

5B
831

PREM 19/329

SECRET.

M7

PART. 2.

Confidential filing.

The Top Salaries Review Body (TSRB)

PARLIAMENT MEMBERS

Report on Parliamentary pay.

Part 1: June 1979

Part 2: Feb 1980

| Referred to | Date | Referred to | Date | Referred to | Date | Referred to | Date |
|---------------------|------|-------------|------|-------------|------|-------------|------|
| 3.2.80. | | | | | | | |
| 4.2.80 | | | | | | | |
| 29.2.80 | | | | | | | |
| 5.3.80 | | | | | | | |
| 6.3.80 | | | | | | | |
| 2.4.80 | | | | | | | |
| 17.4.80 | | | | | | | |
| 25.4.80 | | | | | | | |
| 27.5.80 | | | | | | | |
| 29.5.80 | | | | | | | |
| 2.6.80 | | | | | | | |
| 10.6.80 | | | | | | | |
| 19.6.80 | | | | | | | |
| 20.6.80 | | | | | | | |
| 26.6.80 | | | | | | | |
| 27.6.80. | | | | | | | |
| 30.6.80 | | | | | | | |
| 2.7.80 | | | | | | | |
| 9.7.80 | | | | | | | |
| 10.7.80 | | | | | | | |
| Members | | | | | | | |

PREM 19/329

PART 2 ends:-

PMG Note 52/80 Top Salaries

PART 3 begins:-

Joan Porter to Mys 10-7.

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

| Reference | Date |
|---|----------|
| C(80) 13 | 12/02/80 |
| CC(80) 6 th Conclusions, Item 5 | 14/02/80 |
| CC(80) 9 th Conclusions, Item 1 (Extract) | 06/03/80 |
| CC(80) 16 th Conclusions, Item 1 (Extract) | 17/04/80 |
| C(80) 33 | 27/06/80 |
| C(80) 34 | 27/06/80 |
| CC(80) 26 th Conclusions, <i>Limited Circulation Annex</i> | 01/07/80 |
| C(80) 37 | 02/07/80 |
| CC(80) 27 th Conclusions, Minute 4, <i>Limited Circulation Annex</i> | 03/07/80 |
| CC(80) 28 th Conclusions, Item 1 | 10/07/80 |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| | |

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 *19 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.

House of Commons Hansard 14/02/80
Members' Pay and Allowances Columns 1767-1776

House of Commons Hansard 04/03/80
Review Body on Top Salaries (Report) Columns 265-277

House of Commons Hansard 07/07/80
Top Salaries Review Body (Reports) Columns 29-46

Cmnd. 7953 July 1980
Ministers of the Crown and Members of Parliament and the
Peers' expenses allowances HMSO

Signed Wayland Date 19 August 2010

PREM Records Team

PRIME MINISTER

MS

19/7

TOP SALARIES

Monday the Prime Minister announced an average reduction of about one third in the general increases recommended by the Top Salaries Review Body for the heads of nationalised industries, the Civil Service, the judiciary and the Armed Forces. She also announced that the Government would introduce an Order proposing a reduction of one-third the pay rise recommended by the same Review Body for MPs.

These are, by any standards, very substantial cuts indeed. It means an average rise of under 10% for the chairmen of the nationalised industries compared with 24% recommended by the Review Body. It means 8.8% for Permanent Secretaries in the Civil Service instead of 19.3%; 9.6% for MPs and 5% for Cabinet Ministers instead of 14.6%. As a result, the cost of these public sector pay rises will be almost exactly halved - from £12 million to £6 million.

But the Government has not decided to cut these pay increases so drastically just to save £6 million - though every saving in the public sector counts. It is committed to accepting the recommendations of the Top Salaries Review Body except where there are clear and compelling reasons for not doing so. The clear and compelling reason in this case is that after a year of strenuous battling with inflation, there are real signs that at last we are winning.

Wholesale prices increased by only 1% between May and June. This is the third month in which the annual rate of increase in these prices has declined. There are other signs as well, which all point to the fact that if we stick to our monetary targets we will, over the next few months, bring inflation down from its present crippling rate. Pay increases in the private sector are clearly beginning to respond to the combined pressures of tough market conditions and financial constraints.

But we cannot let the private sector take all the strain. Levels of pay increases in the public sector must also be reduced. The Government's decision on Top Salaries is a message to people in all walks of life that if we are to win this battle against inflation we must all contribute.

The Paymaster General's Office
Privy Council Office
68 Whitehall SW1

10 July 1980



Parliament

10 DOWNING STREET

From the Principal Private Secretary

SIR ROBERT ARMSTRONG

SALARIES OF THE LAW OFFICERS

This is to record, for the sake of posterity, that in the course of preparing her statement on MPs and Ministers' pay last Monday the Prime Minister agreed to the proposals on the salaries of the Law Officers contained in your minute A02535 of 4 July 1980.

82

I am sending a copy of this minute to the Attorney General.

JWS

10 July 1980

KRB



10 DOWNING STREET

From the Principal Private Secretary

10 July 1980

Dear Jim,

SALARIES OF JUNIOR MINISTERS IN THE HOUSE OF LORDS

When the Lord President saw the Prime Minister on Monday of this week, when she was preparing her statement on MPs' and Ministers' pay, they discussed the problem of the salaries of Ministers of State and Parliamentary Secretaries in the House of Lords who, of course, do not receive a Parliamentary salary as their colleagues in the House of Commons do. Sir Robert Armstrong, who had sent the Prime Minister his minute A02532 of 4 July 1980 on this subject, was also present.

The Prime Minister and the Lord President concluded that, in the time available and in the light of the statement which Lord Ferrers had made in March 1980, there was no alternative but for the statements they would both be making later that day simply to identify the problem and to say that the Government proposed to consider how the arrangements for the remuneration of Junior Ministers in the Lords should be revised to take account of the difficulty. That it would not be possible to say anything substantive on this point in the statements made it all the more necessary that Junior Ministers in the Lords should continue to enjoy the small differential in Ministerial salary which they had over Ministers of State and Parliamentary Secretaries in the House of Commons, and this was accordingly set at £150 at the new levels of salary.

The need for a study to be done on the problem of the pay of Junior Ministers in the Lords cropped up briefly again in Cabinet this morning, and this is to confirm that the Prime Minister would be grateful if the Lord President would look into the matter and bring forward proposals for dealing with it as quickly as possible.

I am sending copies of this letter to Ian Maxwell (Lord Chancellor's Office), Robin Birch (Chancellor of the Duchy of Lancaster's Office) and David Wright (Cabinet Office).

Yours ever,

Alan Whittam.

Jim Buckley, Esq.,
Lord President's Office.

ackco
LDH
LO

JS

JS

Briefing Note

No. 26

9.7.80

REALISM ON PAY

Restraint in Top Salaries

On 7th July, the Prime Minister announced that the Government was to cut by 30 per cent the pay rises for Members of Parliament, senior civil servants, and Board members of the nationalised industries, which had been recommended by the Review Body on Top Salaries, chaired by Lord Boyle of Handsworth. Lord Boyle had suggested 14.6 per cent rises for MPs and Cabinet Ministers. These are to be limited to 9.6 per cent and 5 per cent respectively. For public sector top salaries, an average increase of 12.5 per cent is to be allowed against Boyle's proposal of roughly 19 per cent.

Outlining the reasons for these cutbacks, Mrs. Thatcher told Parliament that the Government's strategic priority was to control inflation. Only when inflation was very substantially reduced could Britain resume sound economic growth and reverse the present rise in unemployment. The Government expected that by sticking to monetary targets the rate of inflation would indeed be brought down.

Inflation, the Prime Minister continued,

"is likely to be falling in the next few months, but unless the growth of earnings is broadly consistent with the rate of monetary growth, the fall in inflation will be accompanied by a larger rise in unemployment.

"Pay increases in the private sector are clearly beginning to respond to the combined pressures of tough market conditions and financial constraints. But the private sector cannot be expected to take the whole of the strain.

The Prime Minister was in no way seeking to establish a 'norm' in the public sector, but, as she said:

"Levels of pay increases in the public sector must likewise be reduced, if public expenditure is to be kept under control and our monetary objectives achieved". At a time when other groups in the public sector were expected to accept pay settlements which fell below what might have been suggested by traditional comparisons, "the Government thinks it right to expect people in positions of responsibility and leadership in Parliament and the public services to act in a way which we hope others in the country will follow" (Hansard, 7th July 1980, Cols. 30-1).

A Growing Sense of Realism

There is increasing evidence of an awareness among workers that excessive pay increases can only be conceded at the expense of jobs lost, thereby aggravating industrial difficulties. On 8th July, it was revealed that the nurses, generally regarded as amongst the most valued and deserving members of the community, had accepted a pay rise of 14 per cent, well under the prevailing rate of inflation. Predictably, Mr. Michael Foot, replying to Mrs. Thatcher's statement, fiercely attacked these attempts to give a lead in pay restraint. Accusing the Government of a "plain breach of faith", he commented:

"She (Mrs. Thatcher) is proposing a series of discriminations against the public sector" (Hansard, 7th July 1980, Col. 34).

Yet in the real world - away from Mr. Foot - there is a recognition that the Conservative Government has embarked on a strategy to restore soundness and stability to the economy, and that inflation is an enemy which must be defeated.

To overcome inflation and limit unemployment, many people are ready to follow a lead from the top in avoiding excessive pay claims. Indeed, some workers have even consented to take a pay cut in order to prevent job losses. As Sir Keith Joseph has said: "Just as people can price themselves out of jobs, they can price themselves into jobs" (The World This Weekend, BBC Radio 4, 29th June 1980).

Present difficulties are the product of a long period in which rises in pay in Britain have not normally been matched in productivity. As the Secretary of State for Employment, Mr. Prior, has observed:

"For the past few years we have been overpaying ourselves in relation to our competitors. Their pay deals have more nearly matched increased productivity. As a result, they can afford high pay deals while remaining competitive. In Britain, high pay deals have meant that we have become less competitive.

"In the third quarter of last year, the United Kingdom's normal unit labour costs, relative to the average for competing countries, were about 12 per cent higher than in 1975, and 30 per cent higher than the lower level of 1976. A further deterioration in competitiveness has probably occurred since then. That inability to compete shackles us and leads to job loss as the world recession sets in" (Hansard, 25th June 1980, Cols 606-7).

The Government have given a firm lead in restraint over top salaries. So, too, have those workers who have renounced excessive wage claims because they have recognised the economic realities in Britain and the rest of the world today. If these examples are followed, the prospects for unemployment may not be as harsh as have been feared. In the words of Mr. John Biffen, Chief Secretary to the Treasury:

"It is foolish to deny that the likelihood is that there will be a continuing rise in unemployment I don't think any of us know where the figure will peak out or at what particular point. But I think Sir Keith Joseph made a very valid argument when he said that one of the best ways of mitigating the impact of unemployment would be in fact to settle for lower rates of pay than have been the experience over the last year" (The World This Weekend, BBC Radio 4, 6th July, 1980).

MFJ

*Parliament
Mentors*

9 July 1980

Letter from Sir Nigel Fisher

The Prime Minister has seen your letter to me of 8 July. She is content with the draft letter for the Chancellor of the Duchy to send to Sir Nigel Fisher which was attached to your letter to me.

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

NJS

R.A. Birch Esq
Chancellor of the Duchy of Lancaster's Office.

8.



10 DOWNING STREET

From the Private Secretary

9 July 1980

TSRB 13: Outstanding Matters

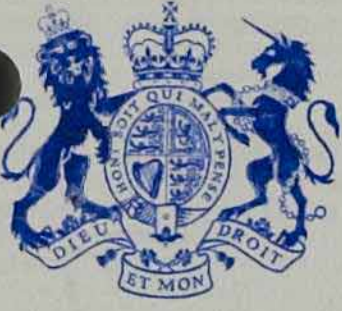
The Prime Minister has seen your letter to me of 7 July. She has suggested that the first paragraph of the draft written answer should be modified so as not to spell out the details of the new claim form for secretarial, research and general office expenses. She is otherwise content with the proposals made in your letter.

She will write to Lord Boyle along the lines of the draft you attached. Before doing so, it would be helpful to have final confirmation from you of the date it is planned to make the announcement.

N. J. SANDERS

R.A. Birch Esq
Chancellor of the Duchy of Lancaster's Office.

Ge.



Chancellor of the Duchy of Lancaster

PRIME MINISTER

Contact with
draft at flag A?

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

cc IG
(including
attachments)

8 July 1980

MS

8/7

Yes
no.

Dear Nick,

LETTER FROM SIR NIGEL FISHER TO THE CHANCELLOR OF THE DUCHY

... I enclose a copy of a letter received by the Chancellor
yesterday from Sir Nigel Fisher which foreshadowed a brief
... exchange with the Prime Minister recorded in col 42 of
yesterday's Hansard (copy enclosed).

... It is obviously important that a reply should go from the
Chancellor to Sir Nigel as quickly as possible and certainly
before the debate on the motion to give effect to the
Government's decisions on Members' etc pay, which is likely
... to be held next Monday. I enclose a draft for this purpose,
and should be glad to know whether it would be acceptable to
the Prime Minister.

I am copying this letter and the enclosures to Murdo MacLean
and also to Alan Williams (CSD), whose urgent comments would
be welcomed.

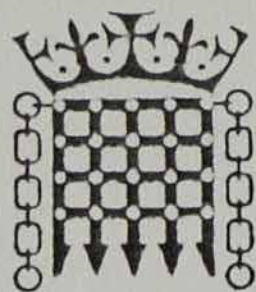
Yours ever,

Robin

R A BIRCH

N Sanders Esq
Private Secretary
10 Downing Street
SW1

From: Sir Nigel Fisher, M.C., M.P.



HOUSE OF COMMONS
LONDON SW1A 0AA

4th July, 1980.

Jean Norman.

As you will by now know, the Executive of the 1922 Committee agreed at our meeting last evening to accept and support the 9.6% up-dating in Members Pay. Frankly, we feel a bit let down on this issue, but we appreciate that it is necessary for us to set an example of pay restraint in the public sector and also to show our total personal loyalty to the Prime Minister, which she has earned by her fine leadership and by her warm personal relations (so different from those of her predecessor!) with the Parliamentary Party.

May I suggest, however, one relatively easy way in which the pay pill could be sugared, which I proposed to the Executive last evening and which my colleagues unanimously supported: Hitherto Members pensions have been assessed at a notional figure, based on Boyle, in recognition of the fact that we are underpaid. We are still underpaid under the Government's present proposals, so it would be logical to continue to base our pensions on Boyle's figure rather than on the Government's pay proposal. This would have the additional merit of indicating to the public that we are still underpaid and are making a gesture in order to support the Government's pay policy for the public sector. It might also assist marginally in getting the 9.6% through the House of Commons.

No doubt Edward has already mentioned my suggestion to you and/or to the Chief Whip, to whom I am copying this letter, and I hope you may feel able to give this idea your support.

*I am ever
yours
Nigel*

The Rt. Honble, Norman St. John-Stevas., M.P.,

HANSARD 7 JULY 1980

VOL 988, COL 42

Sir Nigel Fisher : Will my right hon. Friend bear in mind that both Ministers and hon. Members are underpaid in relation to any other comparable Parliament? Nevertheless, most of us are prepared to take our usual place at the bottom of the queue so as to set an example in the public sector. However, the least that we can expect is that Members' pensions should still be geared to the notional figure based on Lord Boyle's report instead of to the lower figure now proposed by my right hon. Friend. That would be in accordance with precedents during the past few years. It would help to sugar the pill that we are being asked to swallow.

The Prime Minister : Hon. Members' pensions are geared to £12,000, which is the figure for the third stage. We are updating that figure to 13,150, which increases the £12,000 by 9.6 per cent. We are gearing the pensions to that figure. To go beyond that would presume upon the results of next year's updating. I do not think that that would be wise. It is right to gear the pensions to the figure that we shall place in the motion that will be put before the House for its approval.

A

DRAFT LETTER FROM THE CHANCELLOR OF THE DUCHY OF LANCASTER TO
SIR NIGEL FISHER, MC, MP

Thank you for your letter of 4 July and for the indication of support which you gave. This is most welcome, and I know that it is warmly appreciated by the Prime Minister as well as by her Cabinet colleagues.

You did of course raise on the Floor of the House on Monday the point about Members' pensions, and you will recall that the Prime Minister, in her reply, said that we are raising from £12,000 to £13,150 the third stage figure for Members' pay, on the basis of which pensions will be calculated. As the Prime Minister said, to go beyond that would presume upon the results of next year's up-dating. Given the decisions which we have taken about Boyle's recommendations, it would not now be practicable to use a figure of £13,750 as the basis for calculating pensions, since we have not accepted this as the third stage payment due to Members, and it would be inconsistent to allow this figure for pension purposes without first accepting it as the "rate for the job". I hope, however, that you and your colleagues on the Executive of the 1922 Committee will feel that what we have done goes as far as possible to meet your point about pensions, given the framework of the Government's decisions on this very difficult subject.

I am sending a copy of this letter to Michael Jopling.

6 11 12 1
7 8 9
10 11 12
13 14 15
16 17 18
19 20 21
22 23 24
25 26 27
28 29 30
31 32 33
34 35 36
37 38 39
40 41 42
43 44 45
46 47 48
49 50 51
52 53 54
55 56 57
58 59 60
61 62 63
64 65 66
67 68 69
70 71 72
73 74 75
76 77 78
79 80 81
82 83 84
85 86 87
88 89 90
91 92 93
94 95 96
97 98 99
100

- 8 JUL 1980

PRIME MINISTER

You commented on the Lord Chancellor's Draft Written Answer (Flag A) about the new system for claiming expenses from the Fees Office.

His Office have now sent over at our request a copy of the draft form itself. It is at Flag B, together with a copy of the existing version at Flag C.

May I take it that you were worried about including the details in the Written Answer, rather than the new design of form itself?

Yes - the answer looks more detailed than the form.

MS

8 July, 1980.

mb.



Chancellor of the Duchy of Lancaster

PRIME MINISTER

PRIVY COUNCIL OFFICE

WHITEHALL, LONDON SW1A 2AT

Are you content
with all of this,
including the draft
letter to Lord Boyle?

7 July 1980

Dear Nick,

MS
7/7

I think the
draft marked 'A'
in the written answer will
be sent with a copy to
Mr Foot because it
is too detailed
out.

TSRB 13: OUTSTANDING MATTERS

...
In your letter of 27 May, you said that the Prime Minister was content for the Chancellor of the Duchy to proceed, subject to the views of colleagues, in the way he suggested in his minute of 22 May on the matters outstanding on the TSRB Report No 13 on Parliamentary Pay and Allowances. Action on this has been held up by difficulties in the usual channels between the Fees Office and the Labour Whips, but following a meeting between the Chancellor and Mr Foot at the end of last week, we hope to obtain early clearance for an arranged Parliamentary Question to be answered as in the attached draft.

...
It will be necessary, in order to complete action on TSRB 13, for the Prime Minister to let Lord Boyle know the result of action on these matters, although in view of the impending announcement on TSRB 14 and 15, it would appear reasonable not to write a separate letter on this subject to Lord Boyle, but to include the appropriate paragraphs in the main letter. I enclose a draft contribution to such a letter on the subject of the matters covered in the draft Parliamentary answer.

On timing of the Parliamentary announcement on TSRB 13, the Chancellor is minded to do this as soon as conveniently possible, within the next day or so if final clearance from Mr Foot can be obtained. I should be glad to know if the Prime Minister would be content for him to proceed.

Yours ever,

Robin

R A BIRCH

N Sanders Esq
Private Secretary
10 Downing Street
SW1

DRAFT PARLIAMENTARY QUESTION

A

: To ask the Chancellor of the Duchy of Lancaster if he would make a statement on the implementation of the resolutions on Parliamentary allowances passed in the House on 4 March 1980.

ANSWER


A. I announced on 27 March 1980 (Official Report Vol 981 Col 531) that I had instructed the Fees Office to meet claims for the secretarial and research assistance allowance at the new rates. The Fees Office have now drawn up a revised certificate to claim for this allowance. The new claim form provides for the names of the secretary and research assistant and the amounts paid to each, together with a break-down of general office expenses by items and cost, to be entered. Many Members however arrange for their staff to be paid through the Fees Office, and this is a practice which I strongly encouraged.

The House also voted for an additional sum of £675 per annum to be made available to provide pensions for Members' employees. This facility has been introduced with effect from 1 April 1980. The Fees Office are prepared to recommend a suitable pension scheme for Members' secretaries and will make payments directly into an approved scheme on a Member's behalf. Alternatively, payments can be reimbursed to a Member on production of a receipted renewal notice for an approved insurance scheme. As pensions are usually related to salary levels, each Member will be limited to a payment of premium of 10% of the amount of salary he pays to his secretary, subject to the maximum of the amount specified in resolution.

The House passed an amendment that all travel within the UK on Parliamentary business should be reimbursed or qualify for payment of the car mileage allowance. This facility will be introduced with effect from today under arrangements approved by Mr Speaker. Members will however be asked to give the Fees Office at least 3 days notice of intended journeys outside the Westminster/constituency/home triangle except in exceptional circumstances.

The Fees Office will maintain a record of these journeys.
Reimbursement for such journeys may be subject to tax.

A resolution was passed increasing severance pay to 6 months salary for those under age 50 and up to one year's salary for older, longer serving Members. These arrangements will come into effect for Members losing their seats at the next General Election or through boundary changes.



DRAFT LETTER FROM THE PRIME MINISTER TO:

OR

Please type.

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

I last wrote to you about the Review Body's Thirteenth Report on 14 February 1980 to tell you that we intended to propose acceptance of the recommendations contained in the Report subject to certain modifications.

Since then the Report has been debated in the House and, as you will be aware, a number of amendments to the Government motions on the secretarial allowance, and on severance pay, and an amendment which introduces free travel in the UK were passed. The amendment on the secretarial allowance provides for a further sum of £675 to be available solely for payment into an approved scheme for a secretary's pension; and that on severance pay doubled the improved payments which the Review Body had recommended. The amendment on free travel accords with your recommendations but, as I explained, the Government was reluctant to propose its acceptance because of the potentially very high costs involved.

Given the strength of feeling on these matters we have decided to accept the will of the House on the amendments. However we are mindful of your statement that it is important that Parliament should be seen to apply the standards of accountability it would expect to see elsewhere. We therefore propose to introduce measures to enable rather closer monitoring by the Fees Office in the House of Commons of the secretarial allowance and Members' travel.

MT.



JUL 1960

SECRETARIAL RESEARCH AND GENERAL OFFICE EXPENSES

I wish to claim reimbursement of the following amounts in respect of secretarial and general office expenses and cost of research assistance which have been wholly, necessarily and exclusively incurred by me on Parliamentary duties during the period from to made up as follows:

| | | |
|----|--|---|
| A. | Secretarial etc. salary of fees in respect of..... | £ |
| | (Please insert name of person(s) employed) | £ |
| | | £ |
| | | £ |
| | | £ |
| | | £ |
| | | £ |
| | General office expenses (please specify) | £ |
| | | £ |
| | | £ |
| | TOTAL | £ |

36.

B. Additional Costs Allowance

I also wish to claim reimbursement of the sum of £..... in respect of additional costs which I have necessarily incurred for overnight stays away from my main home (as notified to the Fees Office) on Parliamentary duties during the period from to

Signed M.P

Date ; Constituency

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

I wish to claim an allowance to £ 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

1 With permission, Mr. Speaker, I should like to make a statement on two recent reports by the Top Salaries Review Body.

2 Both reports have been presented as Command papers and are available in the Vote Office this afternoon.

The Review Body's recommendations

3 The first of these reports - the Review Body's 14th Report - makes recommendations for the salaries of the higher Civil Service, senior officers in the armed forces, members of the judiciary, and chairmen and members of boards of nationalised industries. The House will recall that in 1978 the Review Body made recommendations for these groups of public servants which our predecessors accepted but decided to implement in three stages, on 1 January 1978, 1 April 1979, and 1 April 1980. Last year the Review Body recommended an updating of the second and third stages, which we accepted. The third stage has been in payment since 1 April this year. The present report is concerned with the increases required to bring that third stage up to date from the levels appropriate on 1 April 1979 to the levels appropriate on 1 April 1980.

4 The other report now submitted - report no. 15 - makes recommendations for the salaries of Members of Parliament, Ministers and other paid office holders. Last year the Review Body made recommendations which the House agreed should be accepted, but should be implemented in three stages, on 13 June 1979, 1980 and 1981. The first stage was paid to all those concerned. The second stage has been in payment since 13 June last for Members of Parliament, but not for Ministers and other paid office holders. The

/ Review Body's

Review Body's latest report is concerned with the increases required to bring the second and third stage payments up to date from the levels appropriate on 13 June 1979 to the levels appropriate on 13 June 1980.

5 The Review Body has arrived at detailed recommendations over the whole field on the basis of all the factors which are traditionally relevant. The Government is grateful to Lord Boyle and his colleagues for their thoroughness and attention to detail, and for all the time and effort which they have devoted to the review.

6 They recommend increases of 14.6 per cent in the second and third stage payments to Members of Parliament, and similar increases for Ministers. The general level of the increases which they recommend for the four groups of public servants is about 19 per cent, though they propose larger increases than that for certain categories within these groups. If these larger increases are taken into account, the overall cost of the increases recommended for these groups of public servants would work out at about 26 per cent.

Background to the Government's proposals

7 The Government is committed to accepting the recommendations of the Review Body, save where there are clear and compelling reasons to do otherwise. Indeed, my right hon. Friend the Leader of the House told the House some months ago that the Government would accept the recommendations of the Review Body for updating the second stage increases to hon. Members. I should like to explain to the House, Mr. Speaker, why notwithstanding these commitments the Government takes the view that there are clear and compelling reasons, of a kind which the Review Body could not take into account, for not accepting the Review Body's recommendations in full on this occasion.

/ The overriding

8 The overriding priority to which the Government's economic and monetary strategy is directed is the reduction of inflation. At over 20 per cent, the rate of inflation is unacceptably high, in absolute terms and in relation to the rate of inflation in most of the countries with which we compete in world markets. We shall not be able to make progress in resuming sound economic growth and in reversing the rise of unemployment, until we succeed in reducing the level of inflation very substantially. By sticking to our monetary targets we shall bring the rate of inflation down. It is likely to be falling in the next few months, but unless the growth of earnings is broadly consistent with the rate of monetary growth, the fall in inflation will be accompanied by a larger rise in unemployment.

9 Pay increases in the private sector are clearly beginning to respond to the combined pressures of tough market conditions and financial constraints. But the private sector cannot be expected to take the whole of the strain. Levels of pay increases in the public sector must likewise be reduced, if public expenditure is to be kept under control and our monetary objectives achieved. And when we are looking to other groups in the public sector to accept pay settlements which fall below what might be suggested by ^{any} traditional comparisons with movements of other earnings or of prices, the Government thinks it right to expect people in positions of responsibility and leadership in Parliament and the public services to act in a way which we hope others in the country will follow.

10 This is the background to the Government's proposals, to which I now turn.

Members of the House of Commons

11 First, as to Members of this House. We are in the virtually unique position of determining our own remuneration. Our calls to others to show restraint and act responsibly will be judged by what we do ourselves. The Review Body has recommended a Parliamentary salary of £12,300 from 13 June 1980 and £13,750

/from

from 13 June 1981. These figures represent an increase of 14.6 per cent. The Government thinks it right to propose to hon. Members that they settle for a substantially smaller figure. We shall therefore invite the House to approve a resolution to provide a Parliamentary salary of £11,750 from 13 June 1980. That represents an increase of £1,025 or 9.6 per cent, on the second stage salary of £10,725, which has been in payment since 13 June last. We propose also to provide in that resolution for an increase of the same percentage in the third stage salary, due to take effect on 13 June 1981, taking it from £12,000 to £13,150.

12 We propose that the secretarial and research allowance for honourable Members ~~of this House~~ should be increased by 9.6 per cent, to £7,400, with effect from 13 June 1980.

Ministers and other paid office holders

13 Ministers and other paid office holders are not yet in receipt of their second stage payment. We shall invite the House to approve an Order putting into effect the second stage payments recommended by the Review Body last year, increased as for Members of Parliament by 9.6 per cent, save in the case of Cabinet Ministers and my right hon. and learned Friend the Attorney General. For them the increase will be reduced to 5 per cent.

14 The Order will also provide for the same percentage increases to be applied to the third stage payments due to take effect next year.

15 We propose to adopt the Review Body's recommendation that we should unify the Parliamentary salary payable to Ministers in the House of Commons from three rates to a single rate, / £6,930. ^{and we propose that that rate should be} Although Junior Ministers in the House of Lords now receive a secretarial allowance of £1,000, which we propose to increase to £1,100, they do not receive any salary, ^{specifically} in respect of their Parliamentary duties. This is a very real problem, and we propose to consider how the arrangements for their remuneration should be revised to take account of it.

/Members

Members of the House of Lords

16 The Government proposes that Peers' expense allowances, which are related to relevant costs, should be increased as the Review Body recommends.

TSRB 14 groups

17 I turn now, Mr. Speaker, to the four groups of public servants covered by the Review Body's 14th Report.

18 The Government considers that they should be expected to accept no less a reduction, as compared with the Review Body's recommendations, than Members of Parliament are being asked to make for themselves. The increase which we are proposing for hon. Members is about one-third below that recommended by the Review Body. We propose that the average increase for the four groups of public servants concerned should also be about one-third below the general increase of about 19 per cent recommended by the Review Body. That will bring the overall cost of the increases to these groups down to about 12½ per cent. This will not be paid as straight percentage increases across the board to all those concerned; it will be so distributed as to mitigate the compression of differentials between the groups covered by the Review Body's report and those directly below them, and within those groups to preserve generally though of course at lower salary levels, the pattern of differentials and relativities recommended by the Review Body.

/ The result of

19 The result of distributing the total sum in this way will in fact be that most of those at the highest levels - the Permanent and Deputy Secretaries in the Civil Service, the equivalent ranks in the armed forces, and the chairmen of nationalised industries, will, like honourable Members and Ministers, receive percentage increases in single figures.

20 The new salary rates for all four groups will be effective from 1 April 1980. The effect of implementing them will be to reduce the cost, as against full implementation of the TSRB 14 recommendations, by about 50 per cent.

21 A special problem arises in the Civil Service. When other grades recently received increases following pay research, it was agreed that new salary scales for Assistant Secretaries and Senior Principals - the grades immediately below those covered by the Review Body's remit - should not be settled until the outcome of the Review Body's report was known. The results of pay research for the Assistant Secretaries would take the maximum of their scale above the rate we now propose for Under Secretaries. In order to preserve tolerable differentials it will be necessary to set a lower scale for Assistant Secretaries from that which would result from the application of the pay research findings; there will also need to be a slight adjustment at the top end of the scale for Senior Principals.

22 I will with permission circulate in the Official Report schedules showing the current and proposed rates of salary for the main groups and grades concerned. Full details of the Government's proposals will be placed in the Library.

23 For the groups covered by the Review Body's Fourteenth Report, who have completed their staging, the rates of salary now proposed will be used for the purposes of calculating pension entitlements. For hon. Members and for Ministers and other paid office holders, pension entitlement will be calculated on the revised third stage salaries..

/ With regard

24 With regard to the remuneration of nationalised industry board members, the Review Body in its 14th Report questions the appropriateness of its role, and has suggested that the Government should reconsider its remit in this respect. The Government shares the doubts which the Review Body has expressed. We have therefore decided that this should be the last occasion on which the Review Body is asked to recommend on the remuneration of the chairmen and members of boards of nationalised industries. In future years these salaries will be determined by the Minister concerned in each case, with the approval of the Minister for the Civil Service.

25 Mr. Speaker, I am very well aware that in making the proposals which I have now described to the House, the Government will be accused of going back on commitments and breaking agreements, and of failing in its obligations to the public servants concerned, on whose hard work, loyalty and integrity society depends. But it must have regard to its wider obligation to propose what we believe to be right. In present circumstances, the Government believes that these proposals would give fair levels of remuneration to honourable Members of this House and to the public servants to whom they apply, and at the same time measure up to the needs and expectations of those to whom we in this House are answerable and who in the end have to find the money.

NOTE FOR THE RECORD

Copy to
Eion Pol Pt 2
TSRB reports Senior Civil
servants, armed forces & judges

Note of a conversation between the Prime Minister and Lord Boyle at 1015 on 7 July.

The Prime Minister told Lord Boyle of the decisions the Government had reached about TSRB 14 and 15. She said that Ministers had felt it essential to give a lead in reducing public sector pay. In so doing, they had preserved the pattern of differentials the TSRB had recommended. She said that more and more cash was being drained from equipment and capital investment in the public sector to meet the ever growing public sector pay bill, and in her view the economic climate had changed even in the last four or five weeks. If the Government did not take a lead now, they were missing their main opportunity to influence the next pay round.

Lord Boyle said that he thought his members would be worried about High Court Judges, given the recruitment problems which existed. The Prime Minister said that Circuit Judges were getting the biggest increase of all. She acknowledged that there was a real difficulty, but pointed out that Judges got full inflation proofed pensions after only 15 years.

Lord Boyle said that his members were concerned about differentials between senior executives in the nationalised industries and the Board members. He was also concerned that MPs' pay had fallen in real terms: it was now 20% lower than it had been in 1964.

The Prime Minister said that at the same time Members' allowances had risen enormously. In any case, it was not a full-time job.

Lord Boyle asked how soon the TSRB would lose their nationalised industry remit. The Prime Minister said that it was not intended to refer the nationalised industries to them again. She said that she was enormously grateful to the members of the Review Body for all their work and that the Government hoped that they would continue to report on their remaining remits.

/The Prime Minister

The Prime Minister said that the Government was having to reject the PRU recommendations on Assistant Secretaries, which she described as ridiculously high. Lord Boyle said that he was pleased to hear that. It had been suggested that Lord Shepherd and he should form a two-man group to sort out the interface problem between Assistant Secretaries and Under Secretaries, but that had not seemed to him to go with his ^{view of the nature of his} work.
A

The Prime Minister said that the Government was prepared to refuse arbitration on the issue. She said that Lord Shepherd had done excellent work in this field.

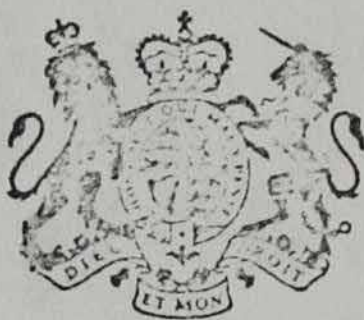
The Prime Minister invited Lord Boyle to call in and see her when he was next in London, to talk about a number of matters. He said that she would be delighted to do so.

Finally, Lord Boyle asked the Prime Minister what was happening about university teachers' pay. The Prime Minister said that he had ~~bow~~led her out and that she would have to look into the topic. She promised to do so.

MS

7 July 1980

cc from PSI Pt 2
Top Salary Pay Review Body
reports on senior civil servants
senior members of armed forces
& judges.



10 DOWNING STREET

From the Private Secretary

7 July, 1980.

Dear Jim

I attach a copy of the Prime Minister's statement for this afternoon as it now stands. There may be some further minor drafting changes to come.

I am sending copies of this letter and its enclosure to John Wiggins (HM Treasury), Robin Birch (Chancellor of the Duchy of Lancaster's Office), Murdo Maclean (Chief Whip's Office), John Halliday (Home Office), and David Wright (Cabinet Office).

If anybody spots any errors or omissions, needless to say I will be glad to have immediate notice.

You are

Nick Sanders

Jim Buckley, Esq.,
Civil Service Department.

62.

NOTE FOR THE RECORD

The Prime Minister spoke to Lord Soames on the telephone twice on Sunday 6 July. The first conversation was at 0915 and the second at 1110.

In the first conversation, Lord Soames said that there was a difficulty, as yet unresolved, about the salaries payable to Junior Ministers in the Lords. The Prime Minister said that she had not yet looked at the papers about her forthcoming statement, but would be doing so shortly.

Lord Soames said that he had heard that the Bank of England were proposing to pay their own staff more than 17% as a salary increase. The Prime Minister said that such a proposal was absolutely absurd, and that she would take it up.

In the second conversation, the Prime Minister said that she had now looked at the papers about Ministerial salaries in the House of Lords. It was clear to her that the Government could not inflict double injury on this group of Ministers. Their increase would therefore have to be 9.6%, and not the 8.7% which was at present proposed. She said that we would have to have a look at what had been said on this in the House of Lords about Ministerial allowances.

Lord Soames said that the Ministers in the Lords had an enormous amount of work to do. The pressure on them was very considerable.

The Prime Minister said that it might be best if the statement said that there was a problem which had still to be resolved, since it was evident that it would be difficult to get much further in the next 24 hours. She said that it might in the end be necessary to legislate.

/The Prime Minister

The Prime Minister and Lord Soames discussed a few minor drafting points about the statement. The Prime Minister said that it was a brilliant piece of work, given the amount of time which had been available.

MS

7 July 1980

SECRET

Home Minister.

8

If you accept paragraphs 6 below, I imagine that you would prefer to do Y below (i.e. to give Ministers in the Lords £150 (a more than Ministers in the Commons) rather than X).

Ref. A02532

PRIME MINISTER

Junior Ministers in the Lords

AM
5 vi

You will see that I have put in square brackets in the draft statement for Monday the sentence about the proposal to allow Ministers of State and Parliamentary Secretaries in the House of Lords to claim the Peers' expenses allowance in full.

2. There is no technical difficulty about this proposal, but I think that there is some political difficulty. It was only in March 1980 that the Acting Leader of the House of Lords moved and the House of Lords approved a proposal that Ministers and other officer holders in the House of Lords, who had up to then been eligible for a maximum of £700 a year of Peers' expenses allowances, should no longer be eligible for those allowances, but should receive a secretarial allowance not exceeding £1,000. This motion was putting into effect an earlier recommendation of the Top Salaries Review Body, who had argued that it was inappropriate for Ministers to claim the Peers' expenses allowance, and did not feel able to recommend an allowance which would enable office holders in the House of Lords to meet the costs of maintaining a home outside London.

3. I am sorry that this information was not available to you and the Cabinet when you considered the matter on 3rd July.

4. It had already been suggested to me that some Members of the House of Commons might be critical of the Government's proposal, as giving Ministers in the House of Lords a concealed salary, and might argue that, if Ministers in the House of Lords were to be given higher salaries than Ministers in the House of Commons, this ought to be done openly and by legislation. It would obviously be additional grist for such an argument to be able to quote back to the motion in the House of Lords of 6th March 1980 and the words Lord Ferrers used in moving it.

5. The only other course, short of legislation, to give effect to the Cabinet's wishes in this matter, would be to revert to the proposal in paragraphs 2 and 3 of my memorandum of 2nd July (C(80) 37). That was to prescribe new rates for all

SECRET

Ministers of State and Parliamentary Secretaries at the levels proposed for Ministers of State and Parliamentary Secretaries in the Lords, ensuring that salaries were paid to Ministers of State and Parliamentary Secretaries in the Commons at lower levels by administrative action and the Vote control. This proposal did not seem to appeal to the Cabinet.

6. I am afraid that I am driven to conclude that it would be better not to deal with this matter in Monday's statement, and to wait until new legislation on Ministerial salaries gives an opportunity of dealing with it sensibly. I fear that that means that we should not be able to give effect to the Cabinet's wishes for the present. ?

7. If you decide not to proceed in that matter, you will wish to consider what salary levels should be set for Ministers of State and Parliamentary Secretaries in the Lords. The Top Salaries Review Body, having recommended that they should receive the secretarial allowance of £1,000, has gone on to recommend that they should lose the small differential (about £140) which they now enjoy over Ministers of State and Parliamentary Secretaries in the Commons. The schedules attached to the draft statement show the Lords Ministers at the same proposed salary levels as the Commons Ministers and thus as receiving increases a percentage point lower than their colleagues in the Commons. The amounts are no doubt unimportant - only £150 at the new levels - but you may wish to consider whether it makes sense to inflict this small additional injury on Ministers in the Lords or whether to give them increases of the same percentage as their colleagues in the Commons. The figures that would result are shown in brackets on the schedules attached to the draft statement.

X
No - they
must have
have 9.6%
over present
y |

8. I am sending copies of this minute to the Lord Chancellor, the Lord President and the Chancellor of the Duchy of Lancaster.

Should not quote Lords
Junior Ministers to receive
attendance etc. classes.
ROBERT ARMSTRONG

4th July, 1980

Please check

Lord Ferrers speech on Mon. morning.

Prime Minister.
Cabinet with X?
JWW
5 mi

Ref. A02535

PRIME MINISTER

Yes not

Salaries of the Law Officers

I have discussed with the Attorney General and the Solicitor General how yesterday's Cabinet decisions on Ministerial salaries should be implemented for them.

The Attorney General's salary is some £1500 higher than that of a Cabinet Minister. He has agreed that it would be appropriate for him to receive the same 5 per cent increase as Cabinet Ministers. He would like this fact to be on record in your Statement in the House on Monday. He has asked me to say that, while this increase maintains his differential with Cabinet Ministers, it will reduce it with the other Law Officers; and it will further diminish the attractions of appointment as a Law Officer to barristers in the House of Commons who are able to attract high earnings at the Bar. He may wish to revert to this matter next time Ministerial salaries are reviewed.

X | The Solicitor General is paid a salary mid-way between that of a Cabinet Minister and a Minister of State. He is paid the same salary as the Lord Advocate (who is of course not a Member of the House of Commons). It seems appropriate, therefore, that the Solicitor General, the Lord Advocate and the Solicitor General for Scotland should all receive increases of 9.6 per cent, like other non-Cabinet Ministers, and I have agreed accordingly with the Solicitor General and with the Scottish Office.

I am sending a copy of this minute to the Attorney General.

RWA

4 July 1980

Original on:

ELON POL: TSRB: P+2 Files.

7A

SECRET

See 1 Report by
Linn

Ref. A02530

PRIME MINISTER

I attach a draft of the statement which you are to make on Monday, 7th July, about the Top Salaries Review Body Reports. This draft has been gone over with the Departments concerned.

2. I am afraid that it is very long, but I find it difficult to see how we can escape from that. You will need to deal, as briefly as possible, with the complications of staging for those concerned. You ~~were~~ bound to give a very brief account of what the Review Body has recommended. You said that you would like to have a short piece about the economic background to the Government's decisions. And you will need to set out the Government's decisions, particularly on Members of Parliament and Ministers.

3. I also attach copies of the schedules which would be circulated in the Official Report. There are only two outstanding points on these schedules to which I need draw your attention. One relates to the salary for Ministers of State and Parliamentary Secretaries in the Lords, on which I am sending you a separate submission. The other is that, on the assumption that you will agree with the proposals made by the Minister of Transport in his minute of 3rd July on the National Freight Corporation, we are deleting the National Freight Corporation both from these schedules and from the detailed material that will be placed in the Library.

4. There is a point of detail on the pension entitlement of MPs. The Cabinet agreed that the pension entitlement should continue to be calculated on the basis of the notional third stage salary of £12,000. It is proposed, however, to update the third stage salary from £12,000 to £13,025. Somebody may say that it would be logical to increase the notional salary for pension purposes to that level. The statement is drafted in terms of the Cabinet decision, but you may wish to consider whether it would make the reduction in salary slightly more acceptable to Members of Parliament if the higher figure of £13,025 was taken as the notional salary for pension purposes.

SECRET

SECRET

5. The statement does not include any reference to the proposed increase of the secretarial allowance for Ministerial Members of the House of Lords (on which I am making a separate submission).

6. Nor does it include any references to the future of the Review Bodies; or to the refusal of arbitration for Assistant Secretaries and Senior Principals. Both of those points will be covered in supplementaries.

7. Neither the draft statement nor the schedules refer to the medical Major General and equivalent; or to certain judicial officers, for whom increases substantially higher than the average are envisaged. I am minuting you separately on both these points.

8. The Lord President is preparing to report your statement in the House of Lords.

9. I am sending copies of this minute and of the draft statement and schedules to the Home Secretary, the Lord Chancellor, the Chancellor of the Exchequer, the Secretaries of State for Industry and Defence, the Lord President of the Council, the Secretaries of State for the Environment and Scotland, the Chancellor of the Duchy of Lancaster, the Secretaries of State for Trade and Energy, the Paymaster General, the Minister of Transport and the Chief Whip.

ROBERT ARMSTRONG

ROBERT ARMSTRONG

4th July, 1980

SECRET

DRAFT STATEMENT

With permission, Mr Speaker, I should like to make a statement on two recent reports by the Top Salaries Review Body.

2. Both reports have been presented as Command papers and are available in the Vote Office this afternoon. The Review Body's recommendations

3. The first of these reports - the Review Body's 14th Report - makes recommendations for the salaries of the higher Civil Service, senior officers in the armed forces, members of the judiciary, and chairmen and members of boards of nationalised industries. The House will recall that in 1978 the Review Body made recommendations for these groups of public servants which our predecessors accepted but decided to implement in three stages, on 1 January 1978, 1 April 1979 and 1 April 1980. Last year the Review Body recommended an updating of the second and third stages, which we accepted. The third stage has been in payment since 1 April this year. The present report is concerned with the increases required to bring that third stage up to date from the levels appropriate on 1 April 1979 to the levels appropriate on 1 April 1980.

4. The other report now submitted - report no 15 - makes recommendations for the salaries of Members of Parliament, Ministers and other paid office holders. Last year the Review Body made recommendations which the House agreed should be accepted, but should be implemented in three stages, on 13 June 1979, 1980 and 1981. The first stage was paid to all those concerned. The second stage has been in payment since 13 June last for Members of Parliament, but not for Ministers and other paid office holders. The

Review Body's latest report is concerned with the increases required to bring the second and third stage payments up to date from the levels appropriate on 13 June 1979 to the levels appropriate on 13 June 1980.

5. The Review Body has arrived at detailed recommendations over the whole field ~~on the basis of a comprehensive review of movements of salaries at comparable levels in the private sector, and has taken account of~~ all the factors which are traditionally relevant ~~in applying the results of that review to the salaries within their remit.~~ The Government is grateful to Lord Boyle and his colleagues for their thoroughness *and attention to detail* with which they have done their review, and for all the time and effort which they have devoted to ~~it~~ *the review*.

6. ~~Very broadly,~~ They recommend increases of the order of ~~14½~~ ^{14.6} per cent in the second and third stage payments to Members of Parliament and ^{similar increases for} Ministers. The general level of the increases which they recommend for the four groups of public servants is about 19 per cent, though they propose larger increases than that for certain categories within these groups ~~either to relieve problems created by compressions of differentials between these groups and those directly below them or, in the case of the judiciary, to ensure that the best candidates are attracted to and retained for the bench.~~ If these larger increases are taken into account, the overall cost of the increases recommended for these groups of public servants would work out at about 26 per cent.

Background to the Government's proposals

7. The Government is committed to accepting the recommendations of the Review Body, save where there are clear and compelling reasons to do otherwise. Indeed, my right hon Friend the Leader of the House told the

~~as stated in the Govt (cont)~~

House some months ago that the Government would accept the recommendations of the Review Body for updating the second stage increases to hon. Members. I should like to explain to the House, Mr Speaker, why notwithstanding these commitments the Government takes the view that there are clear and compelling reasons, of a kind which the Review Body could not ~~be expected to~~ take into account, for not accepting the Review Body's recommendations in full on this occasion.

8. The overriding priority to which the Government's economic and monetary strategy is directed is the reduction of inflation. At over 20 per cent, the rate of inflation is unacceptably high, in absolute terms and in relation to the rate of inflation in most of the countries with which we compete in world markets. We shall not be able to make progress in resuming sound economic growth and in reversing the rise of unemployment, until we succeed in reducing the level of inflation very substantially. By sticking to our monetary targets we shall bring the rate of inflation down. It is likely to be falling in the next few months, but unless the growth of earnings is broadly consistent with the rate of monetary growth, the fall in inflation ~~will be slower in coming, and it~~ will be accompanied by a ^{larger} further rise in unemployment.

skt

larger
(the ...)

9. Pay increases in the private sector are clearly beginning to respond to the combined pressures of tough market conditions and financial constraints. But the private sector cannot be expected to take the whole of the strain. Levels of pay increases in the public sector must likewise be reduced, if public expenditure is to be kept under control and our monetary objectives achieved. And when we are looking to other groups

When ...
25% ...
low ...
low ...

in the public sector to accept pay settlements which fall below what might be suggested by traditional comparisons with movements of other earnings or of prices, the Government thinks it right to expect people in positions of responsibility and leadership in Parliament and the public services to act ^{in a way which} ~~as~~ ^{others in} we hope the rest of the country will ~~do~~. ^{follow}.

10. This is the background to the Government's proposals, to which I now turn.

Members of the House of Commons

11. First, as to Members of this House. We are in the virtually unique position of determining our own remuneration.

be judged by what we will ~~not carry much authority if we fail to do so ourselves.~~

The Review Body has recommended a parliamentary salary of £12,300 from 13 June 1980 and £13,750 from 13 June 1981.

~~As I have said,~~ ^{14.6} these figures represent an increase of about ~~14 1/2~~ per cent. The Government thinks it right to propose to hon Members ^{to settle} for a substantially smaller figure. We

shall therefore invite the House to approve a resolution to provide a parliamentary salary of £11,750 from 13 June 1980.

That represents an increase of £1,025 or ^{9.6} about ~~9 1/2~~ per cent, on the second stage salary of £10,725, which has been in

in the future payment since 13 June last. We propose also to provide for an increase of the same ^{proportion} amount in the third stage salary,

due on 13 June 1981; ~~to £13,025~~ £13,150.

3.

Ministers and other paid office holders

12. Ministers and other paid office holders are not yet in receipt of the second stage payment due on 13 June 1980.

We shall invite the House to approve an Order putting into

72000
96
1080000
72000
15
152
12
13152

effect the second stage payments recommended by the Review Body last year, increased as for Members of Parliament by ^{9.6} ~~9 1/2~~ per cent, save in the case of Cabinet Ministers and my right hon and learned Friend the Attorney General. ~~For whom~~ ^{reduced to} the increase will be 5 per cent. [↑] ~~Provision will also be~~ ^{to take effect} made for the third stage payments due on 13 June next year. We propose that the ^{combined} secretarial and research allowance for honourable Members of this House should be increased by ^{9.6} ~~9 1/2~~ per cent, to £7,400, with effect from 13 June 1980.

*Ch. 14.
Cabinet Ministers
in special
category*

*The notes will also provide
for the same percentage
increases to*

Members of the House of Lords

13. The Government proposes that Peers' expense allowances, which are related to relevant costs, should be increased as the Review Body recommends. [We shall also invite the House to approve a Resolution extending the entitlement to claim these allowances to Ministers of State, Parliamentary Secretaries and other paid office holders in the House of Lords, who are in the Government's view unreasonably disadvantaged, by comparison with their colleagues in the House of Commons, by the fact that they have no parliamentary salary.]

*Junior Ministers ~~of the~~ and
other paid office holders in
the House of Lords ~~are all~~
not receiving a parliamentary
salary, ~~unlike~~ ~~paid~~ ~~by~~
their colleagues in
the House of Commons,
and ~~therefore~~ they often have
to ~~make~~ ~~up~~ ~~the~~ ~~gap~~ ~~between~~ ~~the~~ ~~two~~ ~~houses~~.
They are ~~not~~ ~~paid~~ ~~by~~ ~~the~~ ~~Government~~ ~~but~~ ~~by~~ ~~the~~ ~~Department~~ ~~responsible~~ ~~for~~ ~~their~~ ~~work~~.
The ~~Government~~ ~~is~~ ~~considering~~ ~~how~~ ~~to~~ ~~deal~~ ~~with~~ ~~this~~ ~~difficulty~~.*

*They are ~~not~~ ~~paid~~ ~~by~~ ~~the~~ ~~Government~~ ~~but~~ ~~by~~ ~~the~~ ~~Department~~ ~~responsible~~ ~~for~~ ~~their~~ ~~work~~.
A discharge ~~is~~ ~~issued~~ ~~to~~ ~~them~~ ~~in~~ ~~the~~ ~~House~~ ~~of~~ ~~Commons~~.*

TSRB 14 groups

14. I turn now, Mr Speaker, to the four groups of public servants covered by the Review Body's 14th Report.

15. The Government ~~considers~~ ^{is} that they should be expected to accept no less a reduction, as compared with the Review Body's recommendations, than Members of Parliament are being asked to make for themselves. The increase which we are proposing for hon Members is ^{about one-third} ~~about~~ ~~35 per cent~~ below that recommended by the Review Body. We propose that the average increase for the four groups of public servants concerned should be ^{also} ~~35 per cent less than~~ ^{about one-third below} the general increase of about 19 per cent recommended by the Review Body. That will

*3/2
3/2*

bring the overall cost of the increases to these groups down to about $12\frac{1}{2}$ per cent. This will not be paid as straight percentage increases across the board to all those concerned; it will be so distributed as to mitigate the compression of differentials between ^{the groups} ~~these groups~~ and grades covered by the Review Body's report and those directly below them, and within those groups to preserve ^{generally} broadly the pattern of differentials and relativities recommended by the Review Body, though of course at lower salary levels,

16. The result of distributing the total sum in this way will in fact be that most of those at the highest levels - the Permanent and Deputy Secretaries in the Civil Service, the equivalent ranks in the armed forces, and the chairmen of nationalised industries, will, like honourable Members and Ministers, ~~get less than 10 per cent.~~

*percentage
reduced in
single figures*

17. The new salary rates for all four groups will be effective from 1 April 1980. The effect of implementing them will be to reduce the cost, as against full implementation of the TSRB 14 recommendations, by about 50 per cent.

18. A special problem arises in the Civil Service. When other grades recently received increases following pay research, it was agreed that new salary scales for Assistant Secretaries and Senior Principals - the grades immediately below those covered by the Review Body's remit - should not be settled until the outcome of the Review Body's report was known. The results of pay research for the Assistant Secretaries would take the maximum of their scale above the rate we now propose for Under Secretaries. In order to preserve tolerable differentials it will be necessary to set a lower scale for Assistant Secretaries from that which would result from the application of the pay research findings; there will also need to be a slight adjustment at the top end of the scale for Senior Principals.

With regard to the remuneration of nationalised industry board members, the Review Body in its 14th report ^{questions} the appropriateness of its role and

19. I will with permission circulate in the Official Report schedules showing the current and proposed rates of salary for the main groups and grades concerned. Full details of the Government's proposals will be placed in the Library.

20. ^{For the four groups covered by the TSKB's 14th report, who have completed their pension} The rates of salary now proposed will be used for the purposes of calculating pension entitlements, ~~for all those concerned, save for hon Members of this House, for whom~~ pension entitlement will ~~continue to~~ be calculated on ~~a~~ ^{the present third stage salaries} notional salary of £12,000. ~~£13,750~~ ^{and Members and other paid office holders}

Minister too?
£13.750

With regard to ~~the~~

21. ^{questions} In its 14th Report the Review Body ~~has queried~~ the appropriateness of its role in advising ~~on~~ the remuneration of nationalised industry board members, and ~~has~~ ^{the Government} suggested that I should reconsider its remit in this respect. The Government shares the doubts which the Review Body has expressed. We have therefore decided that this should be the last occasion on which the Review Body is asked to recommend on the remuneration of the chairmen and members of boards of nationalised industries. In future years these salaries will be determined by the Minister concerned in each case, with the approval of the Minister for the Civil Service. ^{Thus in future} ~~the salaries of board members in each industry will be determined by reference to the market and other circumstances of the industry.~~

has, the 14th

22. Mr Speaker, I am very well aware that in making the proposals ^{described to} of which I have now informed the House, the Government will be accused of going back on commitments and breaking agreements, and of failing in its obligations to the public servants concerned, on whose hard work, loyalty and integrity society depends. But it must have regard to its wider obligation to propose what ^{we believe to be} is right for the country as a whole. In ~~our~~ present ^{circumstances} economic situation, the Government believes

that ~~the implementation of~~ these proposals would give fair levels of remuneration to honourable Members of this House and to the public servants to whom they apply, and at the same time measure up to the needs and expectations of those to whom we in this House are answerable and who in the end have to find the money.

| | | | Current Salary (a) | Proposed Salary | Percentage increase |
|---------------------------|------|------|-----------------------|--------------------|------------------------|
| | | | £ | £ | % |
| <u>MPs</u> (Backbenchers) | 6897 | 9450 | 10,725 | 11,750 | 9.6 |

Ministers

Examples:

| | | | | | |
|--|--|--|--------|--------------------|--------------|
| Cabinet Ministers (b) | | | 22,325 | 23,500 | 5.3 |
| Ministers of State (Commons) | | | 14 812 | 16,250 | 9.7 |
| Ministers of State (Lords) | | | 14,955 | 16,250 | 8.7 |
| Parliamentary Secretaries (Commons) | | | 11,262 | (16,400) 12,350 | (9.6) 9.7 |
| Parliamentary Secretaries (Lords) | | | 11,405 | 12,350 (12,500) | 8.3 (9.6) |

- a. Current Salary includes second stage of 1979 pay increase.
- b. Excluding Prime Minister, Lord Chancellor and Lord President of the Council.

| | Current Salary | Proposed Salary | Percentage increase |
|---|-------------------|--------------------|------------------------|
| | £ | £ | £ |
| <u>Higher Civil Service and Senior Armed Forces Officers</u> | | | |
| Head of the Home Civil Service Permanent Secretary to the Treasury Secretary of the Cabinet | 31,000 | 33,500 | 8.1 |
| Admiral of the Fleet | | | |
| Field Marshal | | | |
| Marshal of the Royal Air Force | | | |
| Permanent Secretary | 28,500 | 31,000 | 8.8 |
| Admiral | | | |
| General | | | |
| Air Chief Marshal | | | |
| Second Permanent Secretary | 26,000 | 28,500 | 9.6 |
| Deputy Secretary | 22,500 | 24,500 | 8.9 |
| Vice Admiral | | | |
| Lieutenant General | | | |
| Air Marshal | | | |

Current
Salary

Proposed
Salary

Percentage
increase

£

£

%

Higher Civil Service and Senior
Armed Forces Officers

Under Secretary

Rear Admiral

Major General

Air Vice-Marshal

Percentage increase for group as a whole

18,000

20,500

13.9

-

-

12.6

Judiciary

examples:

| | Current Salaries | Proposed Salaries | Percentage increase |
|--|---------------------|----------------------|------------------------|
| | £ | £ | % |
| Lord Chief Justice | 37,000 | 40,000 | 8.1 |
| High Court Judge etc | 28,500 | 32,000 | 12.3 |
| Circuit Judge etc | 19,500 | 22,000 | 12.8 |
| Masters and Registrars of the Supreme Court etc | 17,250 | 19,500 | 13.0 |
| Percentage increase for group as a whole | - | - | 12.6 |

Nationalised Industries
Chairmen & Members

Examples:

British National Oil Corporation

- Chairman
- Members

| Current Salaries £ | Proposed Salaries £ | Percentage increase % |
|-----------------------|------------------------|--------------------------|
| 53,500 | 58,500 | 9.3 |
| 29,250 - | 33,000 - | 13.4 |
| 37,750 | 43,000 | |

British Steel Corporation, Post Office

- Chairmen
- Members

| | | |
|----------|----------|------|
| 48,500 | 53,000 | 9.3 |
| 28,500 - | 31,500 - | 12.7 |
| 34,500 | 39,500 | |

British Aerospace, British Airways
Board, British Gas Corporation,
British Rail, British Shipbuilders,
National Coal Board, Electricity Council

- Chairmen
- Members

| | | |
|----------|----------|------|
| 44,000 | 48,000 | 9.1 |
| 23,250 - | 26,000 - | 13.0 |
| 28,750 | 32,750 | |

British Airports Authority, Cable and
Wireless, Civil Aviation Authority.
National Bus Company, Scottish Development Agency

- Chairmen
- Members

| | | |
|----------|----------|------|
| 31,000 | 34,000 | 9.7 |
| 18,500 - | 20,500 - | 13.4 |
| 22,500 | 26,000 | |

Percentage increase for group as a whole

11.6

TOP SALARIES STATEMENT: NOTES FOR SUPPLEMENTARIES

General

1. Relevance to monetarism, Mr Biffen's views, etc:

Treasury are supplying direct to No 10.

2. The position of the Chancellor of the Duchy of Lancaster?:

Mr St John Stevas has provided suggestions in his Private Secretary's letter of 4 July (attached).

3. Q. The TSRB Reports come at the end of a pay round and relate to the past. Why not accept them?

A. The concept of a pay round is artificial. It is essential that the level of pay settlements be brought down, otherwise, inevitably, the level of unemployment will rise further. TSRB did a good job within its terms of reference but the Government has to consider the wider economic implications. The country cannot afford the level of pay settlements we have been seeing in the past.

4. Q. Is this the beginning of an incomes policy?

A. No, the Government is setting an example. This is quite different from an incomes policy with all its rigidities.

5. Q. What steps is the Government taking to apply its new policy to senior staffs of public bodies like the Bank of England, the National Health Service, and Local Authorities?

A. Cash limits will apply where appropriate. Others must make up their own minds as to where the national interest lies.

6. Q. Is the Government appealing to private industry to adopt similar limits for pay increases at board and senior management level?
- A. Private industry is only too well aware of the constraints imposed on it by present economic circumstances. Unlike the public services, the threat of bankruptcy is always present.
7. Q. Is the Government going to open negotiations with the TUC for a voluntary pay policy?
- A. No. Pay policies failed before and there is no reason to suppose they would work now. The TUC is however well aware of the economic situation and the trade-off between pay and jobs.
8. Q. Is there to be a statutory pay policy?
- A. No.
9. Q. What has happened in the past few weeks to provide "clear and compelling" reasons for disregarding the TSRB recommendations when those of the Doctors and Dentists Review Body have so recently been accepted?
- A. There is no such thing as a pay round. The Doctors and Dentists were lucky.
10. Q. All the groups, including Members of Parliament, have had one pay increase this year. Why give more?
- A. The increases received by the four TSRB groups on 1 April were the final stage of their 1978 pay award updated in 1979. The increase for MPs on 13 June was the second stage of last year's increase. It would have been very unfair to treat these increases as the total amount of the 1980 pay settlement.

11. Q. Will you now scrap TSRB and the other Review Bodies?

A. No. We value the TSRB and other Review Bodies as a very useful independent source of advice in dealing with the pay of groups of people who cannot readily bargain in the normal way. This does not mean however that any Government can always be committed to accepting the recommendations made.

12. Q. Will you treat the Doctors and Dentists, and the Armed Forces, the same way when their Review Bodies report again next spring?

A. Our commitment to the Armed Forces stands. I cannot go beyond that.

13. Q. The recent Clegg Report on the pay of Nurses referred to the need to keep the pay of Nurses up to date in future. If new arrangements are brought into force for the Nurses, can they have any confidence that the Government honour the outcome?

A. The question is hypothetical. If and when new arrangements are brought into effect they would be devised in consultation with the profession.

14. Q. How much money will the present provisions save?

A. [CSD to provide.]

Members of Parliament

15. Q. After considerable debate last year the House devised a settlement for its own pay determination which was intended to endure. The Government has thrown it overboard. What do they propose to put in its place?

A. The House is in the unique position of determining its own salaries. This privilege carries a unique responsibility to behave consistently with the national interest.

16. Q. Why did the TSRB recommend a smaller rate of increase for MPs than for the other groups?
- A. They exercised their judgement.
17. Q. The Government is proposing that Parliamentary pensions should cease to be related to notional pay. Why?
- A. The concept of notional pay only applies when there is acceptance that the notional rates are to be paid at some future date. The Government's present recommendations to the House carry no such presumption.
18. Q. Does the Government intend to honour its public commitment that next year's Boyle Report on MPs' pay will be implemented?
- A. No. The House will have to decide these matters next year in the light of the circumstances of the time.
19. Q. Is the Government now prepared to consider the longstanding demand in this House that the pay of MPs should be index-linked or related in some way to that of a suitable analogue?
- A. No, Members of Parliament cannot opt out of the battle against inflation.
20. Q. The TSRB 14 groups will be receiving a larger increase than Members of Parliament. Can this be justified?
- A. Yes. I have explained the basis of our recommendations in my statement. We are recommending that MPs accept a 35 per cent abatement in their recommended increase. The TSRB groups are being asked to accept a 50 per cent reduction even though many of the recommendations for them were designed to correct anomalies in present pay structures. And some are suffering a significantly larger cut than 50 per cent.

21. Q. If the House insists on being paid the full TSRB recommended rate, will the Government pay the other TSRB groups in full?

A. I do not contemplate a rejection of the Government's proposals by the House because MPs, above everybody, have a duty to behave responsibly and give a lead. If the House were to reject the Government's proposals that would create a new situation which would need to be considered.

The Civil Service

22. Q. The Government's proposals involve depressing the pay of Assistant Secretaries and some other Civil Service grades below the levels justified by pay research. Will they be allowed to go to arbitration as provided for in the Civil Service Pay Agreements?

A. No. Circumstances just do not permit this. [The figures we have proposed to them] are the maximum allowed given the need to preserve sensible differentials with the higher grades.

23. Q. How will this affect other Civil Service groups currently in negotiation with the Government on pay?

A. Their pay will be settled in the normal way except where there are differential problems with the TSRB grades.

24. Q. Will pay research continue?

A. We hope to improve the operation of pay research but have no present intention of scrapping it. A disciplined approach to pay settlements has a lot to commend it provided that the arrangements are such as to be fair to the tax-payer as well as to the employee.

25. Q. Does the Government intend to cut the numbers of senior Civil Servants as well as their pay?

A. We are reducing the size of the Civil Service to 630,000 by 1984 - the lowest figure since the war. The senior grades will take their full share in these reductions.

The Armed Forces

26. Q. How does the Government reconcile its action on the pay of senior officers of the Armed Forces with its commitment on Armed Forces' pay?

A. The Government's commitment to the Armed Forces related to the recommendations of the Armed Forces Pay Review Body. We made it clear last year, however, that the salaries of the most senior Military Officers fell to be considered along with those of other groups of public servants which are assessed on a common basis by the TSRB, and in a different way from those of the remainder of the Armed Forces.

27. Q. The Armed Forces Pay Review Body has just made recommendations about the pay of Medical Officers in the Armed Forces. Will it honour them?

A. [Yes.]

28. Q. The Medical Major General is now to receive more pay than the Combatant Major General. Why?

A. Because it is necessary, on this occasion, to preserve a small differential between the pay of the Medical Major General and that of the Medical Brigadier recommended by the AFPRB. In any case it does no more than reflect the lead which all the medical ranks from Brigadier downward traditionally have over their combatant equivalents.

The Judiciary

29. Q. Since there is already a serious shortage of Judges for the Circuit Bench, will not this decision serve to increase the already intolerable delays in the Crown Court?

A. It is only in London and the South East that there are serious delays and these are due to many and complex factors. The level of judicial salaries the Government have approved [£32,000 for the High Court and £24,000 for the Circuit Bench] is not such as to deter barristers of the right standing and experience from accepting office.

30. Q. Will not judicial salaries now fall so far behind earnings at the Bar that only the second raters will accept the Bench?

A. There have always been a comparatively small number of leading Counsel who earn far more than any realistic judicial salary; but this has not prevented first-class appointments to the Bench. Besides, if we do not get the economy right, the Bar, like the rest of us, will face hard times.

31. Q. Why should the Judges, who are already paid well enough for a cushy job, get anything?

A. I do not think anyone who has carried the heavy responsibilities of a Judge would regard the Bench as a cushy job. Judges are by no means the most highly paid people in the country and suffer from inflation like everyone else. If they cannot maintain their positions, the quality of our society will suffer.

The Nationalised Industries

[As in the attachment to the letter from the Private Secretary to the

Secretary of State for Industry to the Private Secretary to Sir Robert Armstrong dated 4 July.]

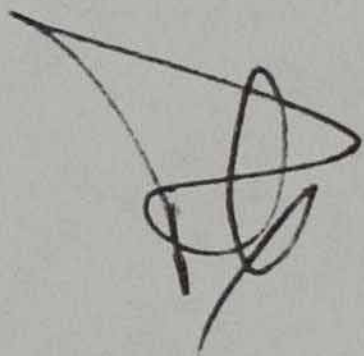
32. Q. Why has the National Freight Corporation been excluded from the Government's announcement?

[Subject to the Prime Minister's agreement to the Minister's proposals]

- A. Royal Assent has been given to the legislation to transfer the National Freight Corporation to the Private Sector. It is therefore no longer appropriate to apply the TSRB regime to them. It will be for the Chairman to agree with the Minister of Transport the appropriate level of remuneration for NFC Board Members.

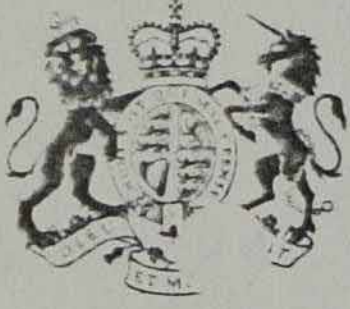
33. Q. Why have the Government not followed the recommendation of the TSRB that the British Transport Docks Board and the National Water Council be moved into a higher category for pay purposes?

- A. The Government has decided that they should be treated in the same way as the other nationalised industries on this occasion.



Cabinet Office

4 July 1980



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

Chancellor of the Duchy of Lancaster

4 July 1980

Dear David,

TSRB STATEMENT

As requested, I attach some question and answer briefs relating to the Government's change of direction on the subject of MPs' pay. I have not had the opportunity to clear these with the Chancellor, but shall consult him over the weekend.

I am copying this letter and the enclosure to Gordon Burrett (CSD) and Nick Sanders at No 10.

Yours ever,

R Birch

R A BIRCH
Private Secretary

David Wright Esq
Private Secretary to Sir Robert Armstrong
Cabinet Office
Whitehall

DRAFT QUESTION AND ANSWER

Q.1 Why, when the Government have committed themselves to accepting the Review Body's 1980 updating of MPs' pay have they now gone back on this?

A.1 We did indeed make such a commitment, but as I have said, the overriding priority must be the conquest of inflation. I recognise that the Review Body's exercise is retrospective, taking account of salary increases in other jobs of as much as 20% which have already taken place. But the Government, in considering the two reports of the Review Body, have reached a conclusion that in our present national plight a lead must come from the top, and that MPs and Ministers in particular have a duty to set an example in self-restraint. That is the basis for our proposals, on which the House will have the opportunity of voting.

Q.2 Why has the Chancellor of the Duchy not made a statement to us today?

A.2 The Government have taken what is, in effect, a single co-ordinated decision relating to all the groups within the remit of Lord Boyle's Committee, which reports to me. It would in any event have fallen to me as Prime Minister to announce the Government's conclusions on the Report on Top Salaries; in the circumstances my colleagues and I have agreed that I should make a single statement.

Q Has the Chancellor of the Duchy been overruled?

A.3 No. All Ministers speak for the Government as a whole. My rt hon Friend, the Chancellor of the Duchy did so when announcing the Government's previous intentions to the House, and I do so now. We have changed our minds in changed circumstances.

Q.4 Will the Chancellor of the Duchy be resigning?

A.4 Certainly not. The Government stands united now as ^{when} they took their previous decision.

SECRET

Copy no .1. of 2..

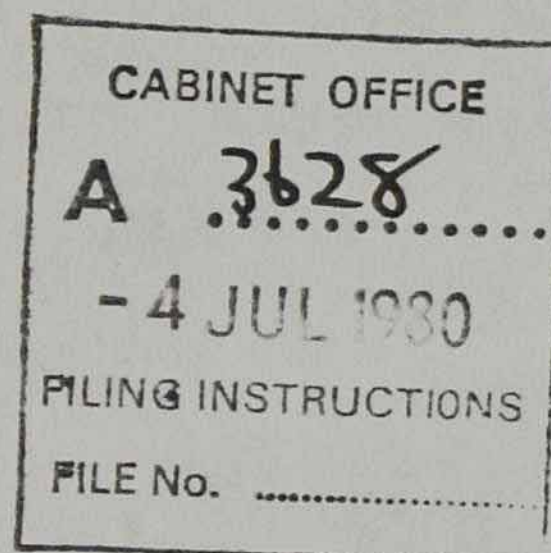


Sir Peter Carey KCB
Permanent Secretary

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB
TELEPHONE DIRECT LINE 01-212 7003
SWITCHBOARD 01-212 7676

4 July 1980

David Wright Esq
PS/Sir Robert Armstrong KCB CVO
Cabinet Office
70 Whitehall
LONDON SW1



Mr Le Chemant.

Dear David,

TOP SALARIES : REVIEW BODY REPORTS

In response to the request for notes for supplementaries in Sir Robert Armstrong's letter of today's date to Sir Ian Bancroft, I attach material covering the nationalised industries for which this Department is responsible, ie. British Steel Corporation, British Shipbuilders, British Aerospace, Cable and Wireless and the Post Office.

The NEB, which also falls in the TSRB net, is not covered in the background notes because it is not clear from the schedule attached to the Cabinet paper how the Government's decision will apply to that Board. The TSRB have I gather agreed to the proposal that the NEB should drop from the second to the fourth rank which would I think put them on a par with the Atomic Energy Authority and the CEGB which are also not covered in the table. Perhaps the CSD could advise on this point in time for the Department to brief the Secretary of State when he sees Sir Arthur Knight on Monday.

I am copying this Jeremy Colman and to Gordon Burrett in the CSD.

*Yours,
Peter.*

P G MOULSON
Private Secretary

SECRET

NATIONALISED INDUSTRIES

NOTES FOR SUPPLEMENTARIES

Q What is the effect of the decision on the salaries of individual Board Members?

A The responsible Ministers will be discussing individual salaries with the Chairman of each industry.

Q Will there be any provision for variation of the increases to recognise exceptional merit, or to restore differentials?

A That is certainly the intention, so long as the average increase for each Board is not exceeded. That is a matter for discussion with the Chairmen.

Q Will this decision make it more difficult to recruit and retain Chairmen and Board Members of the right calibre?

A That is a possibility. Certainly it will not make recruitment any easier. However I do not believe, at this level, that salaries are *always* the first, or the overriding, consideration.

Q Why restrict the recommended increases?

A There is a compelling need for restraint and moderation in pay settlements. It is imperative that the leaders, in all walks of life, should set a positive example.

Q Will this make relations between thenationalised industries and Government more difficult?

A I hope not. These verysenior people have a distinguished record of public service; I believe they will continue to give their full support to the Government's priority target of reducing inflation.

Q How will this announcement affect the arrangements entered into to appoint Mr Ian MacGregor?

A Mr MacGregor will receive the increase of 9.3% due to him, to bring his salary to £53,000 a year. The arrangements for compensating Lazard Freres for his release will remain unchanged.

Q Will Sir Charles Villiers receive this increase?

A It has been agreed that he will continue to be paid as if he were Chairman of BSC until September when his term of office was due to expire, and he will therefore benefit from this increase.

SECRET

~~CONFIDENTIAL~~

NATIONALISED INDUSTRIES BACKGROUND NOTES

British Aerospace

In recognition of the particular difficulties faced in retaining the services of certain key members of the British Aerospace Board who were significantly disadvantaged in comparison with their senior management Ministers agreed in May that two senior members should be offered a once and for all increase, in advance of the Government response to TSRB, of £5,000 pa, with consequential revisions for other Board members, with effect from 1 July 1980. The relevant Board members have been offered these increases with a commitment that they should retain this relative position in any Government response to the TSRB report.

We do not anticipate any particular interest in BAe Board salaries, as no public announcement has been made about these increases.

The Post Office

There is at present only one vacancy on the statutory Post Office Board. This will be filled shortly by the appointment of a Deputy Chairman, who will be the Chairman Designate for the proposed new British Telecommunications corporation.

The present Chairman, Sir William Barlow, has already announced that he will be leaving the Post Office in the Autumn. The intention is to replace him with a part-time non-executive Chairman who will serve for about a year until legislation has been enacted to separate the two main businesses.

There are no immediate salary problems, though some difficulties may arise at the interface between Board Members and senior officials following the decision on TSRB14.

British Shipbuilders

There is at present no intention of adding to the Board of British Shipbuilders; further appointments may be proposed once the new Chairman (Mr Atkinson) has considered the nature of the Board he requires.

There have been no complaints about the level of salaries by existing Board Members. Recruiting people to the Board, however, has not been an easy task. The PAC commented on the length of time it took to recruit. Holding down salaries below market level will exacerbate the problem further when we need to recruit again.

A small number of the Board Members of BS subsidiaries continue to earn more than some Board Members.

British Steel Corporation

Mr Ian MacGregor, the new Chairman, took office on 1 July. His appointment is controversial, for although his personal salary will be at the TSRB rate, Lazard Freres received £675,000 on 1 July to compensate them for losing his services, and will receive up to £1,150,000 in 1984 and 1985 depending on the performance of BSC under his chairmanship. Mr MacGregor will not receive directly any part of the payments to Lazard, but will continue, as a limited partner, to participate to a small extent on the profits of the Lazard partnership.

The future structure and membership of the BSC Board under Mr MacGregor has not yet been decided. The decision on the TSRB recommendations, announced today, is not likely to cause difficulties with the existing members, but could affect Mr MacGregor's ability to recruit new full-time executive board members during the period up to 1 April 1981.

Cable and Wireless Ltd

There is a serious overlap between the pay of the most senior officials and the lowest paid Board Member, who was recruited from a senior official appointment. With the proposals for TSRB14 he will now be substantially worse off than he would have been had he remained as an official. He is due to retire shortly, and his pension will be affected adversely. The Chairman and the Board can be expected to make the strong representations for special treatment in his case.

There are also problems over differentials at the top of the Board Members' scale which have been a constant source of complaint in the past.

Recruitment to the Board has traditionally been from the ranks of the senior officials. The inverse differential will inhibit this in future and recruitment from outside will pose difficulties.



CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-233 8319

From the Secretary of the Cabinet: Sir Robert Armstrong KCB CVO

4th July, 1980

Ref. A02523

*original copy on: - Econ PSI: TSRB on senior Civil Servants etc: July 80
Part 2.*

The Prime Minister has asked me to write to you - with her apologies for not writing herself, but she had to leave for Scotland directly after Questions yesterday - to tell you that she is proposing to make a Statement in the House after Questions on Monday, 7th July about the Government's decisions on the pay of Members of Parliament, Ministers and other paid office holders, and the groups of public servants covered by the Top Salaries Review Body.

She asked me to let you know, on Privy Counsellor terms, that the Review Body has recommended increases of about 14½ per cent on the second and third stage salary levels recommended and accepted last year for MPs, Ministers and other paid office holders; that she will be telling the House on Monday afternoon that the Government does not think it right, in present circumstances, to accept a figure as high as that; and that accordingly the Government will invite the House to approve a Resolution increasing the second stage salary for MPs in payment since 13 June from £10,725 to £11,750 (an increase of about 9½ per cent), and the third stage due in June 1981 from £12,000 to £13,025.

The second stage salaries for Ministers and other paid office holders are not yet in payment. The Prime Minister will tell the House that the Government proposes to introduce an Order bringing into effect from 13 June 1980 the second stage salary levels recommended by the Review Body last year, increased by 5 per cent for Cabinet Ministers and the Attorney General and by 9½ per cent - as for MPs - for all other Ministers and paid office holders, including the Leader of the Opposition.

She will also tell the House that the Government is proposing a proportionate abatement of the increases recommended by the Review Body for the higher Civil Service, senior officers of the armed forces, members of the judiciary, and chairmen and members of boards of nationalised industries.

/The

The Rt. Hon. James Callaghan, MP

PERSONAL AND IN CONFIDENCE

The Prime Minister would be happy for you to pass the contents of this letter, on Privy Counsellor terms, to Mr. Foot, the Opposition Chief Whip and the Chairman of the Parliamentary Labour Party.

If you would like to have a word with the Prime Minister about this on Monday morning, she would be very happy to do so; she is expecting to be in the House during the middle of the morning. In the meantime, please let me know if I can be of any help.

ROBERT ARMSTRONG

SECRET

Ref. A02511

PRIME MINISTER

Top Salaries

(C(80) 37)

My memorandum of 2nd July fulfils the remit given to me by the Cabinet yesterday. I think it is self-explanatory, but there are one or two points to comment on.

Ministers

2. There are three questions to decide:
- (a) What increase should Cabinet Ministers have in addition to the second stage due on 13th June 1980? This is the stuff of gesture, and very much a matter of political judgment. Would a decision by the Cabinet to deny themselves any increase be seen as a valid gesture or a political gimmick? If the Cabinet decides that Cabinet Ministers should have some increase, perhaps it should be lower than that recommended for MPs, to give additional authority to the advice to be given to them. Should it also be lower than any of the other increases for particular grades in TSRB 14? That would point to an increase of $7\frac{1}{2}$ per cent if the Cabinet goes for the higher option for TSRB 14 groups, or 5 per cent if it goes for the lower option.
- (b) What should the extra salary for Ministers of State and Parliamentary Secretaries in the Lords be? My memorandum proposes £4,000: a figure plucked out of the air as being about two thirds of the amount of Parliamentary salary drawn by Ministers in the Commons. }
{
- (c) Should the same additional salary go to Cabinet Ministers in the Lords? Cabinet Ministers in the Commons are entitled to draw about £6,000 of their Parliamentary salary in addition to their Ministerial salaries: do they want to treat their Lords colleagues less generously than Ministers of State and Parliamentary Secretaries in the Lords? I know that

SECRET

£4,000 will not make much difference to Lord Carrington and Lord Soames, but the Cabinet should ignore arguments ad hominem: it is creating a new principle, and not all Cabinet Ministers in the Lords will be men of considerable means.

- (d) Is the Cabinet content with the method of implementing the additional salary for Ministers of State and Parliamentary Secretaries in the Lords? It is the only way of implementing it, short of new legislation to amend the Ministerial Salaries Act 1975 or a Resolution of the House authorising an attendance allowance for Ministers in the Lords; but it will need careful presentation to make sure that ^{it is understood that} the full increase will in fact be paid only to Ministers in the Lords.

TSRB 14 Groups

3. The 9.6 per cent increase proposed for MPs represents a reduction of 35 per cent on the 14.6 per cent proposed by TSRB 15. If the general level of increases proposed by TSRB 14 (i.e. excluding the special additional increases for improving differentials and facilitating recruitment to the bench) is taken as 19 per cent, a reduction of 35 per cent on that produces an average increase of 12½ per cent, which is about half the overall increase of 25 per cent actually recommended by TSRB 14, including the special additional increases. Even the higher option will therefore be regarded by the TSRB 14 groups as less generous than what is proposed for MPs.

4. We have kept three of the four groups within an overall 12½ per cent, but we have gone over the top for the judges, as a conscious decision to round up rather than down in recognition of the special factors relating to the judiciary to which TSRB 14 drew attention in Chapter 4. That takes the overall increase for all four groups up to 12.8 per cent. If the Cabinet wanted to bring the overall increase for the judiciary within 12½ per cent, the salary rates would have to be:

| | £ | % |
|--|--------|------|
| Lord Chief Justice | 40,000 | 8.1 |
| High Court Judge etc. | 31,750 | 11.4 |
| Circuit Judge etc. | 21,750 | 11.5 |
| Masters and Registrars of Supreme Court etc. | 20,000 | 15.9 |

5. The $12\frac{1}{2}$ per cent scale (column C) for higher civil servants and senior officers in fact gives all grades an additional £2,500 except the Deputy Secretary and equivalent, to whom it gives only £2,000. This is because we have shaped the progression of salary rates broadly to preserve the differentials recommended by TSRB 14, and they seem to have taken a deliberate decision to depress the Deputy Secretary and equivalent in relation to Permanent Secretaries and Under Secretaries:

| | Current Salary | TSRB 14 | Column C |
|-------------------------------|----------------|----------|----------|
| Full Permanent Secretary etc. | 28,500 | 34,000 | 31,000 |
| | (+6,000) | (+7,000) | (+6,500) |
| Deputy Secretary etc. | 22,500 | 27,000 | 24,500 |
| | (+4,500) | (+3,500) | (+4,000) |
| Under Secretary etc. | 18,000 | 23,500 | 20,500 |

6. The 9.6 per cent increase for TSRB 14 groups could be achieved only at the cost of:

- (a) setting aside pay research for Senior Principals as well as Assistant Secretaries;
- (b) severe new compression of differentials at the "interface" for all groups, extending down to Principals in the higher Civil Service (thus not only rejecting TSRB's proposals for improving differentials but actually moving in the opposite direction);
- (c) damage to judicial recruitment prospects;
- (d) charges of treating the TSRB 14 groups worse (in relation to the TSRB recommendations) than MPs and Ministers.

7. If the Cabinet reaches decisions, it will need to discuss the timing of an announcement. The sooner the better, of course; but there will be a lot to do and a lot of people to be seen (including Lord Boyle) before an announcement is made, and I do not think that it can all be done between the time of these decisions and 3.30 pm the same day. This points to an announcement on Monday.

HANDLING

8. You may like to start by inviting the "sponsoring" Ministers to comment on the note and the tables: first, the Chancellor of the Duchy, then the Lord President, the Secretary of State for Defence and the Lord Chancellor; and

SECRET

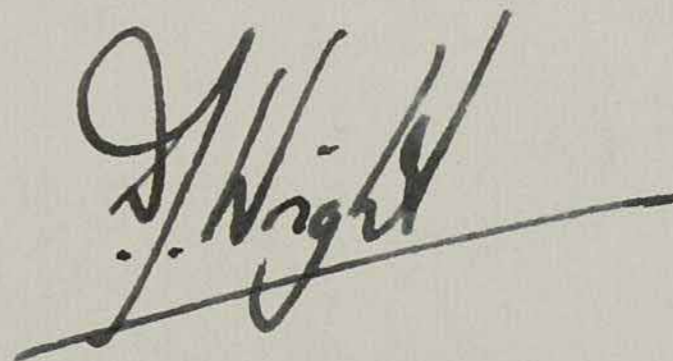
finally the nationalised industry Ministers - the Secretaries of State for Industry, Trade, Energy, Transport and Scotland. After that the Chancellor of the Exchequer could be invited to speak; and then the discussion would be open.

9. You should make sure that the sponsoring Ministers, and particularly the Lord President and the Secretary of State for Defence, tell the Cabinet how they think their clients will react to the reduced increases proposed, and what the consequences will be. These are not reasons for not going ahead; but the Cabinet should take its decisions on the basis of a full account of the implications.

CONCLUSIONS

10. If the Cabinet reaches decisions on the basis of one or other of the options now before it, you will wish to guide it to:

- (a) decisions on additional salaries for Ministers in the Lords;
- (b) decisions on timing of announcement;
- (c) instructions to sponsoring Ministers about advance information to representatives of the groups concerned (the National Staff Side, the Chiefs of Staff, the Lord Chief Justice, the Chairmen of nationalised industries);
- (d) instructions to the "sponsoring" Ministers to agree with the Lord President corresponding figures for the grades and posts not covered in these summary tables.



ROBERT ARMSTRONG

(drafted by Sir R. Armstrong
and signed on his behalf)

2nd July, 1980

SECRET

MR. WHITMORE ^{MW}

cc. Mr. Lankester

T.S.R.B.: Announcement Procedure

You asked me to go over the steps necessary before the Prime Minister's Statement, provisionally scheduled for Monday. There are a number of people who are entitled to prior notification on these occasions, but the only two who fall to us to handle are the Leader of the Opposition and Lord Boyle.

In my view, the Prime Minister will have to see Mr. Callaghan to tell him of the decision the Government have reached. He will presumably not only disagree but also complain about the unreality of the "consultation" if we see him on Monday and make the Statement on Monday afternoon; but there is no obvious alternative.

Given the nature of the decision we seem to be heading for, there would be much to be said for the Prime Minister seeing Lord Boyle personally. At the very least I think that she should telephone him on Monday to tell him the terms of the announcement.

The C.S.D. and sponsoring Departments will notify Sir Denis Rooke, the "shop steward" of the nationalised industry chairmen and all the other chairmen. They will also give the Staff Side a little advance notice. We can leave it to the ^{? CDL} Chief Whip to tell the minor parties, including the Liberals.

The other action which needs to be set in hand urgently is the preparation of supplementaries for the Statement, which will have to be ready for the Prime Minister's weekend box. C.S.D. are poised to start on them, but will have to wait until after tomorrow's Cabinet.

C.S.D. and Bernard Ingham can consult on the Press arrangements. C.S.D. will be responsible for the publication itself; the two Reports will be available in H.M.S.O. bookshops on Tuesday if we have the Statement on Monday.

2 July 1980

MJS

2 July 1980

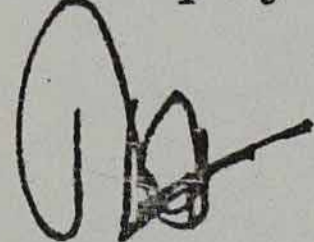
Policy Unit

PRIME MINISTER

TSRB - CABINET

One or two points that occur to us, if Cabinet discusses TSRB after the Terry Burns presentation.

1. It would help if something can be said publicly about MP's pay, before the nurses' ballot which is, I think, on 8 July. The moral pressure will work both ways. MPs can be told that we're asking the nurses to accept 14%. The nurses are more likely to do so if MPs have made a genuine sacrifice.
2. Everyone knows that you have personally taken a very substantial cut from the outset. I think this carries most moral force with colleagues and MPs if it is not spelt out. If it is overtly used to set an example, then inevitably people will say that different individuals have different circumstances and that it is an unfair form of pressure.
3. Colleagues may tend to think serially about the whole public sector pay problem, seeing each case in isolation. It is important they they understand that each situation sets the stage for simultaneous situations in the private sector and subsequent situations in the public sector. Thus, MPs' pay and nurses set the stage for each other, and both set the stage for public services pay as a whole and for any public debate about British Telecommunications. If the public sector settlements begin to get out of control, the Government could be left with the choice between two politically unpalatable alternatives: abandon the struggle against inflation; or face much higher unemployment much greater recession, far more bankruptcies. Jim Prior seems fully aware of the risks. Once Cabinet is - and they seem well on the way to conversion now - it will be easier to get the message across to MPs.
4. But MPs, like everyone else locked into the Prisoner's Dilemma, will be hard to persuade unless they believe that sacrifice by them is going to lead to similar sacrifices elsewhere in the public sector. An early and unfavourable settlement of British Telecomms (I'm not sure of the time scale for that) could conceivably even feed back and upset the MPs' pay decision.



JOHN HOSKYNS

A02481

Mr. Whitmore

TOP SALARIES REVIEW BODY: REPORTS 14 AND 15

I attach a Cabinet Office brief for tomorrow's Cabinet.

2. There are three crucial questions to settle, the answers to which will determine the limits within which other matters can be decided:

- A. Any proposal to reduce the salary rates proposed by the TSRB raises a whole hornet's nest of problems, from the question whether MPs would accept a reduction, through all the problems of deciding what alternative rates to adopt and how to minimise differential problems, to the risk of resignation by the TSRB and perhaps the other review bodies. Many of these problems would be avoided by delaying implementation rather than reducing the rates. Is the Cabinet minded to consider delayed implementation as an alternative?
- B. For Members of Parliament, is the Government prepared to propose, and will the House of Commons accept, lower rates than those recommended by TSRB 15? Or does the Cabinet think that acceptance of the TSRB recommendation for MPs is inescapable?
- C. Is the Government prepared to refuse arbitration on the Assistant Secretaries' pay, and impose a figure of, say, £19,500, which would enable them to bring the rate for Under Secretaries below the £23,500 recommended by TSRB 14?

3. If it is agreed to bring down the salary for MPs from the recommended £12,300 to £12,000 (from 14.6 to about 12 per cent), or to some lower figure, it will then be necessary to decide:

B1. What is the corresponding reduction to be imposed on the TSRB 14 groups? Should their increase be reduced in proportion with the reduction proposed for MPs (e.g., by one-sixth, if MPs' pay is brought down to £12,000)? Or should the size of that increase be reduced to the same as that for MPs (whether the figure is 12 per cent or less), even though the increase recommended for them (basically about 19 per cent) was higher than that recommended for MPs?

4. If it is agreed to implement the TSRB 15 recommendation for MPs as it stands, it will be necessary to decide:

B2. Must the TSRB 14 recommendations also be implemented in full? Or should the size of the increase for the TSRB 14 groups be reduced to about 14½ per cent - the same as that for MPs - even though the increase recommended by the TSRB was higher?

5. On the question of Assistant Secretaries' pay, it seems clear ~~that~~, if it went to arbitration, the award would be for a maximum of not less than £22,000. On this basis the rise for Under Secretaries could not be significantly below the £23,000 recommended by TSRB 14. The Government should not go to arbitration on Assistant Secretaries' pay if it is not prepared to accept the outcome. If the Cabinet would reject an arbitration award of £22,000, it would be better to refuse arbitration, even though that would mean going back on a commitment.

6. If it were to be decided to refuse arbitration, and impose a settlement on Assistant Secretaries, the Government would then have to say that, although it had noted the pay research results for Assistant Secretaries and it had specifically asked the TSRB to consider and make recommendations in respect of the "interface" between

/ Assistant

Assistant Secretaries and Under Secretaries, it had now come to the conclusion that these matters could not be put right on this occasion, because of the overriding need to fight inflation and in particular to reduce the ~~lack~~^{level} of public sector pay settlements. I do not need to describe the charges of broken faith (the renegeing on the commitment to allow arbitration, the dishonouring of the pay agreement, the renegeing on the implied commitment to do something about the "interface") that would ensue.

7. Then a whole new range of options would be opened up. The existing cash differentials between the Principals' maximum and the Assistant Secretaries would be preserved if the recommended increase for Assistant Secretaries was halved (an increase of £2,500, to £19,500, instead of £5,000, to about £22,000). This would fly in the face of pay research, and of the wish to ~~resolve~~^{remove} the compression deliberately inflicted on the Assistant Secretaries. It would therefore outrage that group of civil servants, and then civil service trade unions concerned (the First Division Association, the Society of Civil Servants, and the Institution of Professional Civil Servants). It would certainly raise the level at which militancy in the Civil Service began to be expressed. But it could technically be done.

8. If it was then decided to keep the existing cash differential of £1,000 between the Assistant Secretary and the Under Secretary, the Under Secretary rate could be brought down to £20,500 (more outrage, etc, including this time military as well as civilian outrage). Starting from that as a floor, I have constructed three further options, shown in an annex:

(because it would take Major (needs etc. too).

L. ~~Pres~~erves existing cash differentials upwards from an Under Secretary rate of £20,500;

M. Gives Deputy Secretaries and Permanent Secretaries a ~~full~~^{flat} £2,000, and therefore reduces the cash differential between Under Secretary and Deputy Secretary;

/ N.

N. Reduces the increase to Permanent Secretaries to £1,500, and so reduces also the cash differential between Deputy Secretary and Second Permanent Secretary.

9. In order to preserve even-handedness it would be necessary to shade the increases to judges and board members similarly. It has to be said that, even if one gave the judges the benefit of the additional edge on civil servants and similar officers recommended by TSRB (i.e., for the High Court Judge £1,000 more than for the Permanent Secretary), the Lord Chancellor would be likely to find it very hard indeed to persuade barristers of the right quality to accept appointment to the bench. But it also has to be said that the sense of outrage in the higher civil service and the armed forces would be compounded if they were made to suffer reductions of this kind from the TSRB proposals and judges were not.

RIA

30 June, 1980.

SECRET AND PERSONAL

| Grade | A | B | | L | | M | | N | |
|---------------------------------|---------------------|--------------|------|---|------|----------------------------------|------|---|------|
| | Current Salary £ | TSRB 14 £ | % | Preserve existing cash differentials £ | % | + £2,000 for D.S. and above £ | % | + £1,500 for P.S. + £2,000 for D.S. £ | % |
| Head of Home Civil Service etc. | 31,000 | 37,000 | 19.4 | 33,500 | 8.1 | 33,000 | 6.5 | 32,500 | 4.8 |
| Permanent Secretary etc. | 28,500 | 34,000 | 19.3 | 31,000 | 8.8 | 30,500 | 7.0 | 30,000 | 5.2 |
| 2nd Permanent Secretary etc. | 26,000 | 31,000 | 19.2 | 28,500 | 9.6 | 28,000 | 7.7 | 27,500 | 5.7 |
| Deputy Secretary etc. | 22,500 | 27,000 | 20.0 | 25,000 | 11.1 | 24,500 | 8.9 | 24,500 | 8.9 |
| Under Secretary etc. | 18,000 | 23,500 | 30.6 | 20,500 | 13.9 | 20,500 | 13.9 | 20,500 | 13.9 |
| Assistant Secretary | max. | 22,000 | 29.4 | 19,500 | 14.7 | 19,500 | 14.7 | 19,500 | 14.7 |
| | min. | 14,250 | 19.2 | 16,500 | 15.7 | | | | |
| Principal | max. | 14,000 | 19.1 | 14,000 | 19.1 | | | | |

①

SECRET

2

Ref. A02480

PRIME MINISTER

The 14th and 15th Reports of the Top Salaries Review Body

(C(80) 32-34)

BACKGROUND

The Cabinet had a first, without commitment, discussion of the 14th Report of the Top Salaries Review Body (TSRB) on 19th June (CC(80) 24th Conclusions, Minute 4). The 15th Report (dealing with the pay of Ministers and Members of Parliament) is now available. Decisions are needed quickly if the presentation of the Government's decisions is not to be affected by leaks of their contents. Nevertheless, despite the fact that the present meeting of the Cabinet has no other business before it you may want to leave more time before coming to final decisions. We have provisionally kept open the possibility of a further meeting on 8th July.

2. The papers are complicated and it would be very easy to become bogged down in detail. If this is to be avoided, you will need to keep a tight control of the discussion and to concentrate on principle rather than detailed figures. (The Cabinet cannot be expected to re-do the work of the TSRB in a single meeting.) I suggest that the points of principle which might be addressed are as follows:-

- (a) Is it sensible to reject or amend the Boyle proposals this time round? The problem of setting the right salaries for Ministers, Members of Parliament and senior public employees is a perennial source of difficulty for Governments. The Review Body system was invented ten years ago in the hope that these matters would be taken to some extent at least "out of politics". Successive Governments have paid lip service to the concept by reiterating that the recommendations of the TSRB - like those of the Doctors and Dentists and Armed Forces Review Bodies - would be accepted save where there were "clear and compelling reasons" to the contrary. In every case, however, successive Governments - fighting against inflation - have agonised over the implementation of the Reports as they have come forward, and each attempt to reconcile the basic commitment

SECRET

to implementation with short-term problems of presentation has been fraught with political difficulties and embarrassment to Governments. It would be fair to add that every time recommendations have not been implemented, short-term political advantage has incurred the penalty of longer-term embarrassment, sometimes acute, when the pressure for "catching up" could no longer be withstood. Perhaps some of those covered by these reports might also think that they were entitled to ask whether the Government's emphasis on the need to give adequate incentives for responsibility and hard work applies everywhere else but in the public service.

- (b) In a sense this is a question not just of levels of pay, but of systems of settling pay. Has the Review Body system failed in its primary purpose - which is to provide an alternative system of settling pay for groups of public servants (including Ministers and MPs) who cannot negotiate with the Government (or with whom the Government prefers not to negotiate), and thus to provide a measure of protection both for the Government and for the public servants concerned? Unless salaries for the groups concerned are to be settled simply by Government fiat, are there better alternatives?
- (c) If the Cabinet thinks that the present situation demands some modification of the TSRB proposals, is the desired outcome to be achieved by delaying the implementation of the TSRB recommended rates or by the substitution of new rates to be paid from the due dates? Delayed implementation solves the differential problem, makes it easy to handle pensions, and is unlikely to cause members of TSRB to resign. The questions are whether there should be a common period of delay for all the groups concerned (which in the light of the actual TSRB recommendations would bear harshly on Members of Parliament) or whether a differentiation should be made to take account of the varying size of the recommended increases. A judgment here turns on an assessment of what MPs will accept. It would also be necessary to decide on the period of delay. The implications of various choices are set out in paragraph 11 of C(80) 34.

- (d) If the decision is to go for lower salary rates from the due dates, are the Cabinet prepared to envisage cutting back in some way on the recommendations in TSRB 14 before they know what the House is prepared to accept in respect of the pay of MPs? The House of Commons might argue that a knowledge of what the Government is prepared to do about its own employees is a necessary precondition for their own decision. The Chancellor of the Duchy touches on the point in paragraph 8 of his paper (C(80) 33). He argues that the Government could not let MPs off the hook and then be tough on the TSRB 14 groups. He assumes that it would be less invidious if the sequence of events were reversed. I am not sure that I agree: at least the appearance of even-handedness is a desirable part of this complex of decisions. Your colleagues will have to judge the balance of risks here.
- (e) Is the Government prepared to refuse arbitration to the Assistant Secretary grade and to impose a lower settlement on them than that which they might gain at arbitration? A decision here substantially determines the range of options for handling TSRB 14. If the Assistant Secretaries are to get what they regard as their due, then only option B or something like options G, H, J and K, or the timing options in paragraph 11 of C(80) 34, are consistent with that decision. If however your colleagues are prepared to refuse arbitration to the Assistant Secretaries, the full range of options is available.
- (f) By this stage in the discussion decisions on questions of principle may have substantially narrowed the options available. But your colleagues may find it difficult to envisage the choices which remain without the aid of a further summary paper. We could, if required, readily produce such a paper but, in doing so, it would be most helpful if three further questions of principle could be resolved:-
- (i) Are colleagues prepared, in any final decision, to see a result which involves the application of a single percentage increase to all those covered by the Reports? Discussion on 19th June suggested that colleagues did not favour such a solution inter alia because it

smacked of a new "norm". Confirmation of this view would cut out options C and D of C(80) 34. Equally rejection of the alternative of a uniform across-the-board cut would remove options F and possibly E as well.

- (ii) If the decision is against a single percentage increase, is the Cabinet prepared to see the judiciary given relatively better treatment than other groups, as proposed by TSRB?
 - (iii) Should the recommendations for the members of nationalised industry boards, modified in whatever way seems appropriate, serve as a basis for the immediate settlement of their pay or should Ministers say now that they will move to their new system for individual determination of salaries, by Ministers, with the TSRB 14 recommendations as a guide only to that determination? This is a loose end from earlier discussion. Certainly if the Government were to seek to substitute its own judgment for that of the TSRB on levels of pay generally there would be a lot to be said for making the break between nationalised industry pay and TSRB now.
 - (iv) Are Ministers content to deal more harshly with their own pay than the Commons may be prepared to accept for MPs' pay or than Ministers may determine for the groups covered by TSRB 14? If Ministers are prepared to treat their own salaries more harshly than those of the other TSRB groups, they will need to choose between the options for their own pay set out in paragraph 11 of the Chancellor of the Duchy's paper C(80) 33. If not, discussion of the Chancellor of the Duchy's options should follow, not precede, final decisions on the pay of MPs and senior public servants.
3. Other relevant background points are:-
- (a) Cash limits: there is no formal problem with cash limits which would impose a particular result on any of the groups covered by TSRB. Most of those concerned are a small fraction of much wider groups for cash limit or EFL purposes, and Parliament is of course not cash limited.

SECRET

- (b) Internal relativities: Mr. Pym may argue that it is very important, managerially, for the Ministry of Defence that existing relationships between the pay of senior military personnel and their civilian counterparts should be maintained.
- (c) Intermediate grades: the tables annexed to C(80) 34 do not, for reasons of space, show all of the posts with separate pay scales covered by the TSRB. This is particularly the case with the judges where 13 different levels of salary are in payment for the TSRB groups. If the Cabinet's conclusions result in a setting of new pay scales other than on a purely mechanistic basis, it will be necessary for a complete list to be agreed. This could be remitted for direct settlement between the Lord Chancellor and yourself.
- (d) London Weighting: in considering the Civil Service pay scales it is necessary to remember that Under Secretaries receive London Weighting (currently £780 a year and due to be revised) which the higher grades do not. This affects the minimum permissible differential to be maintained between the Under and Deputy Secretaries if over-compression is to be avoided.

HANDLING

4. You will probably prefer to introduce the discussion yourself, explaining how you propose to structure it. You might then ask the Chancellor of the Duchy of Lancaster to give the latest news of the discussions which have been going on with Mr. du Cann as Chairman of the 1922 Committee and of any information he may have about the likely attitude of the Opposition Parties. You will then have to judge whether it would be more expeditious to let each of your senior colleagues concerned (the Lord President, the Lord Chancellor and the Chancellor of the Duchy) give their general impressions of the problems first or whether to cut this phase and take your colleagues step by step through the questions posed in the background section of this brief. You will want to clear as many points out of the way as you can, including the Chancellor of the Duchy's recommendations on secretarial allowances for MPs etc. which are not directly affected by the decisions on pay. But unless the Cabinet were to agree to the implementation in

SECRET

full, this time, of the two TSRB Reports, they may well find it more convenient to delay final decisions until they can be provided with a further display of whatever options remain as a consequence of the decisions in principle they may take. I could readily arrange for the quick production of such a paper.

CONCLUSIONS

5. The outcome of the Cabinet's discussion is very difficult to predict but the most likely outcome might be:-

- (i) To note the agreements reached on points of principle and on specific recommendations.
- (ii) To invite the Secretary of the Cabinet to produce a further paper for discussion at an early meeting which displays the remaining options open to Ministers in the light of whatever conclusions have been reached at this meeting by the Cabinet.



ROBERT ARMSTRONG

30th June, 1980

From

THE CHAIRMAN OF THE PARTY

The Rt. Hon. The Lord Thorneycroft

CONSERVATIVE & UNIONIST CENTRAL OFFICE,
32 SMITH SQUARE,
WESTMINSTER, SW1P 3HH,
Telephone: 01-222 9000

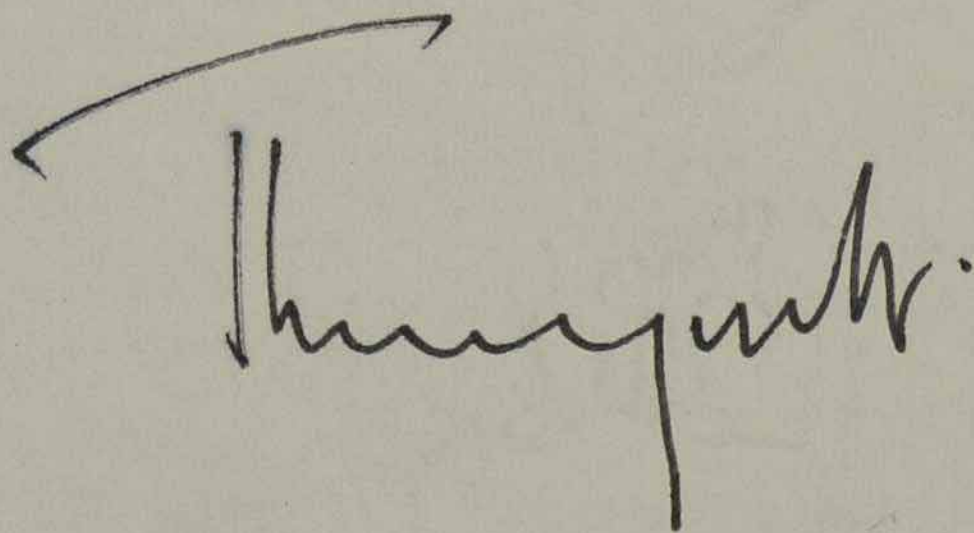
PT/SOB

30th June 1980

To/ THE PRIME MINISTER

TOP SALARIES

1. We are approaching a period during which decisions critical to the success or failure of the Government's strategy will be taken. Among these decisions those affecting pay in the public and private sector will be important.
2. The Government's strategy involves cutting public expenditure and borrowing and modifying the power of the Unions. We are, I think, all agreed that if we get through this autumn and winter with pay increases well below the level of inflation we may just get by and start trends moving in the right direction. If we fail in this endeavour I expect the Government and the Party to come under savage criticism and see increasing difficulty in mobilising continued support for our main strategy.
3. Pay settlements depend upon public attitudes and are deeply influenced by imitation and example. I regard, therefore, the decisions on Top Salaries, and for that matter on MPs' and Ministers' pay, as of crucial importance.
4. We have as a nation in no way earned the kind of figures which are being canvassed for these sectors and which will be used not as a target but as a base for others to build upon.
5. I do, therefore, urge with all the force at my command and with some knowledge of the way in which opinion is developing in the country, that we limit these increases to single figures. I accept that this will involve some injustice and some distortion. It is, however, better to endure this than see the Government in a few months time derided for the failure of its strategy as it seeks desperately to cut still further against the handicap of wage costs and unemployment mounting inexorably against them.



THE GENERAL INVESTMENT & TRADING COMPANY
INCORPORATED IN THE STATE OF NEW YORK
WEST 111th STREET
NEW YORK 1, N.Y.

30 JUN 1968



[Faint, illegible handwriting]

[Handwritten signature]



Chancellor of the Duchy of Lancaster

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

30 June 1980

NBPM

MJ

Dear Peter

WINDING-UP ALLOWANCE FOR MEMBERS' SECRETARIES

Thank you for your letter of 2 June 1980.

The Chancellor of the Duchy of Lancaster has noted the Chief Whip's comment that the winding-up allowance for Members' secretaries should be limited to one-eighth of the secretarial allowance. As you know, the Prime Minister thought that two months' pay would be needed to clear up the outstanding work after the death or defeat of a Member.

As the allowance is payment for work actually done, is normally related to salary level, and the maximum amount should only be paid if it takes the full two months to complete the outstanding work, the Chancellor proposes to proceed as the Prime Minister suggests.

The Chief Whip also said that he would not wish to sign the proposed form of nomination unless he had first consulted the family, and that in his view this could be troublesome. The Chancellor appreciates the Chief Whip's concern but considers that it is most important that the present arrangements are improved so that secretaries do not have to wait for a number of months for payment for the work they have done. On the basis of perhaps five deaths in a year (not all of which presumably are likely to be on the Government side) the Chancellor is fairly confident that the task should not be too troublesome for the Whip's Office.

I am copying this letter to Nick Sanders (No 10).

Yours sincerely

John Gifford

P J Moore Esq
Government Chief Whip's Office
12 Downing Street



Chancellor of the Duchy of Lancaster

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

30 June 1980

TSRB: RECOMMENDATIONS ON PARLIAMENTARY PENSIONS

Thank you for your letter of 11 June. I was frankly surprised that you should want to reopen a Cabinet decision which was confirmed only as recently as last month.

I really cannot believe that the proposal to make these payments from the Members' Fund will embarrass us in tackling public sector pay and conditions more generally. We are talking here about a very small number of elderly people (most of them already over 70), who were unfortunate enough to lose their seats or retire before Parliament finally introduced a proper pension scheme for Members in 1965. It is a long-overdue correction. No-one could reasonably call a payment of perhaps £15-£20 a week to people with at least 10 years' service a "privilege". Nor do I see where you have got the idea that these payments would be indexed. My minute to the Prime Minister was quite clear on this point: there is no commitment to increase these payments at all, let alone fully index them.

I am of course very much aware of the present need to contain public expenditure, and, as you know, we have recently begun seeking ways of improving the controls over Parliamentary expenditure generally. It may well be that this will lead to savings which will more than offset the modest amounts involved here. But the cost of Members' pay and allowances stems directly from Resolutions of the House, and is not subject to cash limits. I can, therefore, see no scope for the Ministerial imposition of offsetting savings in this particular area.

As regards the possibility of deferring this expenditure, this is not in my view a reasonable alternative. The pre-1964 Members are already old and, if we are to help them, we need to do so quickly. Otherwise - to be blunt - many of them will die before they can receive anything. By the same token, the expenditure will decline quite rapidly over the next few years. I hope, therefore, that you can now agree in principle that we should go ahead, subject to our agreeing on an appropriate level of

benefit and sorting out the public expenditure position.

I am sending copies of this letter to the Committee, the Chief Whip and Sir Robert Armstrong.

John Biffen

The Rt Hon John Biffen MP
Chief Secretary to the Treasury
Treasury Chambers
Parliament Street

CONFIDENTIAL

Pool Member

MR. WRIGHT

2) Rof ✓ 7.7.80.

TSRB REPORTS: CABINET MEETINGS

I have shown the Prime Minister your minute AO2451 of 26 June 1980, and as I mentioned at Sir Robert Armstrong's meeting earlier this morning, she is content with the arrangements which are being made for Cabinet Meetings on 1 and 8 July to consider the TSRB Reports.

C. A. WHITMORE

27 June 1980

*cc Eason Pd
TSRB - May 79*

CONFIDENTIAL

cc csd

27 June 1980

Dear Edward

Thank you for your letter of 20 June with which you enclosed Report No. 15 on Parliamentary and Ministerial Pay.

I am very grateful to you and the other members of the Review Body for all the work they have done on this Report. We are now considering your conclusions very carefully, and I will let you know our decisions in due course.

Yours sincerely

MT

The Right Honourable Lord Boyle
of Handsworth

jfh

A02451

MR WHITMORE



Prime Minister

This reflects your instructions. Content?

the
26th

Yes
no

CABINET 1st JULY: TSRB REPORTS

With the Prime Minister's agreement, we are now arranging for the two TSRB Reports (on the salaries of the higher Civil Service, senior officers of the Armed Forces, the higher judiciary and nationalised industry chairmen and branch members and of Ministers' and MPs!) to be discussed at a special meeting of the Cabinet at 10.30 am on Tuesday 1st July. The only Cabinet Ministers who seem likely to have serious problems about attending a Cabinet that day are the Foreign and Commonwealth Secretary (who may have to be in Brussels for a Foreign Affairs Council) and the Lord Privy Seal who will have begun a long tour of the Far East. Both the Secretaries of State for Scotland and Northern Ireland will have to return specially to London for the Cabinet: Mr Younger will be in attendance on The Queen and Mr Atkins will be in Northern Ireland for the publication of the Green Paper on the Government of Northern Ireland.

The two TSRB reports will be circulated tomorrow: TSRB 14 on Senior Civil Servants, Army Officers and the judiciary under a Note by the Secretaries and TSRB 15 on MPs' Pay under a memorandum by the Chancellor of the Duchy of Lancaster. I will also be circulating a note to members of the Cabinet covering a note by officials on the various options which are open to the Cabinet.

J. Wright

(seen and approved by
Sir R. Armstrong)

26 June 1980

In the light of the Prime Minister's comments about a meeting of the 1922 Committee to discuss MPs' pay, a further Cabinet meeting has now been provisionally arranged for 8th July.

cc Econ Pol
TSRB - May 79



10 DOWNING STREET

PRIME MINISTER

I think you ought to acknowledge Lord Boyle's letter with which he enclosed the Report on MPs' and Ministers' pay. You will need to write to him again later when decisions have been reached.

CR

R

Scam, H

26 June 1980

CSD Ms.

R



File

10 DOWNING STREET

From the Principal Private Secretary

25 June 1980

MEMBERS AND MINISTERS PAY

The Prime Minister has asked me to let the Home Secretary have, for his own information, the enclosed copy of Lord Boyle's Report No. 15 on the Pay of Ministers and Members of Parliament.

The Prime Minister has decided that Cabinet should consider the Report's recommendations, together with the T.S.R.B.'s proposals on the pay of senior civil servants etc., at a meeting which we are trying to arrange for Tuesday 1 July.

CLIVE WHITMORE

KAR

John Halliday, Esq.,
Home Office.



File

10 DOWNING STREET

From the Principal Private Secretary

25 June 1980

MEMBERS AND MINISTERS PAY

The Prime Minister has asked me to let Mr. Callaghan have, in confidence, the enclosed copy of Report No. 15 from the Top Salaries Review Body on the Pay of Ministers and Members of Parliament.

The Government has not yet decided when the Report should be published.

CLIVE WHITMORE

KCB

Sir Tom McCaffrey.

CONFIDENTIAL

DC MR GOOD
MR WOLFSON
MR WHITMORE
cc Press



~~TOP SECRET~~
SUBJECT.

10 DOWNING STREET

From the Private Secretary

25 June 1980

cc. Master - sek.

Dear Robin,

MPs' and Ministers' Pay

As you know, the Chancellor of the Duchy called on the Prime Minister this morning to discuss the TSRB Report on MPs' and Ministers' pay.

The Chancellor said that in many ways Lord Boyle's recommendation on MPs' pay was a godsend in that the percentage increase was significantly lower than most people had assumed. But by the same token it also raised difficulties for the Government: having recommended a relatively low figure of 14.6 per cent, it would be extremely difficult for the Government not to accept it. The Government were committed to implement up-dating this year by the pledge given at the time of last year's decisions. If the Government were to attempt not to implement this year's recommendation, there would be a serious risk of defeat at the hands of the Labour Opposition and on account of Tory abstentions. The suggestion that the onus for deciding what the increase should be should fall entirely on MPs was a non-starter: the Government would certainly have to take a view itself.

The Prime Minister said that, notwithstanding last year's pledge and the relatively low figure recommended, there were still strong arguments for trying to implement a lower figure. Some Members were already saying that, in the changed economic circumstances, it would be wrong to accept full up-dating; pay in both the public and private sectors was rising much too fast; and the latest figures for central government expenditure showed a very large increase compared with last year. Moreover, the up-rating recommended would take MPs' pay up by about 80 per cent compared with the position they had been in when the Government took office: this was a very large increase indeed. If the Government did not recommend a reduction below what Lord Boyle had recommended, it would be seen as failing to set an example for the coming pay round. One possibility would be to accept a recommendation on MPs' pay, but set an example by reducing the increases recommended for Ministers. But her inclination was to go for a reduction in MPs' pay as well. The Prime Minister suggested that a figure of £12,000, which would represent an up-rating of about 12 per cent, might be appropriate - rather than the £12,300 recommended. If the Government were to go down this route, it would be necessary to make similar reductions on the TSRB's recommendations for top public servants.

/The Chancellor

CONFIDENTIAL

CONFIDENTIAL

- 2 -

The Chancellor of the Duchy said that he went along with the Prime Minister's view that Lord Boyle's recommended increases for Ministers would have to be reduced but he repeated that to do less than fully implement the recommendation on MPs' pay was very unlikely to succeed. Nonetheless, it was right to explore the options further.

The Prime Minister went on to say that she would be seeing Mr. Du Cann in the early afternoon. She would indicate to him that Ministers would almost certainly be accepting less than Boyle had recommended; she would go on to enquire how much less MPs would be prepared to take and would suggest - against the background mentioned above - that £12,000 might be appropriate.

We will let you know the outcome of this meeting since we understand that the Chancellor is seeing Mr. Du Cann this evening.

I am sending a copy of this letter to David Wright (Cabinet Office).

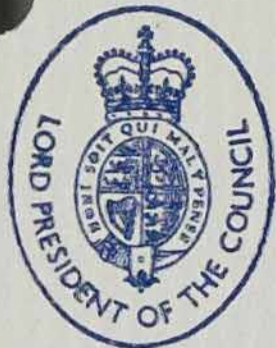
W *W*

T. L.

R.A. Birch, Esq.,
Chancellor of the Duchy of Lancaster's Office.

RB

CONFIDENTIAL



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

2

From the Private Secretary

cc P&I Chamberlain
cc M | Court Whip
cc Mr Whitman
cc Mr. Ingham

23 June 1980

~~Prin... ..~~

Tim Lankester Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON SW1

This note by CSD
expands slightly
on the note which

Dear Tim,

I gave you on
the weekend. (Mr St John

TSRB REPORT NO 15: MINISTERS, MPs
AND PEERS' EXPENSES

Stewart has told
me that he

I attach a note summarising and, hopefully, is
clarifying the recommendations in
Lord Boyle's Report.

ready to
to discuss
the report
as soon as
you wish).

Yours sincerely,
Jim Buckley.

J BUCKLEY

TL
23/6

REVIEW BODY ON TOP SALARIES: REPORT NO.15

TSRB Report No.15 recommends new rates for the salary and secretarial allowance of MPs, the salaries of Ministers, and Peers' expenses allowance.

MPs' Salaries

In Report No.12, TSRB recommended a salary of £12,000 for MPs as appropriate in mid-1979. The Government accepted the recommendation but staged the introduction of the recommended salary as follows:-

| 13 June 1979 | 13 June 1980 | 13 June 1981 |
|--------------|--------------------------------|--------------|
| £9,450 | £10,725 (currently in payment) | £12,000 |

To update these rates to a mid-1980 level, the Review Body now recommend new salary levels of:

| 13 June 1980 | 13 June 1981 |
|--------------|--------------|
| £12,300 | £13,750 |

This represents an increase of 14.6% on each stage which is well below the increase in the RPI (over 20%) and in other salaries in the relevant range (about 20%).

Parliamentary Salary of Ministers in the House of Commons

Because of the effects of the previous Government's incomes policy, there are currently three rates of Parliamentary salary for Ministers: £6130 for Cabinet Ministers; £6325 for Ministers not in the Cabinet; and £6410 for Junior Ministers. TSRB 15 recommends a unified rate. Taking account of the staging of last year's increase, the rates proposed are:

| 13 June 1980 | 13 June 1981 |
|--------------|--------------|
| £7,325 | £8,000 |

Secretarial and Research Assistance Allowance

TSRB consider that the current rate of £6750 is no longer enough to provide for a full-time secretary and a part-time research assistant. They recommend a new rate of £8,000 per annum - an 18½% increase.

Ministers' Salaries

The Review body have updated the recommendations they made last year on Ministerial salaries. The increases in this year's full recommended rates over last year's full recommended rates are

around 14-15%, comparable with the increase for MPs. However, the position is complicated by staging. Unlike MPs, Ministers' second stage (mid-1980) salary increase resulting from the staging of TSRB 12 recommendations is not yet in payment (an Order is required). There are thus two distinct increases that could be paid this year: from existing rates to the second stage, and the updating of the second stage in line with the latest TSRB recommendations. Together they would give increases for Ministers of more than 30%. A table showing the salary levels for the main groups of Ministers is attached.

Previous incomes policies have led to slight differences in the rates for Ministers in the Commons and the Lords. The Review Body recommends removing this anomaly.

Peers expenses allowances

TSRB 15 recommends the following increases in daily rates:

- (i) Overnight subsistence: from £18.50 to £23.00.
- (ii) Day subsistence and incidental travel:
from £9.00 to £11.00.
- (iii) Secretarial costs, postage etc: from £8.50 to £10.00.

In addition it is recommended that the amount Ministers and other paid Office holders in the House of Lords may claim for secretarial expenses should increase from £1000 to £1175 per year.

| | (1) | (2) | (3) | (4) | (5) | (6) |
|--|----------------------------|---|--|--|----------------------------|--|
| | Actual rates in payment | Second stage due to be paid in 1980 | Updated Second stage as recomm- ended by TSRB 15 | Percentage increase from (1) to (3) | Final stage due in 1981 | Updated final stage as reco- mmended by TSRB 15 |
| | £ | £ | £ | | £ | £ |
| Cabinet Ministers * | 19,650 | 22,325 | 25,450 | 30% | 25,000 | 28,500 |
| Ministers of State (Commons) | 12,625 | 14,812) | 17,000 | 35% | 17,000 | 19,500 |
| Ministers of State (Lords) | 12,911 | 14,955) | | 32% | | |
| Parliamentary Secretaries (Commons) | 9,525 | 11,262) | 13,000 | 36% | 13,000 | 15,000 |
| Parliamentary Secretaries (Lords) | 9,811 | 11,405) | | 33% | | |

All salaries excluding Parliamentary salaries

* Except Prime Minister, Lord Chancellor, and Lord President

23 JUN 1960



*P. Shaw**Original in G/R.*

10 DOWNING STREET

THE PRIME MINISTER

21 June 1980

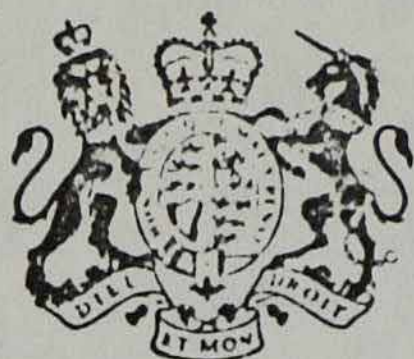
Dear Nicholas,

Thank you for your letter of 16 June about Members' pay. I am grateful to you for letting me have your views. As I am sure you will acknowledge, the final decision on pay rests with the House as a whole, and it is the House as a whole which must take the responsibility for that decision.

Yours ever,
Margaret.

Nicholas Winterton, Esq., M.P.

VLB



file

10 DOWNING STREET

THE PRIME MINISTER

20th June 1979.

Dear Edward,

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

MS

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



OFFICE OF MANPOWER ECONOMICS

22 KINGSWAY
LONDON WC2B 6JY

Telephone 01-405 5944

CONFIDENTIAL

The Rt Hon Margaret Thatcher MP
10 Downing Street
London SW1

20 June 1980

Dear Prime Minister,

REVIEW BODY ON TOP SALARIES

When I wrote to you on 12 June enclosing our Report No 14 on Top Salaries I said that we hoped to submit our further report on Parliamentary and Ministerial pay, bringing up to date the 'second stage' payment, before the end of the month.

I am pleased to say that we have now completed this Report, which I enclose.

Yours sincerely

Edmund Boyle

BOYLE OF HANDSWORTH, CHAIRMAN
REVIEW BODY ON TOP SALARIES

We do understand your difficulties, and the urgency of the present situation, but we are convinced these recommendations are reasonable and right.
E.B.

CONFIDENTIAL

REVIEW BODY ON TOP SALARIES

REPORT NO 15

MINISTERS OF THE CROWN
AND MEMBERS OF PARLIAMENT
AND THE PEERS' EXPENSES

ALLOWANCE

Chairman:

THE RT HON LORD BOYLE OF HANDSWORTH

Presented to Parliament by the Prime Minister
by Command of Her Majesty
1980

LONDON

HER MAJESTY'S STATIONERY OFFICE

Net

Cmnd

CONFIDENTIAL

CONFIDENTIAL

REVIEW BODY ON TOP SALARIES

On 30 July 1979, the Review Body on Top Salaries was invited by the Prime Minister to bring up to date the second stage payment due to be paid to Members of Parliament and to Ministers and other paid office holders as part of the process of implementation of the 1979 salaries recommended in Report No 12. We were asked to do so "by the usual Review Body process".

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.

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

Introduction

1. In 1979 we carried out our third review of the remuneration of Members of Parliament and Ministers and other paid office holders. Report No 12¹ contained our recommendations on the salary of Members and the salaries of Ministers and other office holders, and our views on the closely related issue of salary 'linkage'. It also covered the Peers' expenses allowance and included an interim recommendation on the amount against which claims could be made against the MP's secretarial allowance. In Report No 13² we completed our review of the maximum of the secretarial allowance and dealt with a number of other allowances and facilities, including the maximum of the allowance for research assistance and the Parliamentary pension scheme.

2. The levels of the salaries and allowances recommended in Report No 12 were accepted by the Government as appropriate at 13 June 1979, but the salaries (Appendix A) are being introduced in three stages: one half of the increase was implemented with effect from 13 June 1979 and the remainder in two equal instalments, the first from 13 June 1980 and the second from 13 June 1981³. The other recommendations were accepted, but in some cases in a significantly modified form. Report No 13 had recommended two allowances with separate maxima to enable Members to employ both full-time secretarial assistance and part-time research assistance. These maxima have been combined to provide an allowance with a single maximum, against which claims may be made for expenditure incurred on secretarial assistance and on research assistance. Parliament decided that a further amount should be made available to Members for payments into an approved scheme to provide pensions for secretaries and research assistants. Another departure from our recommendations affected the severance payments for MPs. We recommended a scale of payments designed to assist the older and longer-serving Member; in the event, the payments that we recommended have been doubled. These changes were made by resolution of the House when Report No 13 was debated on Tuesday 4 March 1980⁴.

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.

²Review Body on Top Salaries, Report No 13: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II - Cmnd 7825.

³One half of the increase recommended for Ministers and other paid office holders was paid from 26 July 1979, the date when the requisite Order in Council was made. When the two remaining instalments, due in 1980 and 1981, are to be paid has not yet been decided.

⁴Hansard, 4 March 1980, Columns 265-382.

The current review

3. On this occasion we have been asked to bring up to date by the usual Review Body process the second stage payment of our 1979 recommendations on the salaries of Members, Ministers and other paid office holders. We have not been asked specifically to bring up to date any of the Parliamentary allowances but we consider some adjustments are desirable. Although the recommendations in Report No 13 on the maxima of the secretarial and research allowances were put forward in January of this year, they were calculated in June 1979 terms. In passing, we would explain that the maximum recommended for the research assistance allowance was intended to provide part-time assistance. We always envisaged that both would need to be brought up to date in future reviews and we have in consequence considered it right now to review again what is now the single maximum for secretarial and research assistance. We have also brought up to date the maxima of the elements within the Peers' expenses allowance and the maximum of the allowance for secretarial expenses available to Ministers and other paid office holders in the House of Lords.

The salary of Members of Parliament

4. We have given a great deal of thought to the level of salary that would be appropriate to Members of Parliament in the light of developments since our last review. In Report No 12 we recommended a salary of £12,000. The second stage salary actually being paid is £10,725. The question we have to answer is by how much the figure of £12,000 should now be increased, as the basis of calculation for the revised salary that would be appropriate with effect from 13 June 1980.

5. During the period June 1979 to June 1980, the Retail Price Index has risen by over 20 per cent. We have not, however, seen our task in terms of any form of direct index link. Our evidence of the increases in salaries in the relevant range is that they have also risen during this period by about 20 per cent. But it does not seem to us that increases in MPs' remuneration should necessarily follow salary increases generally, bearing in mind (as we have remarked in earlier reports¹) the lack of any real correspondence between the work of an MP and any job outside.

¹ Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament - Cmnd 4836 (paragraph 35).
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 26).
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 67).

CONFIDENTIAL

6. However we would urge that it would be equally mistaken to set the present increase too low, and to lay up fresh problems for the future. In our judgment, after taking all relevant factors into account, the salary appropriate at 13 June 1980 is £13,750, and on this basis the second stage salary would be £12,300 with effect from that date. The figure of £13,750 represents an increase of 14.6 per cent above our 1979 recommendation of £12,000; an increase substantially below both the increase in the RPI and in relevant salaries elsewhere.

The Parliamentary salary of Ministers and paid office holders in the House of Commons

7. Ministers and other office holders in the House of Commons receive a Parliamentary salary in recognition of their responsibility to their constituents as distinct from their Ministerial or other responsibilities. In Report No 12, we recommended that it should be increased to £7,000. We now recommend that the Parliamentary salary appropriate at 13 June 1980 should be £8,000 and that it should again be brought up to date on 13 June 1981. Because of the way in which previous increases have been implemented, there are currently three different levels in payment: £6,130, £6,325 and £6,410. We recommend that, with effect from 13 June 1980, the Parliamentary salary for all Ministers in the House of Commons should be £7,325.

Secretarial allowance and research assistance allowance

8. We recommended in Report No 12 that the maximum for the secretarial allowance should be increased to £5,500 to enable those Members who need to employ a full-time secretary to do so. We also recommended a separate maximum for an allowance to provide for the employment of a part-time research assistant. On the initiative of Parliament these recommended maxima have since been combined to provide a single maximum sum, at present £6,750, which is available for both secretarial and research costs, together with general office expenses. This combined maximum is in our view no longer enough to provide both for the employment of a full-time secretary, including the national insurance contributions payable by the Member, and also the employment of a part-time research assistant. On the assumption that Parliament wishes to continue to provide a single maximum we recommend that this should be increased to £8,000.

CONFIDENTIAL

The remuneration of Ministers and other office holders

9. The Prime Minister invited us (30 July 1979) to "undertake an updating review of the salaries of Ministers and office holders for next summer". We have thought it right in this report to update these salaries so as to maintain their present relationship with the salary of Members of Parliament, and the details of the salaries that we now recommend as appropriate are set out below, together with the corresponding 'second stage' salaries due to be paid in 1980. We have not, as has been our practice in previous reports, indicated the proportion of the salaries of the Prime Minister and Mr Speaker that, in our view, should be free of tax. We understand that, in recent years this has been established direct with the Board of Inland Revenue.

CONFIDENTIAL

| Office | Recommended salaries | | | |
|---|----------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| | Fully updated as at 13 June 1980 | | Second stage due to be paid in 1980 | |
| | Excluding Parliamentary salary | Including Parliamentary salary(a) | Excluding Parliamentary salary | Including Parliamentary salary(a) |
| | £ | £ | £ | £ |
| Prime Minister | 38,000 | 46,000 | 34,825 | 42,150 |
| Lord Chancellor(b) | 43,000 | 43,000 | 38,700 | 38,700 |
| Mr Speaker | 28,500 | 36,500 | 25,450 | 32,775 |
| Cabinet Ministers | 28,500 | 36,500 | 25,450 | 32,775 |
| Ministers in charge of a Department but outside the Cabinet | 23,000 | 31,000 | 20,250 | 27,575 |
| Ministers of State | 19,500 | 27,500 | 17,000 | 24,325 |
| Parliamentary Secretaries and Under Secretaries of State | 15,000 | 23,000 | 13,000 | 20,325 |
| Attorney General | 30,500 | 38,500 | 27,475 | 34,800 |
| Solicitor General | 24,000 | 32,000 | 21,450 | 28,775 |
| Lord Advocate(c) | 24,000 | 32,000 | 21,450 | 28,775 |
| Solicitor General for Scotland | 20,500 | 28,500 | 17,800 | 25,125 |
| <u>House of Commons</u> | | | | |
| Leader of the Opposition | 25,000 | 33,000 | 21,725 | 29,050 |
| Parliamentary Secretary to the Treasury (Chief Whip) | 23,000 | 31,000 | 20,250 | 27,575 |
| Deputy Chief Whip | 19,500 | 27,500 | 16,200 | 23,525 |
| Opposition Chief Whip | 19,500 | 27,500 | 17,000 | 24,325 |
| Government Whips | 12,500 | 20,500 | 10,625 | 17,950 |
| Opposition Deputy Chief Whip | 12,500 | 20,500 | 10,625 | 17,950 |
| Chairman, Ways and Means | 19,500 | 27,500 | 16,750 | 24,075 |
| Deputy Chairman, Ways and Means | 17,000 | 25,000 | 14,475 | 21,800 |
| <u>House of Lords</u> | | | | |
| Chief Whip | 19,500 | 19,500 | 16,850 | 16,850 |
| Deputy Chief Whip | 15,000 | 15,000 | 13,000 | 13,000 |
| Government Whips | 12,500 | 12,500 | 10,950 | 10,950 |
| Opposition Chief Whip | 12,500 | 12,500 | 10,300 | 10,300 |
| Chairman of Committees | 19,500 | 19,500 | 16,925 | 16,925 |
| Principal Deputy Chairman of Committees | 17,000 | 17,000 | 14,625 | 14,625 |
| Leader of the Opposition in the House of Lords | 15,000 | 15,000 | 12,525 | 12,525 |

- (a) Including for those Ministers and office holders who are Members of the House of Commons, the recommended Parliamentary salary of £8,000 for fully updated salaries and £7,325 for second stage salaries.
- (b) Including £5,750 in the fully up to date salary and £5,100 in the second stage salary to be paid in recognition of the Lord Chancellor's function as Speaker of the House of Lords. The salary figure has been slightly revised upwards to preserve parity with the Lord Chief Justice.
- (c) The present Lord Advocate is not a Member of Parliament and therefore does not receive a Parliamentary salary.

CONFIDENTIAL

10. As a result of the impact of past restraint measures, in many cases the salaries of Ministers in the House of Lords and in the House of Commons differ marginally. We recommend that this anomaly should be removed in 1980 by the payment to all Ministers of the 'second stage' salaries recommended in this report.

Peers' expenses allowance

11. In Report No 12¹ we recommended that the Peers' expenses allowance should cover three main categories of expenditure, each with an individual daily maximum: overnight subsistence, £18.50; day subsistence and incidental travel, £9.00; secretarial costs, postage and certain additional expenses², £8.50. We do not propose any change in this system but, having regard to increases in the relevant costs since our last review, we recommend that the individual daily maximum for each group should now be:

- (i) Overnight subsistence - £23.00
- (ii) Day subsistence and incidental travel - £11.00
- (iii) Secretarial costs, postage and certain additional expenses - £10.00

Ministers and other paid office holders in the House of Lords - allowance for secretarial expenses

12. In Report No 13³ we recommended that Ministers and other paid office holders in the House of Lords should be able to claim up to £1,000 a year for secretarial expenses unconnected with departmental correspondence subject to production of evidence of expenditure. We recommend that this maximum should be increased to £1,175 with effect from 13 June 1980.

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 60).

²Broadly, expenditure on personal briefing and on additional domestic costs - for example, where a Peer sets aside part of the house as an office for Parliamentary purposes. (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 33).)

³Review Body on Top Salaries, Report No 13: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II - Cmnd 7825 (paragraphs 82-89).

Conclusion

13. We were asked by the Prime Minister to bring up to date "by the usual Review Body process" the second stage of the increases that we recommended last year. We are aware that it has been argued publicly that Ministers and Members of Parliament should set an example in the battle against inflation by accepting increases in single figures in percentage terms, or possibly by forgoing any further increases at present. We have always recognised the political sensitivity of increases in MPs' and Ministers' salaries, but it is our function to recommend appropriate salaries bearing in mind the nature and responsibility of the work. In making these recommendations we have had in mind the same considerations as in previous Parliamentary reviews. To go further would in our view be unjustified in itself, would extend well beyond our terms of reference and indeed would encroach upon the prerogative of Government and Parliament.

Boyle of Handsworth
Head Army

Gen'l Curran

Ministry

Andrew Lewis

Rowden

Leed.

APPENDIX A
CONFIDENTIAL

LEVELS OF SALARY RECOMMENDED IN REPORT NO 12
AND SECOND STAGE SALARIES DUE IN 1980

A. Members of Parliament

Salary recommended in Report No 12: £12,000

Salary now in payment: £10,725

B. Ministers and other paid office holders

| Office | Salaries recommended as appropriate at 13 June 1979 | | Second stage salaries due in 1980 | |
|---|---|------------------------------------|-----------------------------------|------------------------------------|
| | Excluding Parliamentary salary | Including Parliamentary salary (a) | Excluding Parliamentary salary | Including Parliamentary salary (b) |
| | £ | £ | £ | £ |
| Prime Minister | 33,000 | 40,000 | (30,250) (c) | (36,380) (c) |
| Lord Chancellor | 37,000 (d) | 37,000 (d) | (33,307) (c) | (33,307) (c) |
| Mr Speaker | 25,000 | 32,000 | 22,325 | 28,650 |
| Cabinet Ministers | 25,000 | 32,000 | 22,325 (e) | 28,455 |
| Ministers in charge of a Department but outside the Cabinet | 20,000 | 27,000 | 17,612 | 23,937 |
| Ministers of State | 17,000 | 24,000 | 14,812 (f)(g) | 21,137 (h) |
| Parliamentary Secretaries and Under Secretaries of State | 13,000 | 20,000 | 11,262 (i) | 17,587 |
| Attorney General | 26,500 | 33,500 | 23,862 | 30,187 |
| Solicitor General | 21,000 | 28,000 | 18,775 | 25,100 |
| Lord Advocate | 21,000 | 28,000 (j) | 18,775 | 25,100 (j) |
| Solicitor General for Scotland | 18,000 | 25,000 | 15,631 | 21,956 |
| <u>House of Commons</u> | | | | |
| Leader of the Opposition | 22,000 | 29,000 | 19,112 | 25,437 |
| Parliamentary Secretary to the Treasury (Chief Whip) | 20,000 | 27,000 | 17,612 | 23,937 |
| Deputy Chief Whip | 17,000 | 24,000 | 14,125 | 20,535 |
| Opposition Chief Whip | 17,000 | 24,000 | 14,812 | 21,137 |
| Government Whips | 11,000 | 18,000 | 9,350 | 15,675 |
| Opposition Deputy Chief Whip | 11,000 | 18,000 | 9,350 | 15,675 |
| Chairman, Ways and Means | 17,000 | 24,000 | 14,606 | 20,931 |
| Deputy Chairman, Ways and Means | 15,000 | 22,000 | 12,762 | 19,087 |
| <u>House of Lords (k)</u> | | | | |
| Chief Whip | 17,000 | 17,000 | 14,680 | 14,680 |
| Deputy Chief Whip | 13,000 | 13,000 | 11,268 | 11,268 |
| Government Whips | 11,000 | 11,000 | 9,630 | 9,630 |
| Opposition Chief Whip | 11,000 | 11,000 | 9,062 | 9,062 |
| Chairman of Committees | 17,000 | 17,000 | 14,749 | 14,749 |
| Principal Deputy Chairman of Committees | 15,000 | 15,000 | 12,905 | 12,905 |
| Leader of the Opposition in the House of Lords | 13,000 | 13,000 | 10,850 | 10,850 |

CONFIDENTIAL

CONFIDENTIAL

Notes:

- (a) The Parliamentary salary recommended in Report No 12 was £7,000.
- (b) There are currently three different levels of Parliamentary salary in payment: £6,130, £6,325 and £6,410.
- (c) The salaries shown are notional. The Prime Minister and the Lord Chancellor decided to forgo an increase in Ministerial salary in 1979. The salaries actually in payment are £22,000 and £22,228 respectively.
- (d) Including £5,000 in recognition of the Lord Chancellor's function as Speaker of the House of Lords.
- (e) £22,382 in the case of the Lord President of the Council and the Leader of the House of Lords.
- (f) £14,955 for those who are Members of the House of Lords.
- (g) £15,362 for those paid at the maximum of the former range for Ministers of State.
- (h) £21,687 for those paid at the maximum of the former range for Ministers of State.
- (i) £11,405 for those who are Members of the House of Lords.
- (j) The present Lord Advocate is not a Member of Parliament and does not therefore receive a Parliamentary salary.
- (k) No Parliamentary salaries paid.

PRIME MINISTER

cc: Mr. Whitmore
Mr. Wolfson
Mr. Ingham
Mr. Sanders
Mr. Hoskyns

MPs AND MINISTERS' PAY

Attached is Lord Boyle's Report, which has come in a week earlier than we had been led to expect.

The key figure is the 14.6 per cent increase recommended for the uprating for MPs' pay. This is of course several points below what we had expected it to be.

The recommended uprating for Ministers is 14-15 per cent, though the position here is slightly complicated when the Parliamentary salary is included. The Parliamentary salary is recommended to go up to a standard £7,325 for all Ministers in place of the three different levels currently being paid. But since Ministers have not yet had their second stage from last year's Report, the total increase in their pay - if the recommendations are followed - will be closer to 30 per cent: the figure for Cabinet Ministers, for example, including Parliamentary pay, comes out at 27 per cent for both uprating and second stage.

The Report also recommends a further increase in the secretarial and Research Assistants' allowances. The present combined figure of £6,750 was only introduced in February because Lord Boyle's separate Report on this question came in much later than the main Report last summer. He is now recommending a combined figure of £8,000, which represents an increase of 18.5 per cent.

No doubt you will discuss the handling of this Report with Clive and Robert in Venice: since we now have the Report a week earlier, you will presumably want to take it in Cabinet at the special meeting which we have provisionally set aside for 1 July.

/ In the

In the meantime, I will ask the C.S.D. to look more closely at the figures - particularly at the various complexities of the Ministerial salaries and allowances - with a view to giving you a more detailed analysis when you get back on Monday night.

π
..

20 June 1980

File

Parliament
ds

19 June 1980

Winding-up Allowances for Members' Secretaries

The Prime Minister has seen your letter to me of 18 June. She is content that the Chancellor of the Duchy should go ahead on the basis suggested in that letter.

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

N J SANDERS

Miss Petra Laidlaw,
Office of the Chancellor of the Duchy of Lancaster.

Q



Chancellor of the Duchy of Lancaster

1
PRIME MINISTER

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

To see.

18 June 1980

Context, given

the small amount

of extra money now

known to be involved,

that this should

still go ahead?

Yes and

Dear Nick

WINDING-UP ALLOWANCES FOR MEMBERS' SECRETARIES

In your letter of 29 May 1980 you said that the Prime Minister agreed in principle with the arrangements proposed in my letter of 23 May for the payment of the winding-up allowance for Members' secretaries. However, she thought that at least two months' pay would be needed to clear up the outstanding work after the death or defeat of a Member.

MS
18/6

In recommending that payment should be limited to 6 weeks' salary, the Chancellor of the Duchy was guided by the proposal of the Chairman of Mr Speaker's Special Committee on the Winding-up Allowance. However, the Chancellor is more than happy to proceed as the Prime Minister suggests, since this accords more closely with his own view of the time required for the task.

I should mention that the extra cost of this measure compared with present arrangements would be of the order of £38,000 in a general election year, or £68,000 altogether, instead of the £20,000 extra on the basis of six weeks' salary which I quoted in my earlier letter.

I am copying this letter to the Private Secretaries to members of Cabinet, including the Minister of Transport and to Murdo MacLean (No 12).

Yours sincerely
Peter Laidlaw

MISS P LAIDLAW
Private Secretary

N J Sanders Esq
Private Secretary to the
Prime Minister
10 Downing Street
London
SW1

PRIVY COUNCIL OFFICE
WHITEHALL LONDON SW1A 1AA



The Clerk of the Council

18 JUN 1980
11 12 11
11 12 11
11 12 11
11 12 11
11 12 11
11 12 11
11 12 11
11 12 11
11 12 11

[Handwritten signature]



PA
MS

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

Nick ✓
Clive ✓ to see

13 June 1980

R
176

The Rt. Hon. Norman St. John-Stevas, MP
Chancellor of the Duchy of Lancaster

Norman

MPs' PAY

What we decide about this is obviously of great importance in the context of our whole approach to pay and I think we must make sure that those involved in discussing the question keep closely in touch and that the line we develop is properly related to our overall strategy.

I look forward to seeing you in my room at the House at 5 p.m. on Monday, 15th June, so that we can discuss the state of play with Michael Jopling and Christopher Soames and our officials. We should by then have seen the TSRB report on 'top salaries', which could well give us some clues to their likely conclusions on MPs' pay. I am in any case keen to hear from you and Michael Jopling how you assess the mood in the House, and to talk over possible tactics with you.

I am copying this letter to the Chief Whip and the Lord President, and to the Prime Minister for information.

[Handwritten signature]

GEOFFREY HOWE



CHANCELLOR

cc: Mr MacLean

You asked me for a note about the principles of review body operation, the instalments due for MPs' pay, and how those principles would be likely to be applied in practice in determining instalments this year. What follows is based on my understanding not only of the TSRB, but of the analogous DDRB system, and I will check this interpretation with the CSD experts tomorrow. Meanwhile, you may find the following helpful.

1. Principles

I have not seen the TSRB's 1979 Report, but if the established technology of all the review bodies is applied they will look at (a) external comparators: probably without telling us what they are - for obvious reasons of avoiding invidious comparisons and secondly (b) the degree of inflation seen last year.

Both aspects are needed since inflation may affect different strata of society differently. What they take into account must be relevant, in other words, to the particular groups they are dealing with. This is what led last year and this to relatively high increases for the better-paid in the public sector, following a pay policy which was (a) "skewed" in favour of the lower paid and (b) subject to wide-spread evasion in the private sector, from which many of the comparators will be drawn.

2. Instalments due

The TSRB will no doubt accept as a base-line the Government's determination last year of a revised basis of staging the TSRB award to MPs. In principle, they could reject it and go for some other basis, but review bodies do not make it their business to wipe the eye of Government. Their basic objective is therefore likely to be to seek to complete the achievement of a fully up-to-date rate of pay for MPs in two equal instalments, payable this year and in 1981. They are likely to begin, as always, by determining the fully up-to-date rate of pay for MPs in 1980 terms. They achieve this by up-dating the full pay at the 1979 rate (£12,000) by the rate which emerges from the application of the principles described in (1) above. If they accept the staging, they will then say that that rate should be paid in 1981 and will then look at the rate announced last year by the Government for payment in 1980 and will up-date that by the same percentage.

This may sound a bit confusing (assuming that a rate fully up-to-date in 1980 terms will be payable in 1981) but this is because review bodies always refuse to anticipate inflation. The fully up-to-date 1980 rate is therefore equally valid for 1981 until we get to 1981 and can see how the factors in paragraph 1 above have moved.

3. Application of the principles to the instalments

You asked me to assume an up-rating of 20%. On the above basis, they will raise the £12,000 by 20%, and declare that the result (£14,400) is the fully up-to-date rate for MPs in 1980 terms. They will then say that this should be paid not later than June 1981 and will then (assuming, as I have, that they will not interfere with the Government's chosen basis of staging) apply the same percentage of 20% to the sum of £10,725 (ie an addition of £2,145 to give £12,870).

They are unlikely to operate in any way on the figure currently in payment (£9,450), since this was not a fully up-to-date rate in 1979 terms. They may as a preliminary to the calculations I have described above recheck the factors leading to the calculation of the £12,000 in 1979 and adjust that to provide a more correct base line for 1980 up-rating, but that would be all.

RAB

RAB
12 June 1980



500 Parliament

2

PRIME MINISTER

To see. We await further comments, and will bring the issue back to you if it cannot be resolved between the Minister most concerned.

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Norman St John-Stevas MP
Chancellor of the Duchy of Lancaster
70 Whitehall
London SW1A 2AS

11 June 1980

MS

11/6

Dear Norman,

TSBR 13 - RECOMMENDATIONS ON PARLIAMENTARY PENSIONS

I have seen your minute of 2 June addressed to the Prime Minister, and her Private Secretary's reply of 9 June. In that reply she agreed to your proposals subject to the views of other colleagues and particularly Treasury Ministers.

There is, of course, no provision at present in our public expenditure plans for the cost of what you propose. This is not, by some standards, great (£200,000 per annum), but it would all go to add to public expenditure at a time when we are trying to contain it, and, more particularly, go to add to Parliamentary expenditure which has been growing faster than virtually every other programme. I note that you have put in a bid for this expenditure in the current public expenditure Survey, on which decisions are to be taken over the next few months. However, in present circumstances I do not think that what you propose should be allowed to add to our public expenditure totals. If the proposal is to proceed it would be necessary for you to find the necessary provision within your own existing Parliamentary ceilings.

However, even if this were possible, I am not happy at the prospect of our having to announce and defend - and introduce legislation to provide for - a further extension of indexation and privileges into the public sector, no matter how good the cause. It seems to me to be pointing in the opposite direction to that in which we want to go on public sector pay and conditions packages generally, and apart from that may make it harder for us to take a strong line in other areas. I would prefer, all in all, to see action on your proposal deferred.

I am copying this letter to Members of E Committee, to the Chief Whip and to Sir Robert Armstrong.

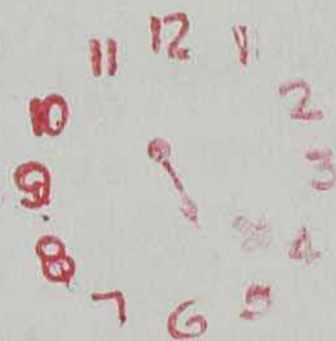
John Biffen

JOHN BIFFEN

11 IN 1980



11 IN 1980



SUBJECT.



Parliament Members

MW

10 DOWNING STREET

cc. Master set.

Note of a meeting held at 10 Downing Street at 10.35 p.m.
on Monday, 9th June, 1980.

Present: The Prime Minister
The Rt. Hon. Edward du Cann, MP.
I.G.

1. The Prime Minister started the meeting by saying that she understood that Mr. du Cann wanted to have a word with her about Member's pay.
2. Mr. du Cann said that his advice had been rejected in the past, both by previous Governments and by the present one.
3. He said that last year a deal had been done between the Government and MPs about their pay, and that deal should be honoured.
4. It was noted that Member's pay would go up automatically on 13th June, 1980 from £9450 p.a. to £10,725 p.a. Mr. du Cann said that he understood that Lord Boyle would not be reporting on the uprating until the end of the month.
5. Mr. du Cann urged that Lord Boyle should report at the earliest possible moment.
6. Mr. du Cann said that although he agreed that we would have to work out a compromise about this uprating, it was not possible to decide what that compromise might be until after Lord Boyle had reported.
7. Later, in IG's room, IG said that it seemed that Lord Boyle would recommend an uprating of somewhere between 17% and 20%. IG asked whether, on that assumption, Mr. du Cann would think it reasonable that the uprating should be reduced to 12%, (2% below the nurses), which would give MPs a salary of £12,000 p.a.
8. Mr. du Cann would not comment on that suggestion and repeated that it was not possible to have a discussion about the terms of a possible compromise until after Lord Boyle's recommendations had been received.
9. It is to be noted that the figure of 12% was the very one which Mr. du Cann had himself suggested to the Chief Whip in the Chief Whip's Room following the meeting of the 1922 Committee on 5th June.

10th June, 1980

Ian Gow

cc: The Rt. Hon. Michael Jopling, M.P.

CONFIDENTIAL

cc HWT
LPO
CWO

H8

SUBJECT.



10 DOWNING STREET

fcc Gow

Parliament
Members

cc Cab Off.

cc. Market etc.

From the Principal Private Secretary

10 June 1980

Dear Robin,

MPs' pay

The Prime Minister and the Chancellor of the Duchy of Lancaster discussed MPs' pay this afternoon in the Prime Minister's room in the House of Commons.

The Chancellor of the Duchy of Lancaster recounted the sequence of events which had led to the statements he had made in the House on 11 July 1979 and 4 March 1980 in which he had given an unequivocal assurance that whatever Lord Boyle recommended with regard to the updating of the second stage of the 1979 pay award for MPs would be implemented. He pointed out that there was also a similar commitment in the Prime Minister's letter of 30 July 1979 to Lord Boyle. He had not attempted a systematic assessment of opinion in the House about updating, but he believed that the Executive of the 1922 Committee, a reasonable number of Government backbenchers and the great majority of the Labour Party were in favour of the second stage being updated in full by whatever Boyle recommended.

The Prime Minister said that she accepted without question that the Government had given a commitment to the House in July of last year and March of this year to implement what Boyle recommended as regards updating. Nonetheless, it had to be borne in mind that it was the House of Commons and not the Government which finally decided how much MPs should be paid, and it was not impossible that the House would agree to a level of updating which was lower than that recommended by Boyle. She had seen Mr. Edward du Cann the previous evening and, in the light of their discussion, she thought that matters might be beginning to move towards an accommodation. It would not be possible, however, to settle on any figure before the Boyle Report was available. Ministers would have to consider Boyle's recommendations when they were to hand, then discuss them with Mr. du Cann and finally put them to Cabinet.

The Chancellor of the Duchy said that one option to be considered was that Cabinet Ministers might forgo the increase in their Ministerial salaries which Boyle was expected to recommend, though he acknowledged that it might be difficult to extend this treatment to the salaries of Junior Ministers as well. He and

/ the Chief Whip

CONFIDENTIAL

ABT

CONFIDENTIAL

- 2 -

the Chief Whip had been invited to meet the Executive of the 1922 Committee on Thursday of this week to discuss MPs' pay and in listening to what they had to say, he would remind them that the decision on this matter was ultimately a matter for the House and was not something which Members could push on to the Government.

I am sending copies of this letter to John Wiggins (H.M. Treasury), Jim Buckley (Lord President's Office) and Murdo Maclean (Chief Whip's Office).

Yours ever,

Oliver Whiteman.

R.A. Birch, Esq.,
Chancellor of the Duchy of Lancaster's Office.

CONFIDENTIAL

NEWS SERVICE

Release time: 09.30 hours/TUESDAY, 10th June 1980

448/80

Text of a letter from Mr Matthew Parris MP (Derbyshire West), and Mr Kenneth Carlisle MP (Lincoln), to the Rt Hon Margaret Thatcher MP, Prime Minister, on Tuesday, 10th June 1980

We write to you to express our concern over this year's increase in MP's pay. We know that the increase payable this week is inevitable, but we believe that the forthcoming Boyle recommendation should be deferred until the economy makes sustained progress.

A central issue facing the country this year is the level of pay increases. If the country is to prosper, pay increases must be restrained. We do not believe that Parliament can ask for this restraint if it awards its own members large increases, even though these increases may be merited. If Parliament is to lead, it must set an example. The Government cannot ask people generally to accept a cut in their standard of living, while MPs improve their own.

In our constituencies people by and large have shown restraint and good sense in accepting wage increases below the level of inflation. We have urged this and praised it. We do not believe that we would have any moral authority to continue this campaign if we awarded ourselves increases higher than the inflation rate.

END

*Note - Please draw
Chancellor's attention
to this*

c. Mr. Whitmore

PRIME MINISTER

MPs' PAY

Clive and I thought that before you see the Chief Whip on Monday, you might like to look again at the most recent commitment on Members' pay given by the Chancellor of the Duchy in the House.

It was on 4 March this year, during his speech on the TSRB Report on secretarial allowances and the other minor changes which were recommended at the same time.

The Hansard extract is attached. You will see (at Flag A) that the Chancellor of the Duchy said:

"This year the up-dating of the second stage payment by the Review Body on Top Salaries has been accepted in advance by the Government, and the Government are committed to implementing the up-dating from this summer."

and, later -

Presumably that refers only to the second stage without updating.

This is meaningless.

"My commitment and that of the Government is that the first of those upratings which will take place in the summer of this year, whatever the Boyle Committee recommends - obviously the Boyle Committee will take inflation into account - will be implemented by the Government."

I am bound to say that that commitment is so unequivocal that it seems to me that it would be very difficult for the Chancellor of the Duchy to maintain his own position and not to give the House the opportunity, when the time comes, to vote - on a Government Motion - for full implementation of this year's upratings. If an

/amendment

amendment for a lower figure is proposed and can be carried, so much the better; but the terms of the assurances which the Leader of the House has given are so firm that I am in no doubt that the House will expect, and if necessary demand, an opportunity to vote on the possibility of full uprating.

MS

7 June 1980

SECRET

cc Mr. Wolfson

PRIME MINISTER

MPs' PAY

The Chief Whip looked in this morning to report on his separate conversations with Kenneth Baker, Edward du Cann and Lord Boyle (in that order) on MPs' pay.

Kenneth Baker suggested to the Chief Whip that if the Boyle updating came out at, say, 18%, one way of dealing with it, rather than reduce it to, say, 10-12%, would be to pay it from 13 October instead of 13 June: in other words, the increase would be staged.

There seem to me to be two difficulties about this, as I told the Chief Whip. First, the figure will still be 18% even if it takes effect a little later, and will therefore do nothing to reduce the expectations of other groups in the next pay round. Second, if it is delayed until October, there will be another bout of publicity for it then - just as some of the first big pay claims, such as Fords and local authority manual workers, are coming up for settlement.

Edward du Cann told the Chief Whip that he saw the Government's difficulties if Boyle recommended an updating of something like 18%, but he reminded him of the various undertakings which the Government had given to implement whatever Boyle proposed and he generally gave the impression of seeing himself in the role of MPs' shop steward. However, in the course of discussion he did say that he thought the 1922 Committee might be ready to back an updating which took MPs' pay from the level of £10,725, which came into effect on 13 June 1980, to about £12,000 (ie the figure which is due to come into effect on 13 June 1981 as the third and last stage of last year's Boyle award). If the updated figure was in fact £12,012, this would give an updating increase of 12% precisely.

If we settled for some arrangement like this, then the figure for 13 June 1981 would be £13,287 (arrived at by adding to £12,012 the difference of £1,275 between the original third stage of Boyle (£12,000) and the second stage (£10,725)). There then remains the

/question of whether

SECRET

SECRET

- 2 -

question of whether that figure should also be updated: the Government has, of course, given no commitment on this point.

Finally, Lord Boyle revealed that the updating for this year's figure which he is likely to recommend is 20%. When the Chief Whip expressed surprise that the figure was so high, he gave him an account of all the data which led to this conclusion, though he did say that he thought that he might be able to get the figure down to 18½% with a good deal of effort. Lord Boyle added that he hoped to submit his report to you on 26 June.

I know that you have been thinking of something more like 9% for the updating, but I think that if the 1922 Committee would go along with a reduction from 20% to 12% this would be worth settling for, if the alternative is for the Government to risk a defeat on a lower figure. Nonetheless, when you see the Chief Whip on Monday morning (when he will be ready to discuss all this with you), you will no doubt wish to explore with him the chances of getting the 1922 Committee to settle for something like 10%, even though this would produce a figure of less than the £12,000 to which Mr. du Cann seemed to attach importance.

JWW

6 June 1980

SECRET

Five

LPO



10 DOWNING STREET

From the Private Secretary

+ CHIEF
WHIP
C.O.

HIO
FO
HMT
IND
LD PRES
EMP.
MAFF

6 June 1980

TRADE
ENERGY
CHIEF SEC.

TSRB 13: RECOMMENDATIONS ON PARLIAMENTARY PENSIONS

The Prime Minister has seen the Chancellor of the Duchy's minute of 2 June about Parliamentary pensions.

She is content that he should proceed as he suggests, subject to the views of colleagues, and in particular, subject to Treasury agreement.

I am copying this letter to the Private Secretaries to the members of E and to Murdo Maclean (Chief Whip's Office) and David Wright (Cabinet Office).

N. J. SANDERS

R. A. Birch, Esq.,
Office of the Chancellor of the Duchy
of Lancaster.

DSG



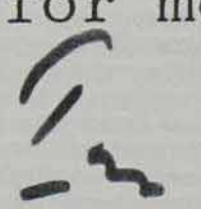
10 DOWNING STREET

Clive Whitmore

MEETING AT THE HOUSE OF COMMONS AT 9.45 p.m. ON
3RD JUNE, 1980.

1. Thank you for the original letter dated 4th June from Murdo Maclean, which I now return.
2. I would amplify that letter as follows (I numbered the headings):-
 2. T.S.R.B. (a) It was agreed that the Prime Minister and the Chief Whip should refresh their memories as to the precise terms of reference which had been given to Lord Boyle.
 - (b) It was agreed that the attitude of the Chairman and Executive of the 1922 Committee was crucial in obtaining the support of the Parliamentary Party to any reduction in whatever figure might be recommended by Boyle. IG reported on a discussion which he had had earlier in the day with Kenneth Baker, a member of the 1922 Executive, who had been receptive to the suggestion that we should, in present circumstances accept an increase below the figure recommended by Lord Boyle.
 - (c) It was agreed that the Chief Whip should see Kenneth Baker and Edward du Cann, as he thought appropriate.
 - (d) Jim Prior's helpful attitude to this problem was noted.
 4. Paintings. The Prime Minister suggested that any change about paintings should be done in conjunction with Joan Porter.
 5. Robert Rhodes James. His letter to IG dated 1st June was discussed in the light of his appointment as the Party's Liaison Officer with the Universities. It was agreed that IG should see him, and then report to the Prime Minister (since done).
 6. James Molyneux, JP, MP. The Prime Minister said that she wished to discuss with you (and thereafter with WW and HA) the possibility of recommending JM for membership of the Privy Council.

5th June, 1980


Ian Gow



Government Chief Whip
12 Downing Street, London SW1

PERSONAL

Jan.
Can you let me know
please whether you agree with
this as a result of the
Cabinet Ministers' meeting with the
Chief Whip last night.

4 June 1980

AKS
S.vi.

Dear Sir,

The Chief Whip had a meeting with the Prime Minister last night at which Ian Gow was present. I understand from the Chief Whip that the following main points were raised:-

1. Political Honours Scrutiny Committee

The Chief Whip is arranging a meeting with Lord Thorneycroft and Lord Carr to discuss the new certificate. This has now tentatively been arranged for 6.00 pm on Tuesday 10 June.

2. TSRB

The Chief Whip expressed a certain amount of disquiet which I understand the Prime Minister shares about the level of settlement Boyle may recommend on MPs' pay. A number of Cabinet colleagues are concerned that, although an 18% recommendation would come at the end of the present round of pay claims, there is a danger that this could set the tone for the next round. The Chief Whip is proposing to have a quiet word with Lord Boyle as soon as possible.

3. European Commissioners

As you may know, the Chief Whip had a word some days ago with the Foreign Secretary about these appointments when it was agreed that he would discuss the matter further with the Prime Minister. The Prime Minister agrees that Christopher Tugendhat should be invited to stay on and she would see merit in making such an announcement at an early opportunity.

With regard to the Labour side, the Prime Minister feels that she ought, as a courtesy, to ask the Leader of the Opposition to suggest some names, but making it quite clear that at the end of the day the Government has the discretion over the appointments. She has very serious reservations about two of the names

already canvassed, Dickson Mabon and Joel Barnett. Two possibilities would be David Owen and Eric Varley. The Prime Minister, however, is more attracted to the idea of asking Roy Jenkins if he would like to stay on and she would not be averse to offering him a (hereditary) peerage as a consequence. I understand that there is a precedent for a former President continuing as a Commissioner. Perhaps we could have a word about how this should be further pursued.

4. Paintings

The Prime Minister has agreed that the Chief Whip should have one on the Romneys from No.10. She would, however, like to have a replacement picture which has some connection with No.10, e.g. a former Prime Minister, perhaps Disraeli. The Chief Whip and I will pursue this as a matter of urgency!

yours ever,
Maclean
(M MACLEAN)

C Whitmore Esq
Private Secretary
Office of the Prime Minister
10 Downing Street
SW1

cc Mr. Whitmore
Mr. Sanders

cc A. Duguid

PRIME MINISTER *CLM*

MPs' Pay and TSRB Reports

You asked about the terms of reference of the Boyle Report on MPs' pay, and about the timing of this Report and the TSRB Report.

Boyle was not given any formal terms of reference on MPs' pay. But the principles on which he was to conduct the 1980 updating were set out - not entirely precisely - in your letter at Flag A (see underlined section in particular).

There are two ambiguities in this letter. First, it is not entirely clear what will be updated. The letter says "the 1980 stage payment". This could be interpreted as meaning that only the increment payable in 1980 would be updated (i.e. the difference between £10,725 and £9,450). This would be consistent with the line now proposed by Christopher Patten. However, the phrase "stage payment" could equally be interpreted as referring to the full amount in 1980 (i.e. £10,725); and Mr. St. John-Stevas gave this interpretation in the House last July when he said:

"... the intention is that the 1980 figure will be subject to updating by the use of the Review Body process."

The Review Body have not yet considered this question, but the Office of Manpower Economics are assuming that the Review Body will follow Mr. St. John-Stevas' interpretation, and update the full amount - and not just the increment.

Secondly, there is the question of how the updating will be carried out. CSD say that the Review Body will take into account the movement of the RPI, the movement of earnings generally, and the movement of analogue groups. This would seem to point to an updating percentage at least as high as the RPI, and possibly higher insofar as earnings have been running ahead of the RPI.

/ As regards

As regards implementation of the Review Body's findings, we seem to be pretty firmly committed by Mr. St. John-Stevas' statement in the House on 14 July:

"We have agreed that there should be a review to be completed later this year of the second instalment of Honourable Members' pay and have given an undertaking that we will fulfil that."

As regards timing, the TSRB Report on top civil servants, judges etc. will be delivered at the end of next week; the Report on MPs' pay two to three weeks after that.

R.

4 June 1980



Parliament Members

CAW

CAW

10 DOWNING STREET

THE PRIME MINISTER

30 July 1979

Dear 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

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



1
PRIME MINISTER

Content, subject to

the views of colleagues -

and, in particular, to Treasury
agreement?

PRIME MINISTER

*Subject to Treasury
agreement
mb*

TSRB 13: RECOMMENDATIONS ON PARLIAMENTARY PENSIONS

*MS
4/6*

16-0
Cabinet agreed in February (CC(80) 5th) to accept the TSRB recommendations on Parliamentary pensions and they subsequently agreed in CC(80) 17th that the necessary legislation should be included in next Session's programme. There were two main recommendations: automatic grants from the Members' Fund for pre-1964 Members; and more flexible transfer provisions.

Members who left the House before October 1964 receive no pension and TSRB recommended that legislation should be introduced to allow this group to receive automatic grants from the Members' Fund. The Members' Fund is currently a benevolent fund which only provides discretionary grants in cases of hardship. I attach an Annex setting out my proposals in detail. I expect these to be widely welcomed in both Houses as a long-overdue rectification of an unfortunate situation.

On the matter of transfer provisions, problems are caused by the time limit which prevents Members from transferring pension rights from previous employment into the scheme if more than a year has elapsed since their election. This means for instance that an individual who was elected at a by-election shortly before a dissolution and is defeated at the subsequent General Election loses all right to transfer should he be re-elected some years later. This and other anomalies would be rectified if we allowed the transfer option whenever somebody is re-elected after having left the House some years before.

The existing rules also mean that when a Member becomes a Minister he is likely to be at a disadvantage if he has not already transferred in. This is because appointment as a Minister rarely happens within a year of being first elected to the House; and because while the attraction of transferring in may not be great for the newly elected backbencher, his obligation to relinquish outside appointments on becoming a Minister may force the Minister to accept a preserved pension from the outside scheme. This may lose considerably in value by the time it comes into payment. There are at least two junior Ministers in the present Government who wish to transfer in, but who are precluded by the present rules. To deal with those already affected by the anomalies, I would propose to allow all existing Members a further once for all transfer option when the new provisions take effect.

Contd...

The transfer proposals should not involve additional expenditure. Transfer values are actuarially assessed on the basis of the level of benefit in the two schemes involved. The transfer value paid over therefore covers fully the additional liability. The Members' Fund proposals however will involve some extra expenditure. How much will depend on the level of minimum grant made available, and a full actuarial assessment of the proposals is now under way. Once firm figures are available, I shall be discussing the matter with Treasury Ministers. Preliminary calculations indicate, however, that expenditure should not exceed £200,000 in a full year, and I have entered a bid to that effect in this year's public expenditure survey. Expenditure will of course fall off gradually over the years, with the decreasing numbers of surviving pre-1964 Members.

I invite you and colleagues to confirm that we should go ahead on this basis, subject to further discussion with Treasury Ministers about cost and the level of minimum grant to be provided from the Members' Fund.

I am sending copies of this minute to members of E Committee, to the Chief Whip and to Sir Robert Armstrong.

NSJS.

N St J S
2 June 1980

AUTOMATIC GRANTS FROM THE HOUSE OF COMMONS MEMBERS' FUND
TO PRE1964 MEMBERS OF PARLIAMENT

1. The automatic grants would take the form of a minimum grant lower than the current maximum level of discretionary grant. I propose to limit eligibility to those Members who left the House before 1964 with ten or more years' service only and who are aged 65 or more. To do otherwise would create further anomalies in the treatment of pre- and post-1964 Members. Post-1964 Members who left the House with less than 10 years' service also receive no Parliamentary pension, and will not be eligible for automatic grants from the Members' Fund. (The qualifying period for a pension was reduced to 4 years in 1978.) About 80 of the rather more than 150 surviving pre-1964 Members would qualify on this basis.
2. Reduced grants for widows and dependants are currently available from both the Members' Fund and the Parliamentary Pension Fund, and I propose to have a similar provision for the new automatic grants. The existing structure of means-tested discretionary grants would be unaffected, except that recipients of automatic grants would have this taken into account in assessing eligibility for further discretionary benefits.
3. TSRB suggested that, if the cost proved excessive, grants could be restricted to those over 75 years of age. I would strongly argue against this, because it would be a source of further anomalies, and I am sure that neither House would find it acceptable for this reason. An age limit of 65 would be more

MEMORANDUM FOR THE SECRETARY OF STATE
SUBJECT: PROVISIONS OF THE PARLIAMENTARY PENSION SCHEME

reasonable and consistent with the provisions of the Parliamentary Pension Scheme.

4. Taken together, these proposals could provide automatic grants of up to £1,000 a year to ex-Members within an expenditure ceiling of £200,000 a year. Current income from contributions to the Members' Fund is about £30,000 a year, financed equally by Members (a contribution of £24 a year each) and an Exchequer grant-in-aid. It would not be reasonable in my view to meet the extra cost by increased contributions from Members, because they can never receive the new benefit. The additional cost would therefore have to be met by the Exchequer.

5. The level of minimum grant may be reviewed annually. It will not be covered by the Pensions (Increase) Act 1971 and will not therefore be increased automatically. There will no doubt be pressure to increase the grants in line with prices, and this will have to be considered in the light of what the Government can afford. In practice, however, a measure of protection against inflation should be possible without substantial increases in expenditure, because the number of recipients will decline steadily.



3 JUN 1950

12 DOWNING STREET,
S.W.1.

With
The Private Secretary's
Compliments



Parliament

Government Chief Whip

12 Downing Street, London SW1

2 June 1980

The Chief Whip has seen your letter of 23 May to Nick Sanders and his reply of 29 May about winding-up allowances for Members' Secretaries.

He has commented that while he agrees that one-eighth of the secretarial allowance is enough, he would not wish to sign the proposed form of nomination unless he had first consulted the family. In the Chief Whip's view this could be troublesome.

I am copying this to Nick Sanders (No.10).

(P J MOORE)

Miss P Laidlaw
Office of the Chancellor of
the Duchy of Lancaster
68 Whitehall
SW1



2 JUN 1961 NUR

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



10 DOWNING STREET

From the Private Secretary

29 May 1980

BF 18.6.80

Parliament Sec
 b.c. David Wright CO
 e. D/Tide WFO
 HO D/emp.
 LCO HPS
 FCO Maff
 Hunt D/cur.
 DI SO
 MOD GO
 D/S NIO
 D/emp. CS(MMT)
 D/S PGO
 Trans. CWO

Winding-up Allowances for Members' Secretaries

The Prime Minister has seen your letter to me of 23 May.

She has commented that she agrees in principle with the arrangements proposed in that letter, but that she thinks that at least two months pay would be needed to clear up the outstanding work after the death or defeat of a Member. I should be glad to know in due course of the view the Chancellor of the Duchy takes of this suggestion.

I am copying this letter to the Private Secretaries to Members of Cabinet, including the Minister of Transport, and to Murdo Maclean (Chief Whip's Office).

N. J. SANDERS

Miss Petra Laidlaw,
Office of the Chancellor of the Duchy of Lancaster.

DSC



Parliament
Member

10 DOWNING STREET

From the Private Secretary

27 May, 1980.

Parliamentary Pay and Allowances

The Prime Minister has seen the Chancellor of the Duchy's minute of 22 May.

Subject to the views of colleagues, she is content that the Chancellor of the Duchy should proceed as he suggests.

I am sending copies of this letter to the Private Secretaries to Members of the Cabinet, including the Minister of Transport, and to Murdo Maclean (Chief Whip's Office), and David Wright (Cabinet Office).

N. J. SANDERS

R.A. Birch, Esq.,
Office of the Chancellor of the Duchy of
Lancaster.

CONFIDENTIAL

SS



Chancellor of the Duchy of Lancaster

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

1
PRIME MINISTER

Contact?

MJS

27/5

23 May 1980

*I should have the right at least
2 months pay is needed to clear
up the files - otherwise -
I need not*

Dear Nick

In the debate in the House on 4 March about the TSRB's thirteenth report, the question was raised of the payment of secretaries who work on after a Member's death, and the Chancellor of the Duchy of Lancaster undertook to consider the matter further.

A winding-up allowance of £500 is currently paid to, or to the personal representatives of, a person who has ceased to be a Member of the House towards defraying the expenses of secretarial and research assistance required in connection with that person's parliamentary duties after he has ceased to be a Member of the House. The problem for the secretary of a deceased Member arises because the allowance may not be paid without the authorisation of the personal representatives of the late Member; and this can take as long as six months or more. Many Members regard this delay as unacceptable and the Chancellor of the Duchy has sympathy with that view.

Mr Phillip Whitehead MP, who is chairman of Mr Speaker's Special Committee on the Winding-up Allowance, has suggested, following a meeting of the Committee, that the required authorisation should be obtainable from the appropriate Party Whips Office, who would be required to complete a form of nomination. Additionally he has suggested that the amount of the allowance - which was set at £500 in June 1978 - should be increased, and the Chancellor would like to see the amount determined as a fixed proportion (one-eighth) of the secretarial allowance. Although these proposals would entail putting an amended Resolution before the House, the fixed proportion device will avoid future amendments to increase the amount.

Over the last five years there have been about 25 deaths amongst Members and the number defeated at the last five elections has averaged about 55. On this basis the maximum cost of the increase would be about £20,000 in a General Election year and would average less than £2,000 in any other year.

If the Prime Minister and Cabinet colleagues, to whose private secretaries I am copying this letter, agree, the Chancellor of the Duchy would like to announce these changes in the near future.

Yours sincerely

Petra Laidlaw

MISS PETRA LAIDLAW
Private Secretary

Nick Sanders Esq
Private Secretary to the Prime Minister
10 Downing Street

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

277 1980



PRIME MINISTER

The Leader of the House has come a fair way to meet the worries which were expressed about abuse of the new rules. Context, subject to colleagues' views?

PRIME MINISTER

1. In the debate in the House of Commons on 4 March on Parliamentary pay and allowances, a number of amendments to the Government's resolutions were passed. At Cabinet on 6 March (CC(80) 9th) we agreed to accept in principle the amended motions and I was invited to consider detailed proposals for their implementation.

2. This consideration, including consultations with both back-benches, has taken longer than I would have wished but I hope that the proposals I now put forward will prove acceptable to both sides of the House.

Secretarial/Research Allowance

3. The motion passed raises the allowances for secretaries and research assistance and general office expenses to £6,750 pa, and allows for a further sum of £675 to be made available to provide pensions for Members' employees.

4. The Fees Office have been accepting claims against the new maximum of the secretarial allowance since my announcement on 27 March 1980. They have now drawn up a revised certificate of claim for these allowances (copy attached). The new claim form provides for the names of the secretary and research assistant and the amounts paid to each, together with a break-down of general office expenses by items and cost, to be entered for the first time. This additional information will enable the Fees Office to monitor claims more closely. It would be open to a Member to decline to provide the additional information, on the grounds that the break-down requested is not reflected in the resolution of the House which does not state that a form should be completed at all. But I believe that Members will accept the point made in TSRB Report No 13 that "Parliament should be seen to apply to itself the standards of accountability it would expect to see elsewhere", and that they will be willing to complete the new form.

5. Members can arrange for their employees to be paid through the Fees Office. Since the debate on 4 March nearly 100 more secretaries and research assistants are being paid directly in this manner. This in itself goes quite a long way towards the greater accountability we are seeking.

Contd...

6. The £675 for secretaries' pensions (which I propose should be introduced with effect from 1 April 1980) would either be paid by the Fees Office directly into an approved pension scheme or to the MP, on production of a receipted renewal notice for an approved insurance scheme. In Cabinet it was suggested that only one pension allowance should be paid for each secretary even though some secretaries worked for two or more MPs. I have thought further about this and, as pensions are usually related to salary levels, in my view it would be quite proper and in the interests of accountability for each Member to be limited to the payment of premium in proportion to the amount of salary (10%) he pays to his secretary.

Travel

7. The House passed an amendment that all travel in the UK on Parliamentary business should be reimbursed or qualify for payment of the car mileage allowance, and I propose that this facility should be introduced from the date of my announcement. I favour a strict approach to the new arrangements and Members will be asked always to notify the Fees Office of journeys outside the Westminster/constituency/home triangle before the event. You will remember that this accords with a specific Cabinet suggestion. There will, of course, be occasions - emergencies - where this is not possible, and the Fees Office will be asked to use their discretion in such cases.

8. The Fees Office will amend their documentation covering all forms of travel in order to emphasise to Members what the regulations are, and in particular to make it explicit that the journeys must be "on Parliamentary business". All claims and rail warrants are examined by the Fees Office and in future a record will be maintained of journeys outside the Westminster/constituency/home triangle. Where examination shows that a claim has been incorrectly made or a warrant incorrectly used, the Fees Office will expect reimbursement.

Severance Payments

9. The motion passed increased severance pay to 6 months salary for those under age 50 and up to 1 year's salary for older, longer serving Members. Cabinet asked for clarification of the position on change of Parliamentary boundary. At present, severance payments are only made if a Member loses his seat following a general election or if he is displaced as a result of boundary changes. I suggest that the present rules remain unchanged.

10. If you and Cabinet colleagues, to whom I am copying this letter, are content with these proposals, I will announce these arrangements by PQ at the earliest opportunity.

NHS.

N St J S

22 May 1980

CONFIDENTIAL

SECRETARIAL RESEARCH AND GENERAL OFFICE EXPENSES

I wish to claim reimbursement of the following amounts in respect of secretarial and general office expenses and cost of research assistance which have been wholly, necessarily and exclusively incurred by me on Parliamentary duties during the period from to

made up as follows:

| | |
|--|---------|
| A. Secretarial etc. salary of fees in respect of | £ |
| (Please insert name of person(s) employed) | £ |
| | £ |
| | £ |
| | £ |
| | £ |
| General office expenses (please specify) | £ |
| | £ |
| | £ |
| | _____ |
| TOTAL | £ _____ |

B. Additional Costs Allowance

I also wish to claim reimbursement of the sum of £..... in respect of additional costs which I have necessarily incurred for overnight stays away from my main home (as notified to the Fees Office) on Parliamentary duties during the period from to

Signed M.P.

Date Constituency

22 MAY 1960



Dear Sir: I am writing to you in regard to the following matter: ...

Very truly yours,

1. General Counsel's salary of fees in respect of

(Please insert name of person(s) employed)

.....

.....

.....

.....

General Counsel's expenses (please specify)

.....

.....

.....

.....

2. Additional Fees Allowed

I also wish to draw your attention to the fact that in respect of

substantive cases which I have necessarily incurred for overnight stays

away from my normal home (as defined by the Pass Office) on preliminary

justice during the period of

.....

.....

Original filed - Defence (AFPRB)
~~Nat. Health (TSRB)~~

Prime Minister's Parliament 2

This note sets out where we stand on each of the Review Bodies' reports.

IL 2/74

Ref A 02043

MR WHITMORE

The Reports of the relevant Review Bodies on the pay of the Armed Forces and Doctors and Dentists have already been received; the Report of the TSRB on top salaries generally (Civil Servants, senior officers in the Armed Forces, Judges and National Industries Board members) is expected in June; and the further TSRB on MPs' pay is also expected in that month. We discussed these Reports this morning and Cabinet Office officials have been considering with Departments the way in which these Reports are to be handled, given the degree of inter-linking between them. The position is as follows -

a. The Government is committed to accept the Report of the AFPRB (the statement last year said that: "Having thus fulfilled its undertaking by restoring the pay of servicemen to the levels of their counterparts, it is the Government's intention to maintain it thereafter at those levels"). Mr Pym is anxious to announce the Government's acceptance of the new recommendations - which would apply to forces' pay from 1 April 1980 - before the Defence debate is concluded on Tuesday next. For this purpose he proposes an announcement by way of written answer on Tuesday. (He would prefer the answer to be in the Prime Minister's name). The form of words of this announcement has we understand been agreed between Defence and the Treasury to take account of the cash limit point. Mr Pym will minute the Prime Minister tonight seeking agreement to this procedure.

In the Box

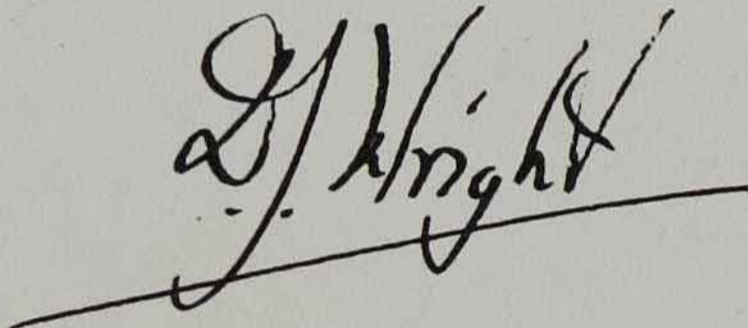
Handwritten initials

b. The Doctors and Dentists Report - also operative from 1 April 1980 - presents a slightly different problem. The Government deliberately avoided a commitment to updating in its public announcements last year though we understand that, insofar as they relate to cash limited expenditure, the Report's recommendations can be accommodated within the agreed cash limit

for the NHS (The pay of GP's and Dentists falls outside the cash limited area). The intention here is that Mr Jenkin will put a paper to E Committee towards the end of next week (which can if necessary be conveniently discussed at the meeting arranged for 7 May). In it he will recommend acceptance and immediate implementation of the Report. (Despite the Government's care last year to avoid a commitment to implement this year's Report, there are pre-Election statements on record which support Mr Jenkin's proposal.) At the same time Mr Channon will be advised by his officials to put a short paper to the same E meeting looking ahead to the two TSRB Reports so that the consequences for them of the Government's decisions on the DDRB Report will be in colleagues' minds.

c. The Government has rather greater freedom on handling the TSRB Report on Civil Servants etc. The Press announcement issued last year when the previous Report on these issues was published said explicitly: "No decision has been taken on the Review Body's recommendation that the full rates applicable to 1 April 1980 should be further adjusted next year to take account of adjustments in the intervening period." Colleagues will have to decide, when the Report is available, on the extent, if any, to which they wish to make use of last year's disclaimer to impose different treatment on these groups. The CSD in particular are considering whether, given that the implementation of PRU for the generality of Civil Servants this year was delayed by 5 weeks to keep within cash limits, they should recommend the imposition of a similar delay for the Civil Servants covered by the TSRB Report. If so, and there are strong management arguments to support such a course, it may nevertheless be necessary to let some of the other TSRB groups (eg senior service officers) enjoy full implementation on the due date of 1 April. These matters need not be decided now but Ministers will need to be aware that it may not be possible to maintain complete consistency of treatment as between all of the Review Body Groups over the months ahead.

d. The problem of consistency of treatment may also arise with MPs' pay. Mr St John Stevas said in the House on 9 July last: "The June 1980 increase [ie for MPs] will be further updated, in a manner analogous to that adopted for other Review Body groups". If the pay increase for senior Civil Servants is to be held back for 5 weeks it might be open to the Government to impose a similar delay on Members of Parliament - though the precedents to be set for other Review Body groups could be argued against delay. Again there is no need for Ministers to decide this question in advance of receipt of the relevant Report but it is right that the point should be on the table when the earlier decisions are taken on 7 May.



RP. ROBERT ARMSTRONG

25 April 1980

Ref: A01884

CONFIDENTIAL

MR. LANKESTER

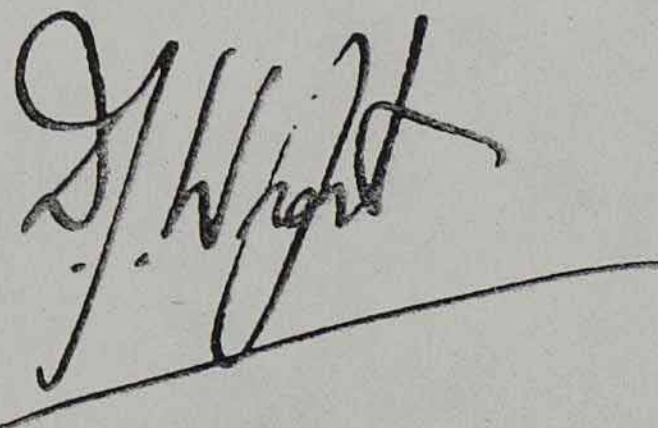
Review Body Reports

We have been checking on the likely timing of receipt of the various Review Body Reports which are currently in preparation. According to the Civil Service Department, we can expect the following:-

- (a) The Report on Doctors' and Dentists' within the next 2 weeks.
- (b) The Armed Forces Report at the end of April.
- (c) The Top Salaries Review Body Report in mid-June.
- (d) The Report on Ministers and MPs also in mid-June.

2. All of these times are more or less as expected except for the TSRB Report on top salaries (nationalised industries, Civil Servants, Judges, Generals, etc.) which until recently had been expected in April. I am told that the delay is probably due to problems over salaries in the nationalised industries.

3. Of the Reports, the Government is committed to more or less automatic implementation of those on the Armed Forces and on Members of Parliament. But it will of course be necessary to consider whether there is any need for staging of the implementation on awards, particularly in the light of whatever settlement is reached for the Civil Service in general. There is in addition a strong, but not inviolable, commitment to implement the Doctors' and Dentists' and TSRB Reports.



(D. J. Wright)

2nd April 1980

CONFIDENTIAL

Subject filed on Escalator Parliament Commitment
May 79: TSRB Reports Prime Minister
To Mr. 12 3/4

WRITTEN ANSWERS TO QUESTIONS

Thursday 27th March 1980

Manchester

PA
(cf file
on MPs
allowances)
MS

463

HOUSE OF COMMONS

Secretarial Allowance

Mr. du Cann asked the Chancellor of the Duchy of Lancaster if he will make a statement on the introduction of the new rate of secretarial allowance in accordance with the resolution passed in the House on 4 March.

Mr. St. John-Stevas: I have instructed the Fees Office to meet claims for secretarial and research assistance allowance in accordance with the rates set out in the resolution tabled by the Government which will apply from 14 February this year. Questions arising from the amendment providing for payments in respect of secretaries' pensions, and questions of accountability, are being urgently considered and I shall be making a further statement in the near future.

Mr. Alfred Morris asked the Secretary of State for Employment what action his Department has taken with regard to the proposed study of local unemployment rates in Manchester, further to the Under-Secretary of State's meeting with representatives of the Manchester city council on 21 February; and if he will make a statement.

Mr. Jim Lester: My officials are considering the proposals that were put to me at this meeting, and I shall be writing to the Manchester city council shortly.

South Crofty Tin Mine (Radon Gas)

Mr. Mudd asked the Secretary of State for Employment if he will make a statement on the presence of radon gas at South Crofty tin mine, Cornwall, on the investigations that have been carried out and on any interim findings and recommendations.

Mr. Mayhew: I shall reply to my hon. Friend as soon as possible.

HOUSE OF LORDS

Reform

Mr. William Hamilton asked the Chancellor of the Duchy of Lancaster what representations he has received proposing the reform of the House of Lords.

Mr. St. John-Stevas: I have received no such representations recently. On the general question of House of Lords reform, I would refer the hon. Member to the reply of my Right hon. Friend the Prime Minister to my hon. Friend the Member for Brigg and Scunthorpe (Mr. Brown) on 17 March—[Vol. 981, c. 28.]

Women's Refuges (Aid)

Mr. Alexander asked the Secretary of State for Employment if he will arrange for the special temporary employment programme providing aid for women's refuges, to be continued after the end of 1980.

Mr. Jim Lester: I shall reply to my hon. Friend as soon as possible.

Herbicide 2,4,5-T

Mrs. Renée Short asked the Secretary of State for Employment if the Health and Safety Executive has received copies of the reports of Dr. Black and Dr. Ward provided for Coalite and Chemical Products in their inquiries into the effects of 2,4,5-T.

Mr. Mayhew [pursuant to his reply, 24 March 1980, c. 383]: The Health and Safety Executive has now received copies of the reports referred to. These reports, which are not concerned with the effects of 2,4,5-T but are related to the medical condition of workers exposed to large quantities of dioxin following the explosion at Coalite's plant at Bolsover in 1968, are being assessed by the Executive.

EMPLOYMENT

Statistical Section (Manpower)

Mr. Sheerman asked the Secretary of State for Employment how many staff are employed by the statistical section of his Department at present; and how many were employed at the same time five years ago.

Mr. Mayhew: The number of permanent and casual staff employed in the statistics division of the Department of Employment was 329 on 1 January 1980 and 290 on 1 January 1975.

FILE

VLB

~~B/F 2-4-80~~ ~~End way~~
✓ ~~for Sanders~~

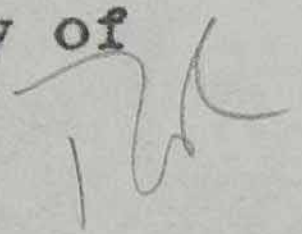
26 March 1980

F.S.R.B. 13: Parliamentary Pay and Allowances

As I told you on the telephone, the Prime Minister has seen your letter to me of 21 March and is content with the Chancellor of the Duchy's proposals.

N J SANDERS

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





10 DOWNING STREET

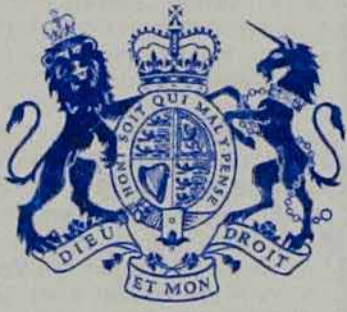
PRIME MINISTER

Mo

Salaries run for a year, but
allowances - come into force when they
are announced. The new rates
therefore came into effect from
13 February, and it is only the
timing of the announcement which is
at issue. Agree the CDU's proposal?

Yes

MS
24/3



Chancellor of the Duchy of Lancaster

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

21 March 1980

Dear Nick

Don't know

Content?

*R
21/3*

TSRB 13: PARLIAMENTARY PAY AND ALLOWANCES

You will know that Cabinet on 6 March agreed to accept the will of the House as expressed in the amendments to the Government's motion, passed on 4 March, relating to Members' secretarial allowance etc. The Chancellor of the Duchy of Lancaster was invited to consider further questions of accountability and other matters.

This consideration is proving protracted in a number of areas; for example, consultations with the Government's back-benchers is taking more time than expected. The Chancellor is therefore coming under increasing pressure from Members who wish to make claims under the new maxima. We have considered this and the Chancellor believes that the best course would be to announce that Members may claim under the new maxima in relation to secretarial and research assistance alone whilst pursuing the remaining questions of accountability etc as quickly as may be possible. I attach a draft PQ which could be used to this effect.

If the Prime Minister is content with this course, the Chancellor will make this announcement at the earliest opportunity.

*Yours ever
John Stevens*

J W STEVENS
Private Secretary

N J Sanders Esq
10 Downing Street
London
SW1

*Don't the new rules
apply for one year due
to last increase? And
surely that one has
not been reached?
out.*

DRAFT PARLIAMENTARY QUESTION

: To ask the Chancellor of the Duchy of Lancaster if he would make a statement on the introduction of the new rate of secretarial allowance in accordance with the resolution passed in the House on 4 March 1980.

ANSWER

The Government, of course, accepts the main part of the resolution of 4 March and I have invited the Fees Office to meet claims for secretarial and research assistance allowance in accordance with the rates set out in the resolution tabled by the Government. Questions arising from the amendment providing for payments in respect of secretary's pensions, and questions of accountability, are being urgently considered and I will be making a further statement in the near future.



21 March 1960

To ask the Chancellor of the Exchequer if he would make a statement on the introduction of the new rate of secretarial allowance in accordance with the resolution passed in the House on 2 March 1960.

ANSWER

The Government, of course, accept the main part of the resolution of 2 March and I have invited the Post Office to meet claims for secretarial and research assistance allowance in accordance with the rates set out in the resolution tabled by the Government. Questions arising from the amendment providing for payments in respect of secretary's pensions, and questions of accountability, are being urgently considered and I will be making a further statement in the near future.

PRIME MINISTER

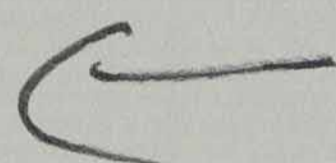
cc Education Sept 79
Parl (Leg) P43

Parliament Members

PARLIAMENTARY AFFAIRS

There are two matters which I think ought to be discussed after we have dealt with next week's business:

(i) The votes in the House on Members' expense allowances and severance pay and secretaries' pensions;



— See minute behind from the Chancellor of the Duchy. Page A

(ii) The prospects for the school transport provisions of the Education (No. 2) Bill.

You might ask the Chancellor of the Duchy to comment on the implications of the votes on Members' allowances. He will of course say that the Government has to accept the will of the House, and I take it that your colleagues will agree.

On school transport, you might ask the Secretary of State for Education to outline the position. He will say that he intends to table an amendment in the Lords restricting the right to charge to the first two children in any family, but does not think that this will be enough to carry the day. If the provisions are defeated, he proposes to accept that decision and not to seek to reinstate them in the Commons. The RSG for 1980-81 has been allocated on the assumption that there will be a saving of £20 m. and Mr. Carlisle will say that LEAs will have to find that by other means. The savings in subsequent years (£35 m. in 1981/82, £45 m. in 1982/83 and £50 m. in 1983/84 - all for England and Wales only) will have to be the subject of further negotiations.

You might like to ask Earl Ferrers to comment on the prospects in the Lords, and the Chief Whip and Chancellor of the Duchy on the possibility of seeking to reinstate the Clause in the Commons. The Chief Secretary will want to put in a view on the public expenditure implications. You might remit the issue to the Treasury and the DES for further discussions.

/ Other matters

Other matters

There are two other matters which I suggest should not be discussed tomorrow. The first is the congestion which lies ahead in the House of Lords. You will remember that Lord Ferrers minuted you about the problem. With your agreement, I asked that Ministers with points to raise should put them direct to Lord Ferrers, and this process is still going on. Cabinet can consider the shape of the programme when those discussions have been completed. I attach a further minute from the Lord Chancellor about the Contempt of Court Bill; you will see that it is to be discussed in Legislation Committee next week.

Flag B

Finally, I see no need to discuss the Abortion Bill in Cabinet. I have minuted you separately about the state of play on it.

MS

5 March 1980



PRIME MINISTER

TSRB 13: PARLIAMENTARY PAY AND ALLOWANCES

The debate in the House of Commons last night on Parliamentary pay and allowances turned out to be less than wholly satisfactory for the Government. A study of the debate will show that the Government's case in support of its proposals was fully deployed, and I had also taken the precaution of ensuring Ministerial support. Nevertheless, amendments to the Government motions on the secretarial allowance and severance pay were carried, as was an amendment which would have the effect of introducing free travel in the UK on all journeys on Parliamentary business. The only Government motion to be carried was a relatively minor one on Members' spouses' travel.

The position on these amendments is that the Accountant in the House is not bound to act on them unless they carry the support of the Government. We therefore have to decide on our attitude to the amendments. I believe that to do anything other than accept them - subject to certain caveats - would be disastrous for our relations with the Party in the House and indeed would create great problems in the House generally. I believe it right to accept the will of the House on this matter and indeed I have already indicated that this might be our thinking.

In detail, the amendment on the secretarial allowance provides for a further sum of £675 pa (10% of the total allowance) to be available solely for payment into an approved scheme for a secretary's pension. I understand that the Accountant would, if the proposal is accepted, be able to put Members in touch with insurance companies providing competitive schemes, and he will also be able to ensure that the arrangements are made fully accountable by either directly paying the premiums from the allowance on Members' behalf, or by meeting claims from Members only on production of a premium renewal receipt. In so far as this addition to the allowance can be used by the Member only for pension provision I believe it to be acceptable. The maximum cost in a full year would be £428,000.

The amendment to the motion on severance payments for Members doubles the present severance payments and the improved payments recommended by the Review Body for those who lose their seat after serving for 10 years or more and who are aged 50 or over. I understand that the present arrangements are more advantageous in many cases than the payments available under the equivalent state scheme but they are not however as advantageous as those available in many public and private sector schemes for older and longer serving members. As a result of the amendment, while the scheme can be described as quite generous when compared with non-state schemes, particularly on the minimum payments, it cannot be said

CONFIDENTIAL

to be setting a standard above that of the best schemes in the private sector. Feelings in the House on this issue were deeply held and given the distinctive job insecurity of a Member, I propose that we should also accept this amendment.

The amendment giving effect to free travel presents a number of difficulties. You will recall that when we discussed this recommendation from the Review Body in Cabinet we turned it down on the grounds of the potentially very high costs involved. There are inherent difficulties in estimating what the additional cost will be but clearly it could be substantial. We will need to ensure that the Accountant is able to monitor expenditure and apply any necessary degree of accountability.

There are obviously a number of details still to be considered, but subject to your agreement I would propose to write to Cabinet colleagues along these lines at an early date.

I am copying this to the Chief Whip and Sir Robert Armstrong.

NStJS.

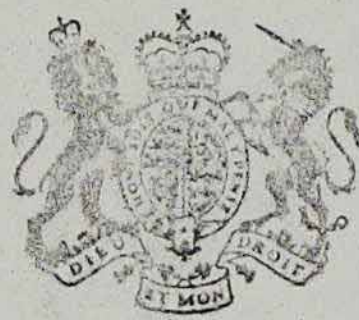
N St J S

5 March 1980

to be getting...
...in the...
...of a...
...also...
...a number of...
...will recall that...
...turned it...
...the...
...it could be...
...to ensure that...
...of...
...a number of...
...I would...
...at an...
...to the...

MAR 10 1960

MAR 10 1960



DSG
Parliament
Members

10 DOWNING STREET

From the Private Secretary

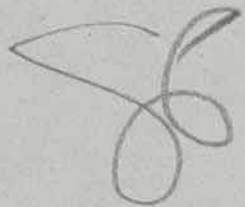
29 February 1980

I attach a copy of a letter the Prime Minister has received from Lord Boyle about the T.S.R.B.'s report number 13. Unless you advise otherwise, I see no reason for the Prime Minister to send a substantive reply to Lord Boyle.

I am sending a copy of this letter and its enclosure to John Stevens (Chancellor of the Duchy of Lancaster's Office) and David Wright (Cabinet Office).

N. J. SANDERS

G. E. T. Green, Esq.,
Civil Service Department.





OFFICE OF MANPOWER ECONOMICS

22 KINGSWAY
LONDON WC2B 6JY

Telephone 01-405 5944

CONFIDENTIAL

The Rt Hon Margaret Thatcher MP
10 Downing Street
London SW1

29 February 1980

Dear Prime Minister.

Thank you for your letter of 14 February 1980 setting out the Government's views on our Report No 13 recommendations.

We are glad to learn that the Government intends to propose acceptance of most of them. We understand the difficulties about improvements in the present travel arrangements, but we hope that the recommendation will not be lost for all time. We particularly welcome the decision not to pursue the proposition about some form of link for MPs' salary and, instead, to undertake annual reviews of Parliamentary pay. If the Review Body is indeed invited to take this on we will be happy to accept.

We accept that the Government does not feel able to oblige Members to arrange for their secretaries to be paid directly by the Fees Office, and we welcome the fact that it is the intention to encourage them to do so. On the question of central employment of secretaries, I should perhaps draw attention to the fact that we saw this as an option for MPs to take up or not as they chose. The main purpose was to ease the burdens that can fall on individual Members as the 'employers', and also to ensure that adequate provision would be available for the secretaries as regards pensions, redundancy payments and so on. However, as the Leader of the House recognised in his statement, no doubt the matter will be discussed further in next week's debate.

Yours sincerely

Edward Boyle

BOYLE OF HANDSWORTH, CHAIRMAN
REVIEW BODY ON TOP SALARIES

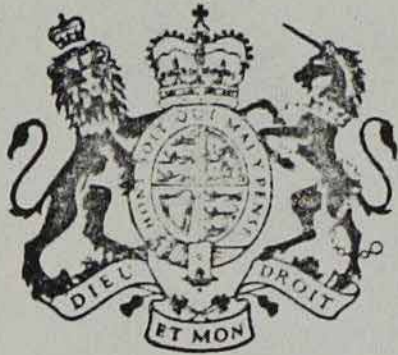
CONFIDENTIAL

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF ECONOMIC ANALYSIS
WASHINGTON, D. C. 20540
Telephone 475-7244



29 FEB 1980





10 DOWNING STREET

Similar ltr despatched
14/2 without copies.

cc CDLO

THE PRIME MINISTER

14 February 1980

When I wrote to you last month about the Review Body's thirteenth report I said that I would let you know how our thinking developed.

We have carefully considered your recommendations, and I can tell you that, generally, we intend to propose their acceptance subject to certain modification.

On the secretarial allowance, we agree that the change in scope you have proposed will help members with their task and contribute to the better functioning of Parliament. However, while recognising the force of what you say about accountability, we do not feel it would be right to oblige Members to have their secretaries paid directly by the Fees Office, although we intend to offer every encouragement to them to participate in the agency scheme.

We fully understand your view that the recommendation on travel would assist Members to carry out their duties more effectively, but at the present time we feel unable to propose acceptance of this recommendation because of the potentially very high costs involved. This is the only recommendation we are unable to accept.

/ As you might

As you might expect, the most difficult issue relates to linkage for Members' pay. I know that you have been conscious of the feelings in the House on this and I have been grateful for the way you have examined the problems involved. We, for our part, do not believe that linkage would be the right course for Members' pay at the present time and we intend, therefore, subject to the views of the House, to invite you and your colleagues to undertake annual reviews of Parliamentary pay. I hope that, in the event, you will be able to accept this invitation.

Finally, I would like to express my thanks once again to you and your colleagues for the time and consideration you have given to this study.

(SGD) MT

The Rt. Hon. Lord Boyle of Handsworth

PRIME MINISTER

There is one small point on this item: the timing of the publication of the report and the Chancellor of the Duchy's statement in the House.

You will see from the paper that he would like to make his statement after the Business Question tomorrow (14 February). He is said to be very determined to do this, I suspect largely because it will enable him to take even more of the limelight at his Lobby.

The problem is that there is also to be Mr. Prior's statement on Special Employment Measures, which cannot be postponed because of the need to give notice to those involved in the schemes. This means that we shall have the Business Question, Mr. Prior's statement and the Chancellor of the Duchy's statement all eating into the Fisheries Debate, which is to be interrupted at 7 o'clock for opposed private business anyway. Mr. Walker is not very worried about this, not least since the Fisheries Debate has 1½ hours after 10 o'clock as well, but there will be some protests in the House about the curtailment of time available for fish.

In an ideal world, I think it would have been better to postpone the Chancellor of the Duchy's statement until Monday next week, but I do not think there are sufficient grounds for you to insist on this change.

You might like to ask nonetheless whether he is satisfied that Thursday is the best day for it, given the pressure of business.

ys

13 February 1980

DRAFT LETTER FROM THE PRIME MINISTER TO:

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

When I wrote to you last month about the Review Body's thirteenth report I said that I would let you know how our thinking developed.

We have carefully considered your recommendations, and I can tell you that, generally, we intend to propose their acceptance subject to certain modification.

On the secretarial allowance, we agree that the change in scope you have proposed will help members with their task and contribute to the better functioning of Parliament. However, while recognising the force of what you say about accountability, we do not feel it would be right to oblige Members to have their secretaries paid directly by the Fees Office, although we intend to offer every encouragement to them to participate in the agency scheme.

We fully understand your view that the recommendation on travel would assist Members to carry out their duties more effectively, but at the present time we feel unable to propose acceptance of this recommendation because of the potentially

very high costs involved. This is the only recommendation we are unable to accept.

As you might expect, the most difficult issue relates to linkage for Members' pay. I know that you have been conscious, ~~as~~ ^{we} have we, of the feelings in the House on this and I have been grateful for the way you have examined the problems involved. We, for our part, do not believe that linkage would be the right course for Members' pay at the present time and we intend, therefore, subject to the views of the House, to invite you and your colleagues to undertake annual reviews of Parliamentary pay. I hope that, in the event, you will be able to accept this invitation.

Finally, I would like to express my thanks once again to you and your colleagues for the time and consideration you have given to this study.



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

Chancellor of the Duchy of Lancaster

13 February 1980

Sew Nick

TSRB REPORT NO 13

If Cabinet approve the Chancellor of the Duchy's proposals tomorrow, which include publication of the Report and making a statement in the House, also tomorrow, it will be courteous to let Lord Boyle know as quickly as possible after Cabinet decides the matter.

I attach a draft of a letter which the Prime Minister may wish to consider sending to him.

*Yours ever
John Stevens*

J W STEVENS
Private Secretary

N J Sanders Esq
Private Secretary to the
Prime Minister
10 Downing Street

PRIVY COUNCIL OFFICE
WHITEHALL LONDON SW1A 1AA



14 FEB 1960

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

...
...
...

CONFIDENTIAL

PRIME MINISTER

Parliamentary Pay and Allowances
(C(80) 13)

BACKGROUND

Cabinet decided last week on the major issues raised by TSRB 13 on Parliamentary Pay. These included the question of regular annual reviews, MPs pensions, travel allowances etc. Three issues were left over: parliamentary processes, the pay of secretaries and research assistants; and a possible review of the cost of Parliament. The Chancellor of the Duchy was sent away to conduct consultations on all these three points. His paper deals only with the first two: the third will be the subject of a later paper. He also proposes to make a statement in the House on Thursday, which he is circulating separately.

HANDLING

2. I suggest you take the issues in the order in which they are treated in the paper:

(a) Parliamentary Process for Increasing Members' Pay.

The Chancellor of the Duchy concludes that there is no way of avoiding an annual debate. The present statute is an enabling one, and requires an Order each time it is desired to increase Members' pay. The initiative thus rests with the Government. It would be possible, though at the price of carrying new primary legislation first, to substitute some other method. For example, TSRB itself could be given some statutory basis, and its recommendations made automatically effective. But it seems improbable that Parliament would be prepared to give up control over its own pay in this way, or that any Government would, in the last resort, be prepared to sacrifice all control over it.

Mr. St. John Stevas concludes that, if a way can be found of de-fusing the problem by regular annual up-dating, the debates will be much less difficult than in past years. You might ask him to speak briefly on this theme, and then see who, if anyone, dissents. It may be possible to secure agreement on this item very quickly.

CONFIDENTIAL

(b) Secretarial and Research Assistants' Allowance

It is apparently this topic which has taken the time. Cabinet felt that the risk of abuse pointed against an amalgamation of these two allowances. Mr. St. John Stevas supports this view. The same argument would, logically, lead to automatic payment of salaries through the Fees Office. Cabinet was not happy with this proposal, and the Chancellor of the Duchy strongly advises against it. The risk of abuse remains, and there seems no easy way of avoiding this - though the issue could be looked at again when we have the promised general paper on the cost of Parliament.

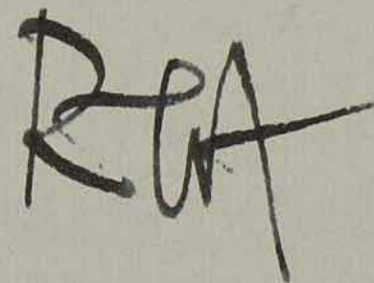
(c) Costs of Parliament

The Chancellor of the Duchy promises a later paper on this point. We understand that this should be ready some time in March.

CONCLUSIONS

3. I suggest that conclusions might be:-

- (i) to note the Chancellor of the Duchy's views that there is no avoiding annual debates;
- (ii) to endorse the conclusions of the paper on secretarial and research fees;
- (iii) to note that a further paper on the costs of Parliament will come forward to Cabinet in due course;
- (iv) to agree that a statement should be made in the House on Thursday, 14th February [or at some later specific date].



(Robert Armstrong)

13th February 1980

PART _____ 1 _____ ends:-

CC (80) 5th cons item 6 (extract) of 7.2.80.

PART _____ 2 _____ begins:-

C (80) 13 of 12.2.80.

