like succinct
answers to them.

[MR. ST. JOHN-STEVAS: I hope that the h G's questions
will be short.

[MR. COHEN: They will be short ~~questions~~. ^{First,} Will time be
provided to debate ^(the matter?) ~~the subject~~ Secondly, will the debate
be on the basis of either "yes" or "no" to the Govt proposals
or will there be the right to introduce amdts? Thirdly,
in the light of what has happened here today, will the right of
Minrs and all Ms of the Hse to have a free vote be reconsidered?
It is not a political matter, and there will be support across
the Chamber. The Govt will be well advised to take account
of the strength of feeling in the Hse.

[MR. ST. JOHN-STEVAS: I appreciate the h G's argument.
However, it is a contradictory proposal for the Govt ^(as the Govt) to put
~~proposals~~ proposals before the Hse and not to support them.

N.2

If a Govt ^{Mint} does not wish to support the recommendations and he wishes to exercise his right ~~as a Back Bencher~~ as a Back Bencher he is free to do so. In reply to the ~~qn~~ qn "Will the Govt provide time for the matter to be ~~debated~~ debated?" the answer is "yes". In reply to the ~~qn~~ qn "Will it be possible for Ms of the Hse to vote either ^{yes} or ^{no} or to ^{take} put down amdts?" the answer is "yes". I cannot be more succinct ^{than} ~~that~~ that.

RAYMOND

[SIR B. GOWER: Does my r h F recall that when the Hse last considered the matter, the qn of linkage was debated at considerable length and in great detail. The Hse reached a certain conclusion. Is it not remarkable that my r h F is speaking about linkage as if it were a novel idea upon which he would like to ascertain ^(h Ms' views) ~~the views of the Hse?~~

(All h Ms take a certain amount of stick on the issue - it is invidious - and there is a certain degree of ^(opprobrium expressed) ~~opprobrium~~. Does my r h F recognise that the formula commended by the Govt, through him, is one which ^(H) ensures ^(opprobrium) ~~the maximum~~ ~~opprobrium~~ ~~staggered~~ over three years?

[MR. ST. JOHN-STEVAS: I shall resist the temptation to resume the three year-two year argument. I wish that there was an independent review body to ^(which) ~~refer~~ the matter could be referred. I am not saying that the idea of linking is novel; I am saying something quite different - ^(that) ~~it~~ is a complex idea. Before we decide on the form ^(H) which linking should take, there must be an opportunity for reflection and discussion about the difficulties involved and which form of linkage is the most appropriate. The Govt

have not taken a view on the matter.

[MR. MIKE THOMAS (Lancaster and Furness): The Hse has taken a view.

[MR. ST. JOHN-STEVAS: This Hse of Commons has not taken a view on the matter - a previous Hse of Commons has. That is one of the indications which ^{it} must be taken into account, but it cannot be the resolution of the qn. What the Govt are saying is that if the Hse wants linkage ~~exercise~~ ^{it} must put forward a motion and we shall see what the support in the Hse is for the matter. When that has been assessed appropriate action will be taken with ^{result} that in mind. While ^{but} the Govt have responsibility to propose, the Hse, in the last resort, disposes of the issue.

[MR. STRAW: Is the Chancr of the Duchy of Lancaster aware with respect, that, he was in ~~an~~ error in suggesting to the Hse that ^{the Govt have} ~~was~~ treated the review ^{body's} ~~proposals~~ on ~~pay~~ ^{Members'} pay consistently with the manner in which the Govt have treated ~~an~~ other review ~~body~~ ^{proposals on pay?} Is he aware that in respect of ~~doctors~~ and dentists - the nearest analogue to Ms of Parlt - the Govt accepted in full the recommendations of the review ^{body,} including ^{those} ~~the recommendations~~ on staging and ^u updating? In the light of that, does he believe that, far from treating h Ms more favourably than members of the public, ^{the Govt are treating} ~~the~~ ^{them} less favourably? Finally, would the Chancr ~~of~~ of the Duchy of Lancaster kindly subtract ~~an~~ 78 from 81 and tell the Hse what the answer is?

N.4

[MR. ST. JOHN-STEVAS: I am willing to do that and I think ^{that} I could if I tried. However, we are not in the year 1978; we are in the year 1979. I hope that we do not need an independent review body to resolve that qn. The doctor and dentist review stretches over a two-year period from 1978 to 1980.

[MR. PETER BOTTOMLEY: On a point of order, Mr. Speaker. Have there been any changes in the procedure of the Hse since 1975? At that time, the Hse did the best that it could to link ^{members'} ~~MPs~~ pay. When it was not possible to make that binding on the Govt it was because of the procedures of the Hse. Have those procedures changed, or will there remain the same difficulty if the course outlined by the Chancr of the Duchy of Lancaster is followed?

[MR. ENGLISH: Further to that point of order, Mr. Speaker. Are you able to confirm whether a Cabinet Minr's statement ~~is~~ ^{is} equivalent ^{to} that of a Trsy Minr? If so, by his repeated statements today, the Leader of the Hse has committed the Govt to introduce a money resolution such that h Ms could, if they wished, vote for the Boyle recommendation and not merely for the Cabinet's ~~recommendation~~ recommendation.

[MR. OGDEN: On a point of order, Mr. Speaker. Will the Leader of the Hse be allowed to make further comment, ~~about~~ ^{about} not only ~~about~~ about salaries and linkages, but ^{about} the possible effect of wage freezes on those over the next few years?

MR. SPEAKER: I am afraid that I am unable to help h Ms
with the qns that they have ~~asked~~ raised.

From: the Rt. Hon. Edward du Cann, M.P.



HOUSE OF COMMONS
LONDON SW1A 0AA

23
22 June 1979

Ed du Cann

I promised to write you a short note to set out some of the matters I raised when we met on Monday.

1) The Boyle Report

The Government has now announced its proposals. I think my colleagues will be bitterly disappointed that the advice which we gave was not accepted by the Cabinet, with results that were very painful yesterday. I do not remember a meeting of the 1922 Committee where one of our colleagues was so badly received as was Norman yesterday.

If you would like to see the Vice-Chairmen and myself early next week we are of course at your disposal.

2) Election of the Leader of the Conservative Party

I shall be grateful if you will let me know in due course when you would like the election to take place so that I can make an announcement. I feel it would be valuable, if you agree, to re-establish a committee to decide how Conservative Members of the European Assembly should be associated with the election.

3) The Conservative Party in the House of Commons is looking forward very much to entertaining you to lunch at the Savoy Hotel at 12.30 for 1 on the 18 July. We should be very pleased to invite Mr Thatcher if he is free.

/ over

- HOUSE OF COMMONS
LONDON W1A 0AA
- 4) I expressed to you my concern at the fact that little is being done to encourage liaison between the Houses of Parliament and British Members of the European Parliament, and between the Conservative Party in the House of Commons and the Conservative group in the European Parliament.

I think the House as a whole should assume responsibility for liaison, and in the 1922 Committee we shall put forward certain proposals which I hope will be helpful to our Party.

There seems to be a great reluctance on the part of Members in general to be constructive, and I am very much afraid that unless we take some action the divide between us will grow greater.

Y
E

The Rt Hon Mrs Margaret Thatcher, M.P.
10 Downing Street
S.W.1.



10 DOWNING STREET

PRIME MINISTER

MPs Pay

1. Norman's statement yesterday was received very badly by the Parliamentary Party.
2. Norman had a very tough time at the 1922 Committee later.
3. Frankly, I thought that the display in the House immediately after Norman's statement, and the reaction of our own backbenchers at the 1922 was deplorable, but that is not really the point.

There is no way in which the Parliamentary Party will agree to the proposals put forward by the Government, though Norman stressed that it would be for the House itself to decide whether to support or reject the proposals.

4. The question for the Cabinet to decide is whether:-
 - (a) to proceed with the Cabinet proposals, knowing that the House, and a majority in the Parliamentary Party will reject them, or
 - (b) to amend the Cabinet proposals, so as to take account of backbench feeling. My impression is that full implementation of Boyle in two equal stages (now and in June 1980) plus linkage would be acceptable

Dictated to
Strasbourg 10.50
on 22/6

Party Memos File

5. It is difficult to overstate the intensity of backbench feeling on this subject, as evidenced by intensive soundings after Norman's statement.

We have a Two Line Whip today on the European Assembly (Salaries and Pensions) Bill and I will be spending the rest of the day in the House.

I will ring you at 9.30 pm today. I anticipate some reduction in the temperature, but not much!



Ian Gow

22.6.79.

PRIME MINISTERStatement on Pay of MPs and Ministers

Nick Sanders has telephoned a report on Mr St. John Stevas' statement this afternoon. His reception was noisy and discontented. It was of course the Government's decisions on staging which attracted the strongest criticism, as we had expected it would. Condemnation from the Opposition benches was virtually total, and there were also strong representations made from the Government side. Nicholas Winterton described the Government's decision as "deplorable and disgraceful". The only serious attempt to calm things down came from Mr. Callaghan who spoke in moderate terms. Nonetheless he complained that he would have preferred to be consulted on what the Government's decisions were rather than be told about them, and he suggested that Mr. St. John Stevas should come back to the House after a further discussion in Cabinet and say that the Government would now adopt the Boyle recommendations on staging. I understand that Mr. St. John Stevas rode the storm well and, in response to Mr. Callaghan's suggestion, said that Cabinet had reached its view on staging and would not change its mind.

There was also quite a lot of argument about linkage, and we think that Mr. St. John Stevas may have foreclosed the option of the Government putting down a motion proposing an alternative to linkage, though we cannot be certain of this until we see the precise terms of his answer on this point in Hansard.

A good deal of criticism was expressed when the Leader of the House revealed that members of the Government would be expected to vote in the debate in accordance with the Government's proposals, while Government backbenchers would have a free vote.

/There was

There was no discussion of your personal decision about your own salary, though Mr. St. John Stevas' announcement of it was received noisily.

Mr. St. John Stevas made it clear that although the Government's position was firm, he would be holding consultations with all parts of the House between now and the debate.

JMS.

21 June 1979



with compliments

PA
MS

CHANCELLOR OF THE DUCHY OF LANCASTER
70 Whitehall London SW1A 2AS
Telephone 01-930 5422

SUPPLEMENTARY NOTES

Are these staging arrangements not more unfavourable to MPs than any other groups?

These arrangements are consistent with those applied to the 1978 reports of the Doctors and Dentists Review Body and Top Salaries Review Body [ie neither group will catch up fully with comparable salaries in other fields until two years after the first payment].

Will MPs' salaries be updated during the staging arrangements?

The Government is considering this point and will want to hear of Members' views before deciding what action to suggest.

Shouldn't MPs have the same staging arrangements as the Armed Forces?

It was made clear that the increases to the Armed Forces were a special case.

Why haven't MPs the same staging as LA Manuals, Ambulancemen, Nurses etc?

The staging arrangements for MPs are similar to those of the other groups covered by the Top Salaries Review Body.

Will these increases be exempt from any wage freeze or wages policy that may be introduced before June 1981?

This would have to be decided in the light of all the circumstances prevailing at the time. We have no intention of introducing a wage freeze, though we have always made it clear that no responsible person would entirely rule out a wage freeze during the whole course of a Parliament.

Why should MPs get such high increases?

The Review Body in recommending these increases has said that the new levels are those most appropriate for MPs after an independent assessment of their pay.

Background Notes

Top Salaries Review Body

1. In 1978 the TSRB reported that:-
 - a. increases averaging 35% were needed to bring its clients fully up to the levels of salary appropriate to them;
 - b. if these increases were staged, the appropriate rates of pay would need to be brought up to date by the normal review process during the staging period.

The then Government limited the 1978 increase to 10% but gave an undertaking that the full recommended salaries would be introduced in two stages, at April 1979 and April 1980. A first stage increase averaging 13% was therefore paid on 1 April 1979. This year the TSRB reported that updating as in b. above, to take account of changes in comparable levels of pay between April 1978 and April 1979, required a further increase averaging 11.7%. The present Government decided earlier this month that this recommendation should be accepted.

Doctors' and Dentists' Review Body

2. In 1978 the DDRB, while recommending increases averaging only 10% in accordance with the pay guidelines, went on to point out that fully up-to-date pay rates would require further increases averaging 18.5%. The then Government gave an undertaking to introduce the fully up-to-date rates, updated as necessary by the DDRB, in two equal stages as from April 1979 and April 1980. This year the DDRB recommended increases averaging 25.7% as representing a ~~one~~ half-way towards fully up-to-date rates as at 1 April 1979.

Armed Forces Pay Review Body

3. In 1978 the AFPRB recommended increases averaging 32% to restore the full military salary. The then Government gave an undertaking to pay the recommended

levels in stages by April 1980: 13% from 1 April 1978, and two further increases of equal amounts in 1979 and 1980. The present Government, in line with its commitment to bring Service pay up to its proper level, paid both the outstanding stage of the 1978 recommendations and the 1979 updating from 1 April 1979 and has announced that pay will be maintained at the appropriate level in the future.

MP's & Ministers Review

The report justifies the substantial increases recommended in the following way:

- current salaries are still substantially below the levels they recommended 4 years ago,
- since then, while average earnings have risen 60%, MPs' salaries have risen by only 17% and Cabinet Ministers' by 11%,
- it is more than 7 years since independent recommendations were last implemented in full.



21 JUN 1979

CONSULTATIONS

We have the present report before us thanks to the efforts of backbenchers of the House including my Rt Hon Friend the Member for Taunton and the Joint Chairman of the Parliamentary Party, Mr Cledwyn Hughes. I pay tribute to them both.

When the Committee reported the Government's duty was to take a view - it has done so. As a matter of proper courtesy the Prime Minister conveyed the proposals of the Government in advance to the Rt Hon Gentleman.

No doubt he will express the Opposition view.

But I must stress that this is not, in my view, a matter to be settled by discussion through the usual channels or even by unusual channels however exalted, but through and by the decision of this House.

FREE VOTE

Government Ministers will be supporting the Government's proposals but as far as this side of the House is concerned, Members will be free to vote as they wish.

STAGING

All other groups whose pay has been referred to one of the review bodies have had the recommendations staged over 2 years with the exception of the armed forces.

Whilst the review body themselves do not recommend staging, their Report nevertheless recognises that the Government may consider it necessary for the introduction of these salary levels to be staged.

COST

The cost in a full year of implementing the Boyle proposals immediately would be approximately:-

	£m
Members' pay	2.8
Ministers' Parliamentary salary	.25
Ministers' pay	.9
	<hr/>
	3.95
	<hr/>

The cost of the Government's proposals in one year would be one-third this sum, ie £1.3 million.

ALLOWANCES PAYABLE TO DELEGATES TO INTERNATIONAL ASSEMBLIES

This is a matter for the House of Commons Commission, but I am aware of the strength of feeling amongst Members.



✓
MS

with compliments

Office of the
CHANCELLOR OF THE DUCHY OF LANCASTER
70 Whitehall London SW1A 2AS
Telephone 01-233-7140

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Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

21 June, 1979

Thank you for sending us a copy of the draft Statement by the Leader of the House.

I note from your covering letter that you have commissioned briefing from the Department of Employment, who will give you background on analogous settlements, in particular flowing from TSRB; and from CSD, who will no doubt give you the cost figures since that is their business.

It remains only for us to say that the cost of the increases is insignificant in relation to the size of the PSBR (about £1½ million in the current year compared with an estimated PSBR of about £8.3 billion); and that the staging is no more advantageous than in other settlements and will appear a deal less generous than in some; and that since the increases represent catching-up over such a long period they are hardly unreasonable. This will not stop unscrupulous union functionaries from making capital out of them, but the Leader of the House can say firmly that there is no justification whatsoever for doing so.

(M.A. HALL)
Private Secretary

Miss C.M. Egerton
Private Secretary,
Chancellor of the Duchy
of Lancaster's Office

21 JUN 1979





Parl Member
PA
MS

FROM THE PRIVATE SECRETARY TO THE LEADER OF THE HOUSE
AND THE CHIEF WHIP

21 June 1979

Dear Nick

STATEMENT ON PAY FOR MPs AND MINISTERS

Following our word on the phone yesterday evening I attach a draft addition for the statement which will be repeated in the Lords by the Lord President. It gives figures for the peers' expenses allowance.

A copy goes to John Stevens.

Yours
Charles Cumming-Bruce.

C H CUMMING-BRUCE

N Sanders Esq
No 10 Downing Street

PAY FOR MEMBERS OF PARLIAMENT AND MINISTERS

DRAFT STATEMENT - PEERS' EXPENSES ALLOWANCE

On page 2, line 25, at end insert: (for the Lords statement only)

"They propose that peers who have to stay in London overnight when they attend the House should be able to claim for expenses up to a maximum of £18.50. They also recommend that the present single category of day attendance allowance should consist of two categories. For day subsistence and incidental travel they propose a maximum allowance of £9, and for secretarial costs, postage and certain additional expenses a maximum of £8.50."

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PAY OF MEMBERS OF PARLIAMENT AND MINISTERS

DRAFT STATEMENT BY THE CHANCELLOR OF THE DUCHY OF LANCASTER, 20 June

The Top Salaries Review Body, under the Chairmanship of Lord Boyle, submitted to the Prime Minister on 11 June its twelfth report, which deals with the pay of Members of Parliament, Ministers, and Officers of the House of Lords, and with certain allowances. The Government is most grateful to Lord Boyle and his colleagues for their thorough review and clear recommendations. The report will be published today and copies are now available in the Vote Office.

The Review Body draws attention to the fact that the Parliamentary salary has not been brought properly up to date for 7 years. They recommend a revised figure of £12,000 with effect from the due date of 13 June 1979. ~~This represents an increase of 74% over the current rate, and of 23% on the rate used for pension purposes.~~ } They also recommend that the Parliamentary salary of Ministers and other paid office holders who are Members of the House of Commons should be increased from their present level to £7,000. They make a series of

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ailed recommendations about the pay of Ministers and of Office Holders, of which the most significant are an increase in the pay of Cabinet Ministers from £14,300 to £25,000, and of Parliamentary Secretaries from £6,050 to £13,000, excluding in both cases the relevant part of their Parliamentary salary. The other increases they propose are set out clearly in the report. These increases are large, although this is in part the result of action taken by previous Governments in holding back the recommended rates in previous reviews. *The Government accepts the sums recommended.* However, both sides of the House will recognise that it would be entirely wrong if we in this House were to treat ourselves more favourably than others. We have therefore decided to recommend to the House that the increases should not be brought in immediately, but by three equal stages, the first in the present month, and the remainder in June 1980 and June 1981.

The Government also proposes that the full recommended salary rates should be adopted for pension purposes from the appropriate date this summer. This too follows the treatment agreed for public service groups in recent settlements. *// The Review Body* also recommend increases in the secretarial allowance for Members of Parliament from £4,200 to £4,600 as an interim measure, pending a final recommendation in the second part of their Report, which is due shortly. They propose increases in the Peers' expense allowance, together with certain changes in the definition of eligible expenditure. *✓*

The Government proposes that the increases in allowances, including Peers' expenses allowances, should be introduced

in full immediately. The Government has asked the Review Body to consider urgently the question of secretarial and other necessary expenses incurred by Ministers in the House of Lords in the Course of their Parliamentary duties.

The Review Body considered how their recommended salaries could be kept up to date. Their view was that, for Members of Parliament and for Ministers alike, the proper course is regular independent review. They recognised however the practical advantage of finding a suitable way of keeping the salary of Members up to date between reviews and described in detail the comparative advantages and disadvantages of some of the different forms of link which had been suggested to them. This is a difficult issue with which the House has grappled before. The Government prefers therefore to reserve judgement but will take into account any views which may be expressed before deciding whether to offer its advice to the House.

The rates recommended by TSRB for the Prime Minister and the Lord Chancellor are, as in the past, higher than those for other Cabinet Ministers. The Prime Minister is unable to be in the House today because ^{she is attending} ~~of~~ the European Council in Strasbourg. She has however authorised me to say that while she and the Lord Chancellor have agreed that the proposed rates are appropriate for their high offices, they will not themselves in present economic circumstances accept any increase which would ^{put} ~~keep~~ their pay above that of their Cabinet colleagues. They have done so on the clear

understanding that no other Ministers will waive their own entitlement.

The House will have an early opportunity to debate these matters

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PRIME MINISTER

STATEMENT ON PAY OF MPs AND MINISTERS

The Leader of the House has submitted the attached draft of the Statement on MPs and Ministers pay which he is to make tomorrow afternoon. The Lord Chancellor has seen it and is content with it, though he has asked for the addition of the words in brackets at the end of the penultimate paragraph.

The amendments in black ink are changes which I suggest might be made.

You will want to look particularly carefully at the penultimate paragraph which deals with your personal decision about your own pay. I believe that you wished to be able to make plain that you would not be receiving any increase until the third stage. There is a difficulty about this. I warned you before you saw Mr. Callaghan that, on the basis of some quick sums, it appeared that the gross emoluments of Cabinet Ministers (Ministerial salary plus Parliamentary salary) would exceed your present gross emoluments of £25,529 when Stage 2 was implemented, and that for this reason it would be better when talking to Mr. Callaghan to stick to the formula that you would not accept that part of the new rate for your office which would keep your pay above that of other Cabinet Ministers. We have now done the arithmetic in full and the attached table confirms that Cabinet Ministers' gross emoluments will overtake yours at Stage 2. It would only be true that you would receive no increase until Stage 3 if we work on the basis of Ministerial salary alone. The Cabinet Minutes have been drafted on the assumption that we are dealing in terms of gross pay (i.e. inclusive of Parliamentary salary).

The Lord Chancellor of course has no Parliamentary salary and receives only his Ministerial salary. If this is compared with the increased rates ^{of Ministerial salary} for Cabinet Ministers, his present level of pay is not overtaken until Stage 3. But, if we take account of Cabinet

/ Ministers'

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Ministers' Parliamentary salary as well as Ministerial salary, the Lord Chancellor's present salary is exceeded at Stage 1.

This is very complicated and will not be easy to put over publicly. I suggest that we should stick to the formula used in the draft Statement.

This problem apart, are you content with the draft Statement as amended?

I also attach a letter for you to send to Lord Boyle. This ought to go off tomorrow.

JWS.

PS.

If you wish to discuss this, I shall be here for the rest of the evening.

JWS.

20 June 1979

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CABINET CONCLUSIONS ON MPs' & MINISTERS' PAY

1. The Boyle recommendations on the Parliamentary salary and on Ministerial and office-holders' pay are accepted in full as being 'the rate for the job'.
2. The increases in pay will be made in three equal stages over a period which will give treatment no more generous than that given to any other recent public sector group. Staging will therefore be over 2 years - June 1979, June 1980 and June 1981.
3. The full rates will be adopted in full for pensions purposes immediately.
4. The recommended increases in allowances, including Peers' Allowances and the interim increase in secretarial allowances for MPs will be paid in full immediately.
5. The Government will table a motion immediately in both Houses, implementing decisions 1-4 above.
6. No decision yet on review or linkage but if an amendment to this motion is tabled to link MPs pay to any outside analogue or index members of the Government will abstain.
7. The Government will ask the TSRB to consider urgently, as part of its forthcoming report on secretarial allowances, the question of Peers' expense allowances for Ministers and office-holders in the House of Lords.
8. The Prime Minister and the Lord Chancellor, whose salaries alone are differentiated from those of the Cabinet, will not accept that part of the approved new rate for their offices which would keep their pay (inclusive of Parliamentary salary) above that of other Cabinet Ministers.
9. The Government's decision should be announced by way of statements by the Leaders of both Houses on Thursday 21 June. The necessary motions should then be tabled and debated before the Summer Recess.
10. The Prime Minister will see the Leader of the Opposition on 20 June to inform him of the Government's decisions.

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PAY OF MEMBERS OF PARLIAMENT AND MINISTERS

STATEMENT BY THE CHANCELLOR OF THE DUCHY OF LANCASTER ON 20 JUNE 1979

The Top Salaries Review Body, under the chairmanship of Lord Boyle, submitted to the Prime Minister on 11 June its twelfth report, which deals with the pay of Members of Parliament, Ministers and Officers of the House of Lords, and with certain allowances. The Government is most grateful to Lord Boyle and his colleagues for their thorough review and clear recommendations. The report was published today and copies are available in the Vote Office.

The Review Body draws attention to the fact that the Parliamentary salary has not been brought properly up to date for seven years. They recommend a revised figure of £12,000 with effect from the due date of 13 June 1979. They also recommend that the Parliamentary salary of Ministers and other paid office holders who are Members of the House of Commons should be increased from their present level to £7,000. They make a series of detailed recommendations about the pay of Ministers and of Office Holders, of which the most significant are an increase in the pay of Cabinet Ministers from £14,300 to £25,000, and of Parliamentary Secretaries from £6,050 to £13,000, excluding in both cases the relevant part of their Parliamentary salary. The other increases they propose are set out clearly in the report. These increases are large, although this is in part the result of action taken by previous Governments in holding back the recommended dates in earlier reviews.

The Government accepts the sums recommended. However, both sides of the House will recognise that it would be entirely wrong if we in this House were to treat ourselves more favourably than others. We have therefore decided to recommend to the House that the full increases should not be brought in immediately, but in three equal stages, the first in the present month, the second in June 1980 and the third in June 1981.

/ The Government

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The Government also proposes that the full recommended salary rates should be adopted for pension purposes from the appropriate date this summer. This too follows the treatment agreed for public service groups in recent settlements.

The Review Body also recommend increases in the secretarial allowance for Members of Parliament from £4,200 to £4,600 as an interim measure, pending a final recommendation in the second part of their Report, which is due shortly. They propose increases in the Peers' expenses allowance, together with certain changes in the definition of eligible expenditure.

The Government proposes that the increases in allowances, including Peers' expenses allowances, should be introduced in full immediately. The Government has asked the Review Body to consider urgently the question of secretarial and other necessary expenses incurred by Ministers in the House of Lords in the course of their Parliamentary duties.

The Review Body considered how their recommended salaries could be kept up to date. Their view was that, for Members of Parliament and for Ministers alike, the proper course is regular independent review. They recognised, however, the practical advantage of finding a suitable way of keeping the salary of Members up to date between reviews and described in detail the comparative advantages and disadvantages of some of the different forms of link which had been suggested to them. This is a difficult issue and there are arguments for and against a link of this kind. The Government prefers therefore to reserve judgement until it has had further opportunities to take account of the views of the House.

The rates recommended by TSRB for the Prime Minister and the Lord Chancellor are, as in the past, higher than those for other Cabinet Ministers. The Prime Minister is unable to be in the House today because she is attending the European Council in Strasbourg.

/ She has, however,

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She has, however, authorised me to say that while she and the Lord Chancellor have agreed that the proposed rates are appropriate for their respective offices and should apply after the next election, they have decided not to accept any increase which would put their Ministerial salary above the amount recommended for their Cabinet colleagues. Consequently, they will take no increase in Ministerial salary until 1981. They have decided to take this course on the clear understanding that all other Ministerial increases are accepted, subject only to staging.

The House will have an early opportunity to debate and decide these matters.

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PRIME MINISTER

PAY OF MPs AND MINISTERS: STAGING

Relevant decisions of the previous Government on staging were:-

- (a) Top Salaries 1978: 10 per cent on 1 January 1978; half balance 1 April 1979; remainder 1 April 1980. Total staging period $2\frac{1}{4}$ years. Extra 3 months arose from an earlier decision to shift the TSRB groups from a January to an April settlement date.
- (b) Doctors and Dentists 1978: 10 per cent 1 April 1978; half balance 1 April 1979; remainder 1 April 1980. Total staging period 2 years.
- (c) Armed Forces 1978: 10 per cent 1 April 1978; half balance 1 April 1979; remainder 1 April 1980. Total staging period 2 years.
- (d) Police 1978: Half Edmond-Davies award September 1978; remainder September 1979. Total staging period 1 year.
- (e) Civil Service PRU 1979: 9 per cent 1 April 1979; 5 per cent 1 August 1979; balance 1 January 1980. Total staging period 9 months.
- (f) Nurses 1979: 9 per cent plus £2.50 1 April 1979; half balance 1 August 1979; remainder 1 April 1980. Total staging period 1 year.

2. Decisions of this Government:-

- (a) Armed Forces: Final stage brought forward to Apr. 1979. New total staging period 12 months.
- (b) Police: Final stage brought forward to May 1979. Total staging period 8 months.
- (c) Teachers: 9 per cent plus 1 April 1979; half balance January 1980; remainder September 1980. Total staging period 18 months.

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(d) Top Salaries and Doctors and Dentists: The previous staging (2 years) confirmed.

3. Discussion in Cabinet this morning concentrated on two staging periods: June 1979, January 1980, June 1980; June 1979, June 1980, June 1981. One-third of the increase to be paid in each stage. It was agreed that the staging decision for MPs and Ministers should not be more favourable than the treatment afforded by this Government to others.

4. Decision to stage Teachers over 18 months and not deliberately to shorten the previous Government's staging decisions on Top Salaries and Doctors and Dentists would, on this basis, appear to rule out a 12 months staging for MPs and Ministers. In terms of the options discussed in Cabinet the answer would therefore appear to be staging over 2 years - June 1979, June 1980, June 1981 - with one-third of the recommended increase paid at each stage.

JG

Cabinet Office

20 June 1979

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P.029

MR WHITMORE

cc: Mr Vile

MINISTERS' PAY

You asked me when the arrangements agreed today about Ministers' salaries would involve an increase in the Prime Minister's salary. I have consulted the CSD and the answer is in June 1981. The figures are:-

	<u>Present Ministerial Salary</u>	<u>June 1979</u>	<u>June 1980</u>	<u>June 1981</u>
Cabinet Ministers	£14,300	£17,866	£21,432	£25,000
Prime Minister	£22,000	£22,000	£22,000	£25,000



P Le CHEMINANT

Cabinet Office
20 June 1979

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10 DOWNING STREET

From the Principal Private Secretary

20 June 1979

Dear John,

Pay of Members of Parliament and Ministers

I attach the final version of the statement which the Leader of the House is to make tomorrow afternoon on the pay of Members of Parliament and Ministers. This was agreed by the Prime Minister and the Leader at a meeting here tonight.

I am sending a copy of this letter and of the statement to John Chilcot (Home Office), Jim Buckley (Lord President's Office), Murdo Maclean (Chief Whip's Office) and Martin Vile (Cabinet Office).

Yours etc,

Alvin Whittman.

John Stevens, Esq.,
Chancellor of the Duchy of Lancaster's Office.

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PAY OF MEMBERS OF PARLIAMENT AND MINISTERS

STATEMENT BY THE CHANCELLOR OF THE DUCHY OF LANCASTER ON 20 JUNE 1979

The Top Salaries Review Body, under the chairmanship of Lord Boyle, submitted to the Prime Minister on 11 June its twelfth report, which deals with the pay of Members of Parliament, Ministers and Officers of the House of Lords, and with certain allowances. The Government is most grateful to Lord Boyle and his colleagues for their thorough review and clear recommendations. The report was published today and copies are available in the Vote Office.

The Review Body draws attention to the fact that the Parliamentary salary has not been brought properly up to date for seven years. They recommend a revised figure of £12,000 with effect from the due date of 13 June 1979. They also recommend that the Parliamentary salary of Ministers and other paid office holders who are Members of the House of Commons should be increased from their present level to £7,000. They make a series of detailed recommendations about the pay of Ministers and of Office Holders, of which the most significant are an increase in the pay of Cabinet Ministers from £14,300 to £25,000, and of Parliamentary Secretaries from £6,050 to £13,000, excluding in both cases the relevant part of their Parliamentary salary. The other increases they propose are set out clearly in the report. These increases are large, although this is in part the result of action taken by previous Governments in holding back the recommended dates in earlier reviews.

The Government accepts the sums recommended. However, both sides of the House will recognise that it would be entirely wrong if we in this House were to treat ourselves more favourably than others. We have therefore decided to recommend to the House that the full increases should not be brought in immediately, but in three equal stages, the first in the present month, the second in June 1980 and the third in June 1981.

/ The Government

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The Government also proposes that the full recommended salary rates should be adopted for pension purposes from the appropriate date this summer. This too follows the treatment agreed for public service groups in recent settlements.

The Review Body also recommend increases in the secretarial allowance for Members of Parliament from £4,200 to £4,600 as an interim measure, pending a final recommendation in the second part of their Report, which is due shortly. They propose increases in the Peers' expenses allowance, together with certain changes in the definition of eligible expenditure.

The Government proposes that the increases in allowances, including Peers' expenses allowances, should be introduced in full immediately. The Government has asked the Review Body to consider urgently the question of secretarial and other necessary expenses incurred by Ministers in the House of Lords in the course of their Parliamentary duties.

The Review Body considered how their recommended salaries could be kept up to date. Their view was that, for Members of Parliament and for Ministers alike, the proper course is regular independent review. They recognised, however, the practical advantage of finding a suitable way of keeping the salary of Members up to date between reviews and described in detail the comparative advantages and disadvantages of some of the different forms of link which had been suggested to them. This is a difficult issue and there are arguments for and against a link of this kind. The Government prefers therefore to reserve judgement until it has had further opportunities to take account of the views of the House.

The rates recommended by TSRB for the Prime Minister and the Lord Chancellor are, as in the past, higher than those for other Cabinet Ministers. The Prime Minister is unable to be in the House today because she is attending the European Council in Strasbourg.

/ She has, however,

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She has, however, authorised me to say that while she and the Lord Chancellor have agreed that the proposed rates are appropriate for their respective offices and should apply after the next election, they have decided not to accept any increase which would put their Ministerial salary above the amount recommended for their Cabinet colleagues. Consequently, they will take no increase in Ministerial salary until 1981. They have decided to take this course on the clear understanding that all other Ministerial increases are accepted, subject only to staging.

The House will have an early opportunity to debate and decide these matters.

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NOTE OF A MEETING ON THE PAY OF MEMBERS OF PARLIAMENT AND
MINISTERS HELD IN THE PRIME MINISTER'S ROOM IN THE HOUSE OF
COMMONS ON WEDNESDAY 20 JUNE 1979 AT 1515 HOURS

Present:

Prime Minister The Rt. Hon. James Callaghan MP
Mr. C. A. Whitmore

* * * * *

The Prime Minister said that the Cabinet had considered the Boyle Report on the pay of Members of Parliament and Ministers at their meeting that morning and had reached a number of decisions. They had concluded that the Boyle recommendations on the salary of Members of Parliament and on the remuneration of Ministers and other office-holders should be accepted in full as being "the rate for the job". The increases were, however, very large and the Cabinet had decided that they would have to be staged. Boyle had proposed that any staging should be completed, if updating were applied, by November 1980. The Government's view, however, was that Members of Parliament should not treat themselves more generously with respect to staging than had been the case with the 1978 settlements for senior Civil Servants, judges, etc. and for dentists and doctors. This meant that the staging of MPs' pay should be spread over two years, with three equal stages being paid in June 1979, June 1980 and June 1981. The Government had decided to leave open the question of updating for inflation at the second and third stages: this was consistent with what the Labour Government had done with regard to the top salaries settlement of 1978. In order to safeguard the position of widows, the full rates of pay recommended by Boyle would be adopted immediately for pensions purposes. The recommended increases in allowances, including Peers' allowances and the interim increase in secretarial allowances for MPs would also be paid in full immediately. The question of linkage between MPs' pay and outside analogues was a difficult one. Both sides of the House were likely to want some form of linkage, but Boyle's proposal of a link with the New Earnings Survey could lead

/ to other

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to other groups demanding a similar link. If there was to be a link at all, it might more appropriately be with a particular job. The Government had not reached a view so far on this question and had left it open for further consultations with Backbenchers. There was a particular problem with Ministers and office-holders in the House of Lords who at present received no secretarial or expense allowances, and the Cabinet had decided to ask Boyle to consider this issue as part of his forthcoming report on secretarial allowances. Finally, she and the Lord Chancellor felt strongly that they should not receive in full the recommended increases for their offices, and they had both decided therefore that they would not accept that part of the new rate which would keep their pay above that of other Cabinet Ministers.

The Prime Minister added that because of the risk of leaks, a number of which had already occurred, an announcement of the Government's decisions would be made as soon as possible. Statements would therefore be made by the Leaders of both Houses on Thursday, 21 June.

Mr. Callaghan said that many MPs felt that they had been badly treated over their pay and that they had fallen a long way behind other groups. Many of them were facing financial difficulties. He believed therefore that there would be a good deal of disappointment on both sides of the House with the Government's conclusion on staging. There had recently been a number of settlements in which the staging had been shorter than that which had been applied in 1978 to the doctors and dentists and to the group covered by the Top Salaries Report, and some MPs were arguing that their staging should not be worse than that of the settlements for the police and the Services. There were even those who thought that they should move straight to the recommended salary of £12,000. In his view, it might well make for trouble if staging went beyond November 1980, as recommended by Boyle.

The Prime Minister said that she accepted that the present salary for MPs was very tight. Nonetheless, the increases were

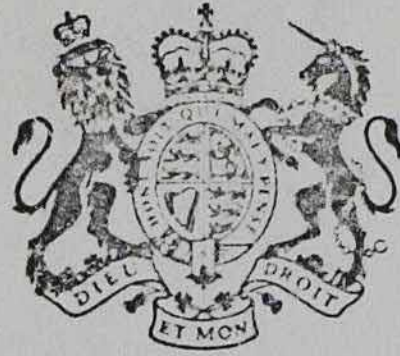
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very large, and it was already clear that their treatment in the Press would be hostile. Public presentation would be all the more difficult if Members were seen to be treating themselves more favourably over staging than other groups covered in recent public services' settlements. Moreover, a number of MPs who had just come into the House were very young and it was unlikely that they would be able to command outside the level of salary which they would be receiving as a result of Boyle, even with staging.

Mr. Callaghan said that the House of Commons was always reluctant to press publicly its own case on pay, but he repeated his view that there would be widespread disappointment over staging spread over as long as two years. If the Prime Minister had felt able to accept the Boyle recommendation on staging, he would have been ready to say publicly that this was a reasonable thing to do. He added that the Prime Minister's decision to draw less than the recommended rate for her office might have personal implications for him, since a former Prime Minister's pension was calculated on the basis of the salary of the Prime Minister of the day. There might also be an effect on the Speaker's pension.

The Prime Minister said that she would see that the point about a former Prime Minister's pension was explored, but she wanted to make it clear that she accepted that the rate for the Prime Minister's office was that recommended by Boyle and she thought that the Prime Minister should get the full rate after the next General Election. As regards staging, she did not feel able to shorten the period which the Government had decided upon.



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10 DOWNING STREET

THE PRIME MINISTER

20th June 1979.

Dear Leonard,

The Government has now considered the recommendations on Parliamentary pay and allowances contained in the Review Body's Twelfth Report, which accompanied your letter of 11 June, and I am writing to let you know in advance of the public announcement the proposals we will be putting to the House.

We intend to propose acceptance of the recommendations made in the Report. Those relating to the Peers' Expenses Allowance and the Members' Secretarial Allowance will be implemented in full from a current date, but, as I know you and your colleagues recognise, there are considerable difficulties about implementing the full salary increases immediately. Consequently, we shall be proposing payment of one third of the increase now, with the balance to be paid in two further stages: the first in June 1980 and the second in June 1981. The full salary levels in all cases will be adopted for pension purposes, with effect from the respective review dates.

We have noted with interest your comments on the question of a salary link. As you would expect, we think that there will undoubtedly be further strong pressure on this, and the Government has reserved its position on the issue until there has been an opportunity to take account of the views of the House.

/We shall

We shall also be asking the Review Body to consider urgently the question of expenses incurred by Ministers in the House of Lords in the course of their Parliamentary duties, and I shall be writing to you about this within the next few days.

The Government's proposals on the recommendations will be announced in an oral statement by the Chancellor of the Duchy of Lancaster on Thursday 21 June.

Finally, I would like to express my sincere thanks to you and your colleagues for the time and care devoted to this study.

Yours ever
Margaret

The Right Honourable Lord Boyle of Handsworth

CONFIDENTIAL

FILE

DS



10 DOWNING STREET

From the Principal Private Secretary

20 June 1979

*6/22/79
for Hansard*

Pay of Members of Parliament and Ministers

When the Prime Minister saw the Leader of the Opposition in her room in the House this afternoon, she explained to him in detail the conclusions which the Cabinet reached this morning on the pay of Members of Parliament and Ministers, including the personal decision which she and the Lord Chancellor had taken about their own salaries.

Mr. Callaghan said that the House of Commons was always reluctant to press publicly the case for its own pay. But he knew that many MPs felt that they had been badly treated over the years and had fallen far behind the field. For this reason he thought that there would be much disappointment on both sides of the House over the Government's conclusion that staging should be over a two year period ending in June 1981. In the course of last winter there had been a number of pay settlements in which the periods between stages had become shorter than those which had been adopted in the case of the 1978 reports on top salaries and doctors' and dentists' pay. Some MPs were now saying that their staging should be no worse than that for police and Services' pay. He thought that there would be trouble if staging went beyond November 1980, as recommended in the Boyle report. He personally would have been ready to support the Government if they had accepted Boyle's proposals for staging. He would now report what the Prime Minister had told him and what he had said in response to a meeting of the Parliamentary Committee of the Labour Party later today.

The Prime Minister said that the Government's conclusions would be announced in a statement by the Leader of the House tomorrow, Thursday. Because of the meeting of the European Council in Strasbourg she would not herself be able to be present.

I am sending copies of this letter to John Chilcot (Home Office), Murdo Maclean (Chief Whip's Office) and to Martin Vile (Cabinet Office).

C.A. WHITMORE

John Stevens, Esq.,
Office of the Chancellor of the Duchy of Lancaster.

CONFIDENTIAL

ASD

Covering SECRET

Clive Whitmore

2



CABINET OFFICE
LONDON, S.W.1

01 233 8339

20 June 1979

Reference P.028

J W Stevens Esq,
Office of the Chancellor of
the Duchy of Lancaster,
68 Whitehall,
SW1

Dear John

MPs Pay

As arranged on the telephone after Cabinet, I enclose a draft of the statement which the Chancellor of the Duchy might make in the Commons tomorrow. It will need topping and tailing for use in the Lords. We have prepared it with help from the Civil Service Department. If the Chancellor is content, he will need to submit it to the Prime Minister very urgently; Clive Whitmore tells me that it should reach No 10 by about 7pm tonight.

Copy, with enclosure, to Charles Cumming Bruce (House of Lords).

P Le CHEMINANT

Attachment:

SECRET

PAY OF MEMBERS OF PARLIAMENT AND MINISTERS

DRAFT STATEMENT BY THE CHANCELLOR OF THE DUCHY OF LANCASTER, 20 June

The Top Salaries Review Body, under the Chairmanship of Lord Boyle, submitted to the Prime Minister on 11 June its twelfth report, which deals with the pay of Members of Parliament, Ministers, and Officers of the House of Lords, and with certain allowances. The Government is most grateful to Lord Boyle and his colleagues for their thorough review and clear recommendations. The report will be published today and copies are now available in the Vote Office.

The Review Body draws attention to the fact that the Parliamentary salary has not been brought properly up to date for 7 years. They recommend a revised figure of £12,000 with effect from the due date of 13 June 1979. This represents an increase of 74% over the current rate, and of 28% on the rate used for pension purposes. They also recommend that the Parliamentary salary of Ministers and other paid office holders who are Members of the House of Commons should be increased from their present level to £7,000. They make a series of

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SECRET

detailed recommendations about the pay of Ministers and of Office Holders, of which the most significant are an increase in the pay of Cabinet Ministers from £14,300 to £25,000, and of Parliamentary Secretaries from £6,050 to £13,000, excluding in both cases the relevant part of their Parliamentary salary. The other increases they propose are set out clearly in the report. They also recommend increases in the secretarial allowance for Members of Parliament from £4,200 to £4,600 as an interim measure, pending a final recommendation in the second part of their Report, which is due shortly. They propose increases in the Peers' expense allowance, together with certain changes in the definition of eligible expenditure.

The increases proposed are very large, although this is in part the result of action taken by previous Governments in holding back the recommended rates in ^{earlier} ~~previous~~ reviews. Nevertheless, the Government has decided to advise the House, as the TSRB recognised it might, that the increases should be staged in line with the treatment of recent public service settlements. Our advice to the House is that the increases should be brought in by three equal stages, the first

SECRET

SECRET

in the present month, and the remainder in June 1980 and June 1981.

This way the House will not be treating its own Members more favourably than the Government has treated other groups. The Government proposes that the increases in allowances, including Peers' expenses allowances, should however be introduced in full immediately. The Government has asked the Review Body to consider urgently the question of secretarial and other necessary expenses incurred by Ministers in the House of Lords in the course of their Parliamentary duties. The Government also proposes that the full recommended salary rates should be adopted for pension purposes from the appropriate date this summer. This too follows the treatment agreed for public service groups in recent settlements.

The Review Body considered how their recommended salaries could be kept up to date. Their view was that, for Members of Parliament and for Ministers alike, the proper course is regular independent review. They recognised however the practical advantage of finding a suitable way of keeping the salary of Members up to date between reviews and described in detail the comparative advantages and disadvantages of

SECRET

SECRET

some of the different forms of link which had been suggested to them.

This is a difficult issue, ^{and there are arguments for and against using a link of this kind.} ~~with which the House has grappled before.~~

The Government prefers therefore to reserve judgement ^{until it has} ~~but will take~~ ^{had further opportunities to take account of the views of the House.} ~~into account any views which may be expressed before deciding whether~~
~~to offer its advice to the House.~~

The rates recommended by TSRB for the Prime Minister and the Lord Chancellor are, as in the past, higher than those for other Cabinet Ministers. The Prime Minister is unable to be in the House today because of the European Council in Strasbourg. She has however authorised me to say that while she and the Lord Chancellor have agreed that the proposed rates are appropriate for their high offices, they ^{have decided not to} ~~will not themselves in present economic circumstances~~ accept any increase which would keep their pay above that of their Cabinet colleagues. They have done so on the clear understanding that no other Ministers will waive their own entitlement.

The House will have an early opportunity to debate these matters.

My Right Honourable Friend the Lord President is making a similar statement today in another place.

SECRET



Chancellor of the Duchy of Lancaster

covering SECRET

Cabinet Office
70 Whitehall London SW1
Telephone 01-930 5422

19.6.79

Dear Nick,

I attach a copy of the draft statement on MPs' pay.

The Lord Chancellor has asked for the insertion of the words 'and with the intention that their own successors will accept the full salaries for their respective offices' at the end of the penultimate paragraph. The Chancellor of the Duchy considers

that this may not exactly
meet the Prime Minister's
wishes, but would be content
to make this addition if
she is also.

Yours sincerely

Charlotte

—

SECRET

PAY OF MEMBERS OF PARLIAMENT AND MINISTERS

DRAFT STATEMENT BY THE CHANCELLOR OF THE DUCHY OF LANCASTER, 20 June

The Top Salaries Review Body, under the Chairmanship of Lord Boyle, submitted to the Prime Minister on 11 June its twelfth report, which deals with the pay of Members of Parliament, Ministers, and Officers of the House of Lords, and with certain allowances. The Government is most grateful to Lord Boyle and his colleagues for their thorough review and clear recommendations. The report ~~will be~~^{was} published today and copies are ~~now~~ available in the Vote Office.

The Review Body draws attention to the fact that the Parliamentary salary has not been brought properly up to date for 7 years. They recommend a revised figure of £12,000 with effect from the due date of 13 June 1979. ~~This represents an increase of 74% over the current rate, and of 28% on the rate used for pension purposes.~~] They also recommend that the Parliamentary salary of Ministers and other paid office holders who are Members of the House of Commons should be increased from their present level to £7,000. They make a series of

SECRET

detailed recommendations about the pay of Ministers and of Office Holders, of which the most significant are an increase in the pay of Cabinet Ministers from £14,300 to £25,000, and of Parliamentary Secretaries from £6,050 to £13,000, excluding in both cases the relevant part of their Parliamentary salary.

The other increases they propose are set out clearly in the report. These increases are large, although this is in part

the result of action taken by previous Governments in holding back the recommended rates in ^{earlier} ~~previous~~ reviews. // However, *The Government accepts the sums recommended.*

both sides of the House will recognise that it would be entirely wrong if we in this House were to treat ourselves more

favourably than ^{we have decided} others. We have therefore decided to recommend

to the House that the ^{full} increases should not be brought in

immediately, but ⁱⁿ ~~by~~ three equal stages, the first in the present month, ~~and~~ ^{second} the remainder in June 1980 and ^{the third in} June 1981.

The Government also proposes that the full recommended salary rates should be adopted for pension purposes from the appropriate date this summer. This too follows the treatment

agreed for public service groups in recent settlements. // *The Review Body*

also recommend increases in the secretarial allowance for Members of Parliament from £4,200 to £4,600 as an interim measure, pending a final recommendation in the second part of their Report, which is due shortly. They propose increases in the Peers' expense allowance, together with certain changes in the definition of eligible expenditure.

The Government proposes that the increases in allowances, including Peers' expenses allowances, should be introduced

in full immediately. The Government has asked the Review Body to consider urgently the question of secretarial and other necessary expenses incurred by Ministers in the House of Lords in the Course of their Parliamentary duties.

The Review Body considered how their recommended salaries could be kept up to date. Their view was that, for Members of Parliament and for Ministers alike, the proper course is regular independent review. They recognised however the practical advantage of finding a suitable way of keeping the salary of Members up to date between reviews and described in detail the comparative advantages and disadvantages of some of the different forms of link which had been suggested to them. This is a difficult issue ^{and there are} ~~[with arguments for and against a link of this kind which the House has grappled before]~~ The Government prefers ^{until it has had further opportunities} ~~[but will take into account to take account of the views of the House, any views which may be expressed before deciding whether to offer its advice to the House].~~

The rates recommended by TSRB for the Prime Minister and the Lord Chancellor are, as in the past, higher than those for other Cabinet Ministers. The Prime Minister is unable to be in the House today because ^{she is attending} ~~of~~ the European Council in Strasbourg. She has however authorised me to say that while she and the Lord Chancellor have agreed that the proposed rates are appropriate for their ^{respective} ~~high~~ offices, ^{and should apply of the next session.} they ^{have decided not to} ~~[will not themselves in present economic circumstances]~~ ~~accept any increase which would keep their pay above that of their Cabinet colleagues.~~ They have done so on the clear

accept any increase which would keep their pay above that of their Cabinet colleagues. (put them Ministerial salary) close that the amount recommended for their letter. This means they will receive no increase in Ministerial salary until Sept. 1981.

~~They~~ They have decided to ~~take the~~ ^{take the} ~~bank~~ ^{bank} on the ~~mean~~
 understanding that ^{all} no other Ministers ^{will} ~~waive~~ ^{if} ~~their~~ ^{waiver} ~~own~~ ^{own} entitlement ~~[and with the intention that they can~~
~~with except the full salaries for their respective posts].~~

The House will have an early opportunity to debate ^{or decide} these matters

accepted in July 1971 only
 to step up .

PRIME MINISTER

Members' Pay

Mr. Whitelaw has asked me to let you know that when he saw you last night about Members' pay, he may have left you with the impression that, in his view, the statement to the House had to be made by you. On further thought, he does not now think that it is essential for you to make the statement. He recalls that this task fell to him on one occasion when he was Leader of the House. He suggests therefore that you may wish to consider the option of the statement being made by Mr. St. John-Stevas.

Another option, in addition to the possibility of statements by either you or the Leader of the House, is a Written Answer. This is what Mr. St. John-Stevas proposes in his paper which Cabinet are taking tomorrow.

Of the last three announcements on Members' pay and allowances, one -- in 1977 -- was done by a Written Answer by the Leader and two -- in 1975 and 1976 -- were made by means of an oral statement by the Leader of the House. Recent precedent therefore points to an announcement by Mr. St. John-Stevas rather than by you, and in view of the current feeling in the House about pay you may think that an oral statement would be better than a written answer. The argument for your making the statement seems to me to turn primarily on the broader political significance of whatever conclusion the Government reaches on Lord Boyle's report, especially in relation to its economic strategy. But in the end practicalities may decide who makes the statement. If you were to make it, it would have to be on Monday, 25 June because of your absence in Strasbourg on Thursday and Friday of this week. But the Government's decisions are likely to leak before then. This points to a statement by Mr. St. John-Stevas on Thursday.

AWs.

19 June 1979

10,900
12,300
16,500
32,000
G. van
CONFIDENTIAL

Ref. A09817

PRIME MINISTER

TSRB 12: MPs' and Ministers' Pay

(C(79) 22)

BACKGROUND

The Cabinet have all had copies of the full TSRB report as well as the Chancellor of the Duchy's paper but, although the subject was touched on briefly at E Committee on 29th May, the Cabinet itself has not so far discussed the subject.

HANDLING

2. You will want to invite the Chancellor of the Duchy to introduce his paper. Thereafter a possible sequence of speakers would be the Lord President; the Home Secretary; the Lord Chancellor; the Chancellor of the Exchequer; the Secretary of State for Employment; and the Paymaster General.

3. The main points to cover are:-

- (a) Main rates: Increases in both the Parliamentary salary and the pay of Ministers and Office Holders are, by common consent, long overdue. A summary of the TSRB's new recommendations is to be found on pages 31 to 35 of the full Report. The rates assume that an MP's job is a full time one (differential full and part time rates would be very difficult to apply as the TSRB recognise). Comparison of the salaries actually in payment and those recommended in 1975 are to be found in Appendix A to the full Report (pages 36 to 38). In no case are the salaries in payment yet up to the 1975 rates: since when the RPI has increased by 56 per cent and average earnings by some 60 per cent. Thus very large increases are needed to correct the situation. The TSRB is however the accepted and authoritative mechanism for determining these salaries. There is little doubt that most MPs (and Ministers) will expect the Report's recommendations to be implemented in full. It is unfortunate that the effects of pay policy in recent years

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have left so large a gap to be covered - which gives a presentational problem - but the Cabinet has little real choice other than to accept the recommendations or scrap the system.

- (b) Staging: Acceptance of the recommended rates need not of course mean that they should be fully implemented at once. There is a case for doing this (staging prolongs the presentational agony, particularly when stage increases are updated and the results presented in the Press as a single percentage - as happened last month with the doctors and dentists and other TSRB groups) but the DDRB and TSRB 11 precedents rule this out. The Annex to C(79) 22 deploys the main options from which the Cabinet must choose.
- (c) Implementation for pensions purposes: All the precedents, Parliamentary and other, point to accepting the new rates immediately for pensions purposes.
- (d) Parliamentary pay for Ministers: Ministers receive part of their Parliamentary salary in addition to their Ministerial salary. The Report recommends that all Ministers should receive a Parliamentary salary of £7,000 a year. This is in line with the general recommendations of the Report and there is no special reason to object to the recommendation or its implementation. If increased pay to MPs is implemented in stages so too would of course be the Parliamentary pay to Ministers.
- (e) Allowances: You, though not the other members of the Cabinet, have the full explanation of the current allowances payable to Members of Parliament provided in the letter from the Chancellor of the Duchy's Private Secretary to your Private Secretary on 18th June. The TSRB has said that it intends to report separately on the secretarial allowance for MPs and that an interim increase of £400 a year (making £4,600 in all) should be payable pending the second report. It would of course be possible to defer payment of this increase until the second report is available. In the longer term it might also be possible to consider whether there are alternative ways (avoiding tax-free allowances) by which

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MPs might be provided with secretarial and other assistance they need. You and your colleagues will know whether such alternative systems - i. e. the direct payment of secretarial salaries by Parliament - would be likely to commend themselves to the House.

- (f) Updating: The Report points to the inevitable problems which arise when the pay of Ministers or MPs are increased infrequently by large amounts. It considers, but rejects, the idea of linking MPs' pay to that of a particular Civil Service grade. Instead it favours interim updating (annual) by reference to the relevant part of the New Earnings Survey. It would be helpful if the Cabinet could decide in principle how it wants updating to be handled. But in view of the decisions taken recently not to promise updating either to the Doctors and Dentists or to the other TSRB groups, it will also no doubt be necessary also to avoid a promise to MPs and Ministers.
- (g) Allowances to Members of the House of Lords: The Report recommends that the present daily maximum expense allowance of £13.50 for peers who are able to travel daily to attend the House of Lords and £16.50 for those where attendance involves an overnight stay in London, should be replaced by three individual maxima, namely:-
- (i) Overnight subsistence - £18.50.
 - (ii) Day subsistence and incidental travel - £9.
 - (iii) Secretarial costs etc. - £8.50.
- (h) In making this recommendation the Review Body are reverting to a recommendation made by them in 1976 for a more differentiated system of allowances which was not accepted by the previous Government. The Report refers (in paragraph 56 on page 22) to "considerable opposition within the House of Lords to the concept of the grouping of eligible items of expenditure" and page 25 of the Report contains a note of reservation on the Report's recommendations by Lord Hirshfield (who wants to see a simpler system). But the allowances are intended to cover actual expenditure and not to include an element of pay. The simplest course for the Government is probably to accept the Review Body's recommendations without change.

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- (i) Waivers: You will recall the Lord Chancellor (describing himself as the successor of Sir Thomas More) saying at E last month that he would consider forgoing any increase which he himself had to approve. Some other Ministers may feel the same way. However, the Home Secretary argued strongly that this put great moral - and perhaps unfair - pressure on other Ministers and MPs to forgo part of their own increases, even though they could less well afford it. It is, of course, always open to any Minister or Parliamentarian to forgo his pay and allowances as a matter of personal choice. But equally it is open to the Cabinet to discourage colleagues from pursuing this path.
- (j) Procedure: The procedure and timetables set out in the paper seems acceptable, but you will want the views of the Paymaster General on this and on the best way of presenting the increases.

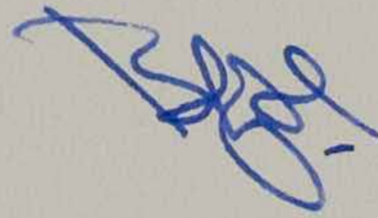
CONCLUSIONS

4. Subject to the course of discussion, I think you should be able to guide the Cabinet to agree:

- (a) That the new Parliamentary salaries and Ministerial and Office Holders' pay rates recommended by TSRB should be approved.
- (b) Either that the new rates be introduced at once; or that they be staged as suggested by the Chancellor of the Duchy; or that they be staged over a longer period to be specified.
- (c) That the new rates should be adopted for pension purposes immediately.
- (d) That whatever staging arrangements are agreed should apply also to the Parliamentary salary of Ministers and other paid office holders.
- (e) Either that the proposed interim increases in secretarial allowances to be paid immediately; or that a decision be deferred until receipt of the second part of the TSRB report.
- (f) That the other increases and allowances including Peers' allowances proposed by TSRB should be approved.
- (g) That a decision should be taken to update future salaries on the basis proposed in the Report but that no promise of actual updating next year should be given now.

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- (h) Either that Ministers and MPs should be free to waive any increase in their salaries at their own discretion; or that, while respecting their right to choose, the Cabinet would wish to discourage colleagues from doing so.
- (i) That the procedure for handling the report, suggested by the Chancellor of the Duchy, should be adopted.



for

JOHN HUNT

19th June, 1979



Chancellor of the Duchy of Lancaster

PRIME MINISTER

Cabinet Office
70 Whitehall London SW1
Telephone 01-233 8550 5826

You have not
seen this before
MS

18 June 1979

Dear Nick,

MPS' PAY

You wrote to John Stevens on 17 June asking for a note on the components of a backbencher's income.

- ① The two major allowances available for backbenchers are (1) secretarial allowance, currently at the rate of £4,200 p.a., and (2) additional costs of living away from main home allowance, currently at
- ② the rate of £3,046 p.a. The procedure for increasing the rate of secretarial allowance has in the past been to take the percentage increase of Civil Service salaries (10% in June 1978) plus an element for an increased 'employers' National Insurance contribution. A resolution of the House is then tabled. The 'additional costs' rate is increased by administrative action following a letter from the Civil Service Department. The basis ~~is~~ of 144 times the Class A.1 Subsistence Rate.

The figures produced for Lord Boyle's Committee show that in the year 1977/78 only 437 Members claimed the full secretarial allowance and 330 claimed the full 'additional costs' allowance. The latter figure is lower because over 100 Members (mainly London Members) do not have a second home.

I attach a specimen claim form which Members use in making claims and you will see that the Member declares (1) that the amount claimed has "... been wholly, necessarily and exclusively incurred by me ..." and/or (2) "... costs which I have necessarily incurred ...". In this context you may wish to note the Accountant's assurance that no payments in addition to the Parliamentary income are made by the Fees Office unless a Member certifies that the amount claimed has been actually spent.

Cont...

- ③ A Member is also eligible for a standard car allowance for travel between Westminster, home and his constituency undertaken in the course of his parliamentary duties. This allowance is tied to civil service rates. He may also claim
- ④ warrants for similar travel by rail, and such warrants are taxable.
- ⑤ London Members also receive London weighting, currently set at £424 p.a., which is tied to a proportion of the civil service rate.

There are one or two other allowances which are included in the House of Commons Vote presented by the House of Commons Commission. The main item consists of those allowances payable to parliamentary delegations to the Council of Europe, North Atlantic Assembly and the Western European Union, which are currently under review. The Government, under the House of Commons (Administration) Act 1978, bears no direct responsibility for the level of these allowances.

I am copying this letter to Martin Vile.

*Yours sincerely,
Charlotte Egerton*

C M EGERTON

Nick Sanders Esq
10 Downing Street
LONDON
SW1



18 JUN 1979
12 11 10 9 8 7 6 5 4 3 2 1

I wish to claim an allowance of £..... in respect of secretarial and general office expenses and cost of employing research assistants which have been wholly, necessarily and exclusively incurred by me on Parliamentary duties during the period from to

Of this sum £..... relates to the cost of employing research assistants.

I wish to claim an allowance of £..... in respect of additional costs which I have necessarily incurred for overnight stays away from my home (as notified to the Fees Office) on Parliamentary duties during the period from to.....

Signed.....M.P.

Date..... Constituency

IN CONFIDENCE



10 DOWNING STREET

From the Private Secretary

18 June, 1979.

*B/K 19.6.79
for meeting*

Members' and Ministers' Pay

As I promised, here is a copy of the Boyle Report on Members' and Ministers' pay for the meeting on Wednesday afternoon at 1515.

N. J. SANDERS

Sir Tom McCaffrey



JD

10 DOWNING STREET

THE PRIME MINISTER

18 June 1979

Dear Lord Boyle

Thank you for sending me your first report on Parliamentary Pay and Allowances. I am grateful to you, the members of the Review Body and all the staff concerned, for the work which you have done in drawing up this Report.

I shall of course let you know when we have decided on the date of publication of the Report. I look forward to seeing the report on the remaining aspects of the task set out in your terms of reference.

Yours sincerely

MT

The Rt. Hon. Lord Boyle of Handsworth

jfh

cc: C.O.

DSG

Five



Part. Mem.

10 DOWNING STREET

From the Private Secretary

8/18.6.79.

17 June 1979

MPs PAY

The Prime Minister discussed Members' pay with the Chancellor of the Duchy of Lancaster at 1600 on 15 June. The Prime Minister expressed concern about the reception of the Boyle Report. She had hoped that it would deal more thoroughly with the question of allowances than it had in fact done. In discussion it became clear that a second report, now expected to be received during the Recess, would not cover allowances in the way which the Prime Minister had expected.

The Prime Minister also asked about the proposed staging of the payments, and how she could defend asking other groups of workers to exercise restraint when MPs would have voted themselves an 82% pay increase.

Mr. St. John Stevas said that he thought it would be possible to bring Members' pay up to the recommended level in three stages rather than two. He said that the public would complain whatever the amount of the increase was and however many stages there were. He thought that the reception of this report might be better than some of its predecessors. He urged the Prime Minister to accept that the report should be published and dealt with as quickly as possible.

He said that the Review Body had sought to give Members the option of devoting themselves full-time to their Parliamentary work if they so wished. The Prime Minister was unhappy about this, and doubtful about the justification for the level of salary recommended for the Members. Mr. St. John Stevas said that one could not distinguish for salary purposes between full-time and part-time Members.

Finally, the Prime Minister asked for a note on the components of a backbencher's income. She would like to have some updated details of the scale of the various allowances applicable to London Members and those from outside London, together with some information about how those allowances are updated. Mr. St. John Stevas said

/ that

DSG

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- 2 -

that he thought they were increased in line with the corresponding Civil Service allowances. I should therefore be grateful if you could let me have as soon as possible - and preferably on Monday 18 June, if it can be done - a short note setting out the components of a backbencher's salary, with some indication of their relative financial importance.

I am copying this letter for information only to Martin Vile (Cabinet Office).

NJS

John Stevens, Esq.,
Chancellor of the Duchy of Lancaster's Office

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Chancellor of the Duchy of Lancaster

Cabinet Office
70 Whitehall London SW1
Telephone 01-233 8990 5826

15 June 1979

Dear Nick,

TSRB 12: MPs' AND MINISTERS' PAY

Cabinet will be discussing at its meeting on 20 June the attached Report on MPs' and Ministers' Pay. The Chancellor of the Duchy of Lancaster will be circulating a paper on this subject on Monday, but thought it would be helpful to Members of the Cabinet to have available copies of the Report over the weekend.

I am copying this to the private secretaries of all members of the Cabinet, the Minister of Transport, the Chief Whip and Sir John Hunt.

Yours sincerely,
C M Egerton

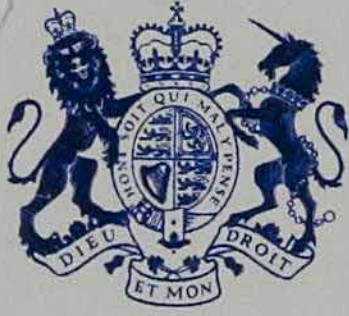
C M EGERTON

Nick Sanders Esq
10 Downing Street
SW1

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15 JUN 1979





Chancellor of the Duchy of Lancaster

Cabinet Office
70 Whitehall London SW1
Telephone 01-233 8550 5826

PA
MS

I am very worried
that we know nothing about
the TSEB proposals
also some. I believe
reduction of central allowances
(initially) on the grounds
that they have
recommended being
paid in money.
So this would
which is a violation
of...

14 June 1979

Dear Nick,

I attach as requested a draft Cabinet Paper on the 12th Report of the Top Salaries Review Body on MPs' and Ministers' Pay.

As you are aware, this draft has been prepared somewhat hurriedly and it is still subject to detailed amendment, in particular the sections on the Peers' expense allowance have yet to be agreed with the Lord President and the Chief Whip in the Lords. We hope to be able to finalise the draft in the course of tomorrow, but I would stress that the Chancellor has not yet had an opportunity to consider this draft in depth.

Can't have the
report itself in
the weekend box
ms

Yours sincerely,

Charlotte

PRIME MINISTER

C M EGERTON

Nick Sanders Esq
10 Downing Street
SW1

Mr St John Stevas (flag A) would like you to see this as it stands. It is not all that well put together, but reflects the conclusions reached in his consultations with the Chief Whip and Paymaster General (flag B). It does not properly reflect the pressures which will be brought to bear in the House for early implementation in full. Will it MS 14/11 do as a basis for discussion next Wednesday?



CABINET

TSRB 12: MPs' AND MINISTERS' PAY

MEMORANDUM BY THE CHANCELLOR OF THE DUCHY OF LANCASTER

1. The Twelfth Report from the Review Body on Top Salaries, recommends revised current levels of pay for MPs and Ministers, new rates for the Peers' Expense Allowance and an interim increase in Members' Secretarial and Research Assistance Allowances. A further substantive report on the Secretarial Allowances and certain other remaining points is expected shortly. Uhr?

The Parliamentary Salary

2. The Review Body draw attention to the fact that the Parliamentary salary has not been brought properly up to date for 7 years, and argue strongly for the introduction of a revised figure of £12,000 with effect from the due date of 13 June 1979. This represents an increase of 74% over the current rate of £6,897 and of 28% on the rate (£9,372) used for pension purposes. The Review Body do not themselves recommend staging of the increase, but recognise that the Government may need to propose this course to the House; in this event they suggest that full implementation should be completed by 1980. The cost of full implementation would be about £2.8M in a full year.

Linkage

3. The Review Body were asked to re-examine the question of a salary link for Members in the light of the strong views held by many Members, as evidenced by the passing of the 1975 Resolution which expressed the desirability of a link with the Assistant Secretary in the Civil Service "... not later than 3 months after the next General Election" TSRB have re-examined this issue carefully but have repeated the conclusion reached in their First and Seventh Reports that a link to

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 9.000
 10.000
 12.000

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a particular group would be wholly inappropriate. They believe that a better course would be to reflect movements at levels of pay comparable to the salary of an MP. In short, they conclude that it would be right for Members' pay to be subject to independent substantive review every 4-5 years with updating in the interim years on the basis of a link with an appropriate point in the New Earnings Survey (published annually by the Department of Employment in October).

There are a variety of factors to be considered here. Certainly, there is a strong body of support in the House for a link with the Civil Service; the TSRB received about 180 such suggestions. However we must weigh against this, the TSRB's clear contrary views which will, of course, be made public. Moreover, we should recognise that should we choose to reject the Review Body's views and go for a link with Assistant Secretary this year we will be faced with increases considerably in excess of those already recommended. The exact figures are still the subject of negotiation but we could expect to arrive at a figure of at least £14,000 for MPs on this basis. Further, we should recognise that, even on the basis of the link proposed by the Review Body, Members' pay may well be at such a level as to leave no room for the irregular substantive reviews every 4-5 years to recommend any further increase. For example, the £8,000 recommended by TSRB in 1975 would have been updated to £17,712 in 1978 and probably above £12,000 this year. Finally, we should recognise that if we accept linkage we will face public charges of not only having index-linked pensions but also index-linked pay.

Nevertheless, having regard to all these facts and especially the strong feeling in the House, I believe that our best course is to accept the TSRB's views and propose to the House interim updating on the basis of the
?? New Earnings Survey. ??

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Ministers' abated Parliamentary Salary

4. The counter-inflation measures of 1975-79 led to 3 rates of Parliamentary salary being in force for Ministers (£3,529 Cabinet, £4,299 non-Cabinet, £4,642 Whips) whereas a common rate existed previously. TSRB recommend a new common rate of £7,000 representing increases ranging from 51% to 98% on the current rates at a cost of about £250,000 pa.

Ministers' and Office-Holders' Pay

5. The Review Body's last recommendations on Ministers' pay (Report No 8) were not implemented because of the previous Government's counter-inflation measures; these salaries are thus even more out of date than those of Members. Individual increases ranging between 50% and 150% (and in one case, that of the Deputy Chief Whip Commons, 209%) are recommended in the current report resulting in an average increase on the salary bill of 95%. The Prime Minister's salary would be raised from £22,000 to £33,000 and a Cabinet Minister's from £14,300 to £25,000. In place of the present £8,250/£10,450 range for Ministers of State, two distinct salary levels are recommended - £20,000 for Ministers in charge of Departments but outside the Cabinet and £17,000 for other Ministers of State. Parliamentary Secretaries move from £6,050 to £13,000 and the Whips from £4,400 to £11,000. The cost of implementing these proposals would be around £900,000 pa. The TSRB have noted that the work of the Leader of the Opposition has greatly expanded in recent years and they have recommended a 110% rise to £23,000 pa.

6. TSRB are known to be strongly critical of the current position on Ministers' pay; they have voiced objections both in top salaries reports and in evidence to a Select Committee. They are particularly concerned that the salary of the Lord Chief Justice exceeds the Lord Chancellor's, and that the exceptionally low pay of the Lords' Whips could have an adverse effect on business.

Secretarial and Research Allowance

7. The TSRB intend to return to this allowance in their next Report which may be expected shortly. For the present they prepare a modest interim inc^{rease}~~ome~~ of £400 to £4,600 pa.

Peers' Expense Allowance [This paragraph presupposes the outcome of discussions between the Chancellor of the Duchy and the Leader of the House of Lords]

8. The Review Body's previous recommendations (Report No 9) for dividing PEA into separate claimable elements was not adopted by the previous Government. Instead, the existing daily maximum of £13.50 was retained but a higher figure of £16.50 was introduced for Peers staying overnight in London. In their current report, the majority view of TSRB is that the earlier recommendation should stand. They feel that there should be clear guidance for Peers on which items of expenditure may be claimed, and that it should be incumbent on Peers to distinguish between certain broad categories of expenditure in submitting a claim. The new recommended maximum for each item is:

Overnight subsistence	-	£18.50
Day subsistence and incidental travel	-	£ 9.00
Secretarial costs, postage and certain additional expenses		£ 8.50 ⁷

Implementation

9. There seems no basis for taking issue with the recommendations on their merits, particularly having regard to the rise in prices and earnings since the last reviews. Moreover, these recommendations appear consistent with other recent recommendations from the three Review Bodies.

10. There are obvious difficulties about implementing increases in Parliamentary pay and allowances at any time. Such increases, however well founded, will always provoke comment, and there is an argument for

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facing this difficulty at an early stage of Parliament and immediately implementing the full recommendations. This action would be presented as giving Members and Ministers an appropriate income for the first time in 7 years. Deferring acceptance in some form will not make the problem go away; it will return in future years in a more acute form.

17. However, the arguments for recommending a staged increase are even stronger. This would be consistent with our action on the other recent Review Body Reports [except that on the Armed Forces where for special reasons we agreed on immediate full implementation], whereas immediate implementation of the full amount would be criticised as giving MPs and Ministers a better deal than recent public service settlements. There is moreover always the consideration that we should continue to set an example in the matter of pay restraint. In the event of a decision to stage the introduction of the new rates, the TSRB recommend that the full amounts be promulgated for pension purposes immediately.

Conclusion

18. I invite the Cabinet to agree that we should accept:

- i. the TSRB recommended salary levels for both MP's and Ministers and Office-Holders
- ii. implementation subject to staging [of the options in the Annex I recommend 7]
- iii. immediate promulgation of the full salary levels for pension purposes
- iv. interim updating for MP's on the basis of the New Earnings Survey

[I understand that the Leader of the House of Lords would similarly support adoption of the Review Body's recommendations on Peers Expense Allowance].

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13. Colleagues will recall that the expenditure in question is not subject to cash limits.

14. The House will be anxious to know what is contained in the Report and, if Cabinet accepts the above recommendations, I would recommend that we announce our decisions to the House by means of an arranged written PQ when the Report is published tomorrow. A debate would follow shortly after, in the week beginning 2 July.

Prime Minister - I apologise for the state in which this reaches you but we have not had time to retype etc from the draft as received by me. The point I wish to bring to your attention in particular is the determination in the House to have an index-linking. Whilst the N.E.S. is the ideal link I am not so sure.
NST/S.

OPTIONS FOR STAGING THE £12,000 RECOMMENDATION FOR MPs

	June 1979	Jan 1980	April 1980	June 1980	Nov 1980
(A) Full implementation	£12,000 →				
(B) 50% now; balance in 6 months	9,450	£12,000 →			
(C) 50% now; balance in 12 months	9,450			£12,000 →	
(D) 3 stages	8,600		£10,300	12,000 →	
(E) 3 stages, switching to automatic updating based on New Earnings Survey from Nov 1981	9,450			10,725	£12,000 → + updating



Chancellor of the Duchy of Lancaster

Cabinet Office
70 Whitehall London SW1
Telephone 01-~~93422~~ 233 5826

12 June 1979

PRIME MINISTER

*I would - other discuss
then will have kind of
- (if he is available - Proposals)
See Nick Boyle because Are you contact with these proposals -
he has no what - which are as fast as can be achieved?
work before.*

You told me that the Prime Minister had asked for the Chancellor of the Duchy's views on the Parliamentary handling of the Boyle Report. The Chancellor has now discussed the matter with the Paymaster General and the Chief Whip. Their unanimous view is that it would be best to try and settle the whole matter as quickly as possible and to this end they suggest the following timetable:

after Cabinet
on 20 June?

MJS
12/VI

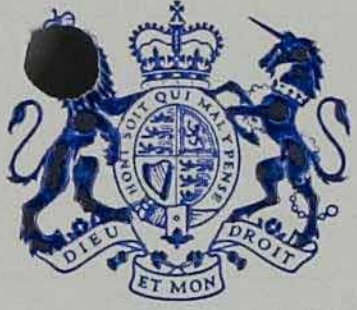
- Cabinet to consider on Wednesday 20 June. The Civil Service Department are preparing a paper which we hope will be ready by tomorrow night. We have assumed that the Chancellor will present this to Cabinet and he would be grateful for an opportunity to discuss the draft with the Prime Minister.
- Subject to Cabinet, the debate could take place on Monday 2 July. This would be opened by the Chancellor of the Duchy - who if necessary could also wind up.
- Immediately after Cabinet it would be helpful if the Prime Minister saw the Leader of the Opposition to consult him about what the Government has in mind. A copy of the Report could be handed to him at the meeting and also published immediately thereafter. All three Ministers were strongly of the view that the Report should not be published until after the Cabinet had considered it.

He will want to before

I think it would be best to wait until after the Opposition's views.

There were

Cont/.. certain agreements between the last 2 chief whips.



- The Chancellor of the Duchy could see the leaders of other parties and also offer to meet with backbenchers. A convenient way of doing this would be to ask Mr Edward du Cann if he would suitably reconstitute the joint Conservative/Labour group which in the last Parliament, made a number of representations about Members' pay to the then Leader of the House. This approach would help channel the views of backbenchers and cut down on the number of individuals and miscellaneous groups of Members who might otherwise wish to make representations - not of course that the Chancellor would wish to rule out such representations altogether.

Jop soon -
All the consultations would need to be completed quickly. If the debate is held on 2 July we should table the motions no later than Tuesday 26 June to give Members an opportunity to study them and to table amendments. A debate on the 2 July assumes that nothing emerges from the consultations to warrant further consideration by Cabinet.

Jop soon -
If the Prime Minister agreed, it would be very helpful for Mr Jopling to have a private word with the Opposition Chief Whip towards the end of this week to let him know very broadly the sort of timetable the Government has in mind.

| While there was no substantive discussion about the recommendations in the Report, all three Ministers considered that there was much to be said for sticking as closely as possible to the conclusions in it, ie to meet the recommendations in full subject to what was said about phasing. They believe that by so doing, the Government will be best placed to defend its position both in the House and more widely (hopefully this should also make the consultation process relatively straightforward).

The Chancellor and the Chief Whip believe that there is still much support in the House for a linkage between the pay of Members and a Civil Service grade and that this aspect needs to be fully considered and the Cabinet's conclusions on it carefully presented.

There was a brief discussion about whether there should be a free vote. This is a matter which could be considered nearer the time but all three Ministers saw advantage in allowing a free vote - except for all Ministers. Latterly, the previous Government has issued a two line whip for debates on Members' pay, but this was during the period when they operated a pay policy.

J W Stevens
J W Stevens
Private Secretary

Nick Sanders Esq
Office of the Prime Minister

PRIME MINISTER

Members' Pay

We have tonight received the Review Body report on Members' and Ministers' pay. I attach a copy of the summary of its recommendations.

You will see the report recommends that the salary of M.P.s should be increased to £12,000, with a Secretarial allowance of £4,600; that Cabinet Ministers' salaries should be increased to £25,000, Ministers of State to £17,000 and Parliamentary Secretaries to £13,000.

in each
case +
£7000
Parly salary

I have asked Mr. St. John-Stevas, in consultation with Mr. Maude, to put to you immediately advice on the handling of the report. Our Press Office are in touch with Mr. Maude about the presentation of the issue.

As you wished, we have answered Mike Thomas's P.Q. tonight, making it clear that you have now received the report. There will therefore be questions to you about it tomorrow.

11 June 1979

MS

CHAPTER 6

SUMMARY OF RECOMMENDATIONS AND CONCLUSION

76. Our recommendations are summarised below:

Members of ParliamentSalary

(i) The salary of Members of Parliament should be increased to £12,000 a year (paragraph 20).

Secretarial allowance

(ii) The maximum of the secretarial allowance should be increased to £4,600 a year pending a full review (paragraph 24).

Ministers and other paid office-holdersParliamentary salary

(iii) Ministers and other paid office holders who are Members of the House of Commons should receive a Parliamentary salary of £7,000 a year (paragraph 23).

Ministerial salaries

(iv) The salaries of Ministers and other paid office holders should be increased as follows:

Office	Recommended salary £	Recommended total salary (a) £
Prime Minister	33,000 ^(b)	40,000 ^(b)
Lord Chancellor	37,000 ^(c)	37,000 ^(c)
Mr Speaker	25,000 ^(d)	32,000 ^(d)
Cabinet Ministers	25,000	32,000
Ministers in charge of a Department but outside the Cabinet	20,000	27,000
Ministers of State	17,000	24,000

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Office	Recommended salary £	Recommended total salary (a) £
Parliamentary Secretaries and Under Secretaries of State	13,000	20,000
Attorney General	26,500	33,500
Solicitor General	21,000	28,000
Lord Advocate	21,000	28,000 ^(e)
Solicitor General for Scotland	18,000	25,000
<u>House of Commons</u>		
Leader of the Opposition	22,000	29,000
Parliamentary Secretary to the Treasury (Chief Whip)	20,000	27,000
Deputy Chief Whip	17,000	24,000
Opposition Chief Whip	17,000	24,000
Government Whips	11,000	18,000
Opposition Deputy Chief Whip	11,000	18,000
Chairman, Ways and Means	17,000	24,000
Deputy Chairman, Ways and Means	15,000	22,000
<u>House of Lords</u>		
Chief Whip	17,000	17,000
Deputy Chief Whip	13,000	13,000
Government Whips	11,000	11,000
Opposition Chief Whip	11,000	11,000
Chairman of Committees	17,000	17,000
Principal Deputy Chairman of Committees	15,000	15,000
Leader of the Opposition in the House of Lords	13,000	13,000

Notes (a) Including, for those Ministers and office holders who are Members of the House of Commons, the recommended Parliamentary salary of £7,000.

(b) Including £8,000 free of tax in recognition of the special expenses of the office.

(c) Including £5,000 to be paid in recognition of the Lord Chancellor's function as Speaker of the House of Lords.

(d) Including £7,000 free of tax in recognition of the special expenses of the office.

(e) The present Lord Advocate is not a Member of Parliament and would not therefore receive a Parliamentary salary.

Peers' expenses allowance

(v) With the exception of Lord Hirshfield, whose note of reservation is recorded on page 25, we recommend the grouping system proposed in Report No 9, but with three groups instead of four (paragraph 60). The maxima that we recommend for each group are:

- (i) Overnight subsistence - £18.50
- (ii) Day subsistence and incidental travel - £9.00
- (iii) Secretarial costs, postage and certain additional expenses - £8.50

Conclusion

77. Our recommendations on the salaries of Members of Parliament and Ministers all involve substantial increases, and attention will inevitably centre on them for that reason. In this situation, we want to bring out two points in particular.

78. Four years have elapsed since these salaries were last subject to independent review. During that period average earnings have risen by some 60 per cent, and the index of retail prices by some 56 per cent. By contrast, a Member of Parliament's salary has risen by an average of 17 per cent and the salary of a Cabinet Minister by 11 per cent. And it is more than seven years since independent recommendations were last implemented in full.

79. The real value of the salaries of MPs and Ministers has continued therefore to be eroded. This situation has been exacerbated by the failure by Parliament and Government to implement the recommendations that resulted from our last review of Parliamentary remuneration on the levels of salary appropriate for July 1975. Current salaries are still substantially below the levels that we recommended as appropriate four years ago. The failure to implement recommendations for increases when those increases were due inevitably means that the increases now recommended are that much larger. Thus, substantial increases cannot be avoided if salaries are to be restored to their proper level - a situation that last existed in 1972.

80. These recommendations are made independently of those that we shall make in our next report, on the allowances available to MPs. Pay and allowances are separate concepts and it is important that their purpose should continue to be clearly differentiated. Allowances are intended to reimburse Members for expenditure that they have incurred. They are not intended to provide a supplement to salary. The possibility that they will be used in that way is

greatest when salary levels are inadequate. This is to us a further important reason why MPs should be paid the appropriate rate for their job.

81. We recognise that the increases in salary now recommended are large and that therefore the Government may consider that their introduction should be accomplished in stages. If this is done, we would urge strongly that it should be accomplished over a limited period, with half of the increases due being paid immediately and the remainder, suitably updated, paid by June 1980 (or November 1980 if some form of updating is adopted on the lines set out in Chapter 5).

82. In reviewing the salaries of Ministers and other office holders we have seen no case for a general revaluation, but we accept that some changes are necessary in respect of individual appointments. We have been impressed by some of the evidence put to us about the weight of responsibility attached to certain of these appointments. The role and responsibilities of the Leader of the Opposition have grown. The business of managing Parliament has become progressively more complex over the last decade. The affairs of the European Economic Community now make greater demands on the time of some office holders than hitherto. We have also taken account of changes in the pattern of Ministerial responsibility which have provided an opportunity to create a clearer Ministerial salary structure based on four main groups. We have also taken the opportunity to modify some of the judgments made in the course of our 1975-76 review of Parliamentary remuneration in the light of developments since then.

83. There remains the question of how the salaries now recommended can be kept up to date. Our own view is that, for Members of Parliament and for Ministers alike, the proper course is regular independent review. We do not consider that any form of link, whether of MPs' or of Ministers' salaries, to the salaries of another group or to an index should be the only determinant. Nor, indeed, do we consider that such a link could yield a satisfactory result in the medium or long term. But we recognise the strength of opinion of those who consider some form of link for the salary of Members of Parliament to be the right solution. Provided that the form of linkage is chosen carefully and provided that the concept is not extended to Ministerial salaries, we see the practical advantage of finding a suitable way of keeping the salary of Members up to date between reviews. We have therefore described in some detail the comparative advantages and disadvantages of some of the different forms of link that have been suggested to us. The difficulties of principle remain, but we believe that they can be contained if the chosen link is used only between independent reviews undertaken every 4-5 years. We consider that

movement by reference to general movements in earnings in an appropriate percentile of the New Earnings Survey (one that is close in annual terms to the recommended salary level for an MP) would fulfil this requirement. In our view, if Parliament decides to introduce a link of this kind for adjusting the salary of MPs between regular independent reviews, the case for biennial review of the salaries of Ministers and other office holders, and for an assurance that the recommendations arising out of such a review would be implemented, will be overwhelming. Without such regular reviews it will not be possible to maintain a satisfactory salary structure for MPs, Ministers and other office holders.

Boyle of Handsworth
Hans! Archer,

Geoff Lindsay

Ministry

Andrew Lupton

Rosden

Lees



OFFICE OF MANPOWER ECONOMICS

22 KINGSWAY
LONDON WC2B 6JY

Telephone 01-405 5944

*cc Thomas
CSO*

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The Rt Hon Margaret Thatcher MP
10 Downing Street
London S W 1

11 June 1979

Dear Prime Minister,

On 23 October 1978, Mr Callaghan invited us to undertake a review of Parliamentary pay and allowances. For convenience, I enclose a copy of our terms of reference.

It was clear to us from the start that it would take some time satisfactorily to complete a review of this magnitude. It was also clear that some of the items in the terms of reference were more urgently in need of attention than others. Our solution has been to tackle our task in two stages.

Our first report concentrates on the four aspects that we consider to be the most urgent. It includes recommendations on the salary of MPs, the salaries of Ministers (including the Parliamentary salary), the Peers' expenses allowance, and an interim recommendation on the maximum of the Members' secretarial allowance. The remaining four aspects and our final recommendations on the secretarial allowance will be covered in a further report.

Report No 12 explains the reasons that have led to our recommendations. But may I say that, if you would find it helpful, I and one or two of my colleagues would be very willing to come and explain, in greater depth, the thinking behind our recommendations. I have in mind in particular our conclusions on the 'linkage' question, to which we have given a good deal of thought, in the light of the helpful discussion that we had with you in February of this year.

I should like, as on earlier occasions, to express the warm thanks of the Review Body to Miss Orr and her staff at the OME (at every level) for their excellent service at a time of heavy pressure on the Office.

Yours sincerely, Edward Boyle

BOYLE OF HANDSWORTH, CHAIRMAN
REVIEW BODY ON TOP SALARIES

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TERMS OF REFERENCE FOR TSRB REVIEW OF PARLIAMENTARY
PAY AND ALLOWANCES

To review and make recommendations on:-

- included* a. the level of salary of Members of the House of Commons, including the question of a salary linkage;
- b. the arrangements for severance pay for Members of the House of Commons;
- interim* c. the scope and level of the Members' Secretarial allowance, with reference to the question of providing severance pay and pensions for secretaries;
- included* d. the level of salary of Ministers and other office-holders;
- e. the pension position of former Members of the House of Commons who left the House before 2 August 1978;
- included* f. the rates of Peers Expense Allowance;
- g. the scope for and level of an allowance towards the cost of running constituency 'surgeries';
- h. the scope for and level of an allowance for travelling and subsistence for Peers' and Members of the House of Commons' spouses to attend official functions.

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Parl Members



10 DOWNING STREET

From the Private Secretary

11 June 1979

MEMBERS' PAY

The Prime Minister has seen your letter to me of 8 June. As I have already told you, she thinks that the draft replies are too forthcoming, given that we have not yet seen the reports themselves.

She therefore suggests that, in the - now almost certain - event of the first report not having been received before Questions today, the Chancellor of the Duchy might simply reply:

"The Report on Members' Pay from the Review Body on Top Salaries has not yet been received."

The Prime Minister has also noted that she has no objection to the reports being published as soon as possible. The Chancellor of the Duchy will no doubt want to put more detailed handling proposals to the Prime Minister very quickly. I suggested that before doing so, he should discuss the matter with the Paymaster General.

I am copying this letter to Richard Prescott (Paymaster General's Office), Charles Cumming-Bruce (Chief Whip's Office, House of Lords), Murdo Maclean (Chief Whip's Office) and Martin Vile (Cabinet Office).

N. J. SANDERS

Miss C.M. Egerton,
Office of the Chancellor of the Duchy of Lancaster.

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PRIME MINISTER !

We now expect the Report on Mps' pay to be delivered late on Monday.

Given that timing, are you content with X and Y?

NICK SANDERS ESQ
10 DOWNING STREET

Dear Nick

MS
8/vi

I understand that the first reports from the TSRB on Parliamentary pay and allowances are likely to be delivered to the Prime Minister either later today or on Monday. Although we have not been able to obtain any detailed information on the contents, the reports are likely to cover at least the pay of Members and of Ministers, and further reports on the other items referred to the TSRB will follow at a later date.

The Chancellor of the Duchy will be answering an oral question on Monday from Mr Peter Bottomley as follows:

"To ask the Chancellor of the Duchy of Lancaster, if he will make a statement on honourable Members' remuneration."

With the Prime Minister's approval, the Chancellor of the Duchy proposes to answer as follows:

X | ~~A report on Members' pay from the Review Body on Top Salaries is imminent. When it has been received it will be considered by the Government with all due speed, and proposals will be put to the House.~~
has not yet been received.

[OR, if report is delivered before Question Time:]

"I understand that the [Report on Members' pay] from the Review Body on Top Salaries ~~has just been~~ ^{was} delivered to my Rt hon Friend, the Prime Minister. The Government will ~~now~~ ^{to do} urgently consider the Reports' recommendations, ~~and bring proposals before the House.~~"
The proposals submitted as soon as possible.

Y | In answer to supplementaries, the Chancellor will no doubt have to take the line that the Cabinet has not yet had time to consider the reports. However, a particular issue which is likely to be raised is the question of whether the Government proposes to publish the reports, and when. On this the Chancellor proposes to take the line that the Government will publish the reports in time for the debate on Members' pay and allowances which will be required before the recess, but not that they will be published immediately, on the assumption that the Prime Minister will wish the Cabinet to consider these reports before they are released. I would be most grateful if you would let me know if the Prime Minister is content with these proposals.

I am copying this to Richard Prescott, Charles Cumming-Bruce, and to Martin Vile.

Yours sincerely

Charlotte Egerton

C M EGERTON

8 June 1979

I think the replies for Lord P... We can't be critical as for the coming when a report can see them! I have no objection to them being published as soon as possible. They will leak anyway.

