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PREM 19/1597



Part 5

SECRET

MT

Confidential Filing

MP's Pay and Pensions.

PARLIAMENT  
MEMBERS

Part 1: June 1979  
Part 5: October 1982

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
<del>5.10.82</del>		6.4.84					
<del>7.83</del>		9.4.84					
<del>1.3.83</del>		<del>10.4.84</del>					
<del>5.83</del>		13.4.84					
<del>5.83</del>		7.6.84					
<del>5.83</del>		25.6.85					
<del>4.6.83</del>		26.3.85					
<del>6.7.83</del>							
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<del>7.3.84</del>							
<del>4.84</del>							

PREM 19/  
1597



● PART 5 ends:-



Drewes (Appt. section) to FERB 26/3/85

PART 6 begins:-

NW to AM 4/9/85



TO BE RETAINED AS TOP ENCLOSURE

### Cabinet / Cabinet Committee Documents

Reference	Date
CC(83) 21 <sup>st</sup> Conclusions, Minute 1	30.06.83
CC(83) 22 <sup>nd</sup> Conclusions, Minute 6	07.07.83
CC(83) 23 <sup>rd</sup> Conclusions, Minute 1	14.07.83
CC(83) 24 <sup>th</sup> Conclusions, Minute 6	21.07.83

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 *C. Wayland* Date 18 March 2014

**PREM Records Team**



MR. BUTLER

Prime Minister .

This is good in terms of Lord Avon. But it does not provide a case for taking up the issue. FERB

I have checked with Pay Division. The TSRB recommended a severance grant for House of Lords Ministers and other paid office holders in the House of Lords. The legislation which put this into effect was the Parliamentary Pensions Act 1984 Section 13(1).

The person concerned must meet three criteria:—

- 1) he should not have attained the age of 65
- 2) He should have held a relevant ministerial or other paid office in the House of Lords (whether the same office or a succession of different offices) for a period of at least two years.
- 3) he should not be re-appointed to a relevant ministerial or other paid office in the House of Lords within 3 weeks of his leaving

The grant is equivalent to a quarter of his annual salary and is paid by the Department but not until 3 weeks has elapsed.

26.3.85

MB





file

(71)

SM

Subject

10 DOWNING STREET

cc Master

From the Principal Private Secretary

25 March 1985

MINISTERS' AND MPs' PAY

The Prime Minister had a word with the Lord President, the Lord Privy Seal, the Chief Whip and the Paymaster General this morning about the figures of Ministers' and MPs pay, which were attached to your letter of 22 March.

In discussion, it was noted that between now and 1 January 1988 the pay of an MP overtook the ministerial salary of a Parliamentary Secretary and the differential between an MP and a Parliamentary Secretary was greatly diminished. A similar reduction of differentials was expected to take place in relation to other ministerial salaries.

Summing up the discussion, the Prime Minister said that there was a strong case for looking at this relationship again and also for reviewing the possibility that a Minister on leaving office might have similar arrangements for a terminal payment to those now applied to a Member of Parliament. However, the timing of the next Ministerial and Other Salaries Order would have to be given very careful consideration.

I am copying this letter to Janet Lewis-Jones (Lord President's Office), Rachel Lomax ( H M Treasury ), Murdo Maclean (Chief Whip's Office), and Alex Galloway (Paymaster General's Office).

E. E. R. BUTLER

SMH

David Morris Esq  
Lord Privy Seal's Office





PRIVY COUNCIL OFFICE  
WHITEHALL, LONDON SW1A 2AT

22 March 1985

*Dear Min,*

Last Monday the Lord Privy Seal undertook to provide the Prime Minister with comparative figures for the pay of Members of Parliament and Parliamentary Under Secretaries during the period 1983-88. I enclose a note explaining the position. The Lord Privy Seal would be happy to discuss the figures with the Prime Minister before the lunch on Monday 25 March or at some other convenient time.

I am copying this letter to Janet Lewis-Jones and Murdo Maclean.

*Yours sincerely,  
David Morris*

D R MORRIS  
Private Secretary

R Butler Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street



The comparative position is as follows:

Date	MPs Salary £	Parliamentary Under Secretary (Commons) £	Reduced MPs Salary £	Total Salary £	Parliamentary Secretary's total Salary as a % of an MP's Salary %
27.7.83	15,308	15,917	9,543	25,460	166.32
1.1.84	16,106	16,154	10,626	26,780	156.27
1.1.85	16,904	16,411	11,709	28,120	156.35
1.1.86	17,702	16,648	12,792	29,440	166.31
1.1.87	18,500	16,885	13,875	30,760	156.27
1.1.88	22,176 <sup>(a)</sup>	17,645 <sup>(b)</sup>	16,694 <sup>(c)</sup>	34,339	154.85

23,904  
34,637

For a Parliamentary Under Secretary (Commons) to keep in 1988 the same differential that he enjoyed vis a vis an MP in 1983, the figure of £17645 would need to be increased by 14.4% to £20,189.

The following notes apply to the figures for 1.1.88:

- (a) The Resolution of the House dated 26 July 1983 provides that after 1 January 1988 MPs pay should be 89 per cent of the maximum point of the Senior Principal pay scale. The current maximum is £21,834 and we have assumed an increase of 4.5% in Civil Service pay from 1 April 1985, 1986 and 1987. On this assumption, the maximum at 1 January 1988 will be £24,917.
- (b) Assumes an increase in the salary of a Parliamentary Under Secretary (House of Commons) of 4.5% on 1 January 1988. Increases in Ministerial salaries up to 1 January 1987 are provided for in the Ministerial and other Salaries Order 1983. There is currently no provision for increases beyond 1 January 1987.



(c) The Resolution of the House of 26 July 1983 provides that after 1 January 1988 the reduced Parliamentary salary of Ministers should be 67 per cent of the maximum point of the Senior Principal scale. Same assumption used in note (a) above ie maximum at 1 January 1988 of £24,917.



22 MAR 1957



RECEIVED





PRIVY COUNCIL OFFICE  
WHITEHALL, LONDON SW1A 2AT

7 June 1984

128  
M

Dear Member

PARLIAMENTARY PENSIONS ETC BILL

As you will know from the Business Statement, the House is due to debate the Parliamentary Pension Etc Bill next week. The proposed legislation is complicated since it mainly takes the form of amendment of existing Acts. You may find it useful therefore to have the attached note of the main provisions as they affect Parliamentary pensions.

I am also arranging for my PPS, Richard Page, to make available notes on clauses to any Member who has any particular problems on the provisions of the Bill.

Yours sincerely

JOHN BIFFEN



## MAIN PROVISIONS OF THE PARLIAMENTARY PENSIONS ETC BILL

The accrual rate to be increased from one sixtieth of final salary per year to one fiftieth, as recommended by the Top Salaries Review Body subject to the limits mentioned in para 7 below. This means that a Member will in future be able to earn a full pension after 33 1/3 years service, instead of the present 40. The faster accrual rate to take effect from the date of the Resolution of the House on 19 July 1983.

2. It is proposed that a facility should be made available to allow Members to buy added years at a rate of 40 per cent of full cost in order to increase their pension entitlement to what it would have been if the new accrual rate (and the associated limits on pensions) had applied throughout their service. The detailed arrangements for this will be contained in subordinate legislation.

3. Members' contributions to be increased from the present 6 per cent to 9 per cent in annual steps of 1 per cent beginning on 1 January 1985, to coincide with the agreed increases in pay, reaching 9 per cent on 1 January 1987.

4. Other provisions which implement recommendations of the TSRB affecting Members' pensions are:-

i the abolition of the present four-year qualifying period of service (three years for office-holders) for entitlement to pension;

ii the reduction of the minimum age at which a Member or Minister may apply for an actuarially reduced pension to 50 years; and

iii an increase in the lump sum which may be taken in commutation of part of a pension on retirement to the maximum permitted by the Inland Revenue. The new maxima (which depend on length of service and age at retirement) to be contained in subordinate legislation.



5. As a result of representations received from other groups and individual Members, the Bill also contains the following provisions:-

i relaxation of the qualifying conditions for early retirement at a dissolution on unreduced pension to 20 years service at age 60 or over (backdated to cover Members who retired at the dissolution in May 1983) instead of the present limits of age 62 with 25 years service;

ii early payment of unreduced pensions to those who qualify for a full Member's pension under (i);

iii refunds of contributions to the estates of former Members and office-holders who die before becoming entitled to a pension and without leaving any dependants, where the estates previously would have received nothing;

iv extension of the time limit for acceptance of transfer payments from previous employers' schemes from one year to five years;

v benefits for widowers on the same basis as those paid to widows under the current legislation, removing the current requirement that to qualify for a pension a widower must be over 65 or incapacitated; and relaxation of the rule that obliges the Trustees to restrict payment of pension to a widow (or widower) on cohabitation;

vi the facility to nominate a person to receive the lump sum death benefit immediately on death to be widened to cover any person of the Member's choice. At present Members may only nominate husband or wife;

vii increased flexibility for the Trustees to make grants from the House of Commons Members' Fund: more money will be made available for discretionary grants out of the existing resources of the Fund.



6. The higher basic contribution rate will mean that some Members with added years contracts will find that their total contributions will be more than 15 per cent of salary. The Inland Revenue have agreed that, in the case of existing contracts, contributions of more than 15 per cent may qualify for tax relief. Nevertheless, for those Members who wish to revise their existing added years contracts as a result of the changes introduced by the Bill, it is intended to permit all existing contracts to be renegotiated or terminated within a year of the passing of the Bill.

7. The Bill will ensure that the scheme conforms with the Inland Revenue limit which restricts pension in respect of service before normal retirement age (65 in the Parliamentary scheme) to two-thirds of final salary. Other Inland Revenue limits will be embodied in subordinate legislation. These limits correspond to the rules with which other occupational pension schemes must comply in order to qualify for tax reliefs.





NBPM AT 16/4

PRIVY COUNCIL OFFICE  
WHITEHALL, LONDON SW1A 2AT

13 April 1984

Dear John

**PARLIAMENTARY PENSION SCHEME**

Thank you for your letter of 2 April setting out your proposals for changes to the Parliamentary Pension Scheme, which would be implemented in this Session's Parliamentary Pensions Bill.

I have since then seen the comments from Keith Joseph, Patrick Jenkin, Peter Rees and Rhodes Boyson and from John Wakeham, and I discussed the staging of increased contributions with the Prime Minister on Monday. Clearly there is some concern that the proposals will be seen as generous, but equally we recognize that there are special circumstances associated with the nature and duration of MPs' tenure of office and more particularly the fact that their pay increases are already subject to staging. You may therefore take it that you have the approval of H Committee for your proposals.

I am sending copies of this letter to the Prime Minister, to members of H Committee and to Sir Robert Armstrong.

Yours in  
hurry

The Rt Hon John Biffen MP



PARLIAMENT: MP's pay P15

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16 APR 1984



Home Secretary spoke to LPS  
and subsequently withdrew  
his reservations.

NBPM

CC NO

AT 1014



AT

13/4

QUEEN ANNE'S GATE LONDON SW1H 9AT

9 April 1984

2 Jim,

PARLIAMENTARY PENSION SCHEME

I appreciate the work that has gone into the package set out in your letter of 2 April and I do not want to upset the balance. I am however concerned about the proposal to allow Members to convert back service from a 60th to a 50th accrual rate at 40% of the actuarial cost. I would have thought a charge of 50% of the cost more appropriate, for what is a very valuable retrospective concession. Such a charge would be more easily defended in relation to the police and fire schemes, for which I am responsible. When, in 1972, members of these schemes were allowed to buy in back service to count towards a widow's pension at half the rate of the husband's pension they were required to pay half the actuarial cost of this concession. The proportion of total scheme benefits met by the normal contribution rate was treated as irrelevant to the sharing of cost of converting back service, otherwise policemen and firemen would have paid less than half.

I am copying this to the recipients of your letter.

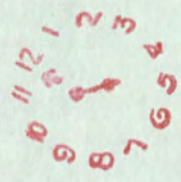
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The Rt Hon John Biffen, MP



Pchint Members: " MP's Pay Pt 5

10 APR 1984





CONFIDENTIAL

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a MASTER SET



cc:

bcc: Mr. Simon  
 Hickson  
 D/Emp.  
 COLO  
 D438  
 D/Env.  
 WO  
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 LPO  
 10 April, 1984

NIO  
 DES  
 HO  
 ZCO  
 CEO  
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 CW  
 Lord Deffries  
 CO

10 DOWNING STREET

From the Private Secretary

Parliamentary Pension Scheme

The Prime Minister held a meeting yesterday with the Lord President, Lord Privy Seal and Chief Whip at which the Lord Privy Seal's letter of 2 April to the Lord President was discussed.

The Prime Minister expressed concern about the proposed concessions on Members' pensions, and in particular the proposal to stage the implementation of the increase in contributions to 9 per cent. She wondered whether this concession, coming on top of the others which had been made on Members' salaries, would be seen by the public as going too far, and would make it difficult for the Government to hold the line in relation to other pay matters, particularly on the forthcoming TSRB Report on Top Salaries.

In discussion, it was recognised that the Prime Minister's concerns were justified, but it was pointed out that in the House Members would argue that the staging in pension contributions was fair, given the staging of the increases in pay. There was a danger that if this aspect of the proposals were resisted, it would be defeated, thereby creating a opening for even more damaging amendments.

Summing up, the Prime Minister said that, in the light of these arguments, the proposals should be accepted.

I am copying this letter to Private Secretaries to members of H Committee and to Richard Hatfield (Cabinet Office).

David Heyhoe, Esq.,  
Lord Privy Seal's Office

ANDREW TURNBULL

CONFIDENTIAL

JK





NBPM  
AF 10/4

CCNO

**DEPARTMENT OF HEALTH AND SOCIAL SECURITY**

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

G.T.N. 2915

*From the Minister of State for Social Security*

The Rt Hon John Biffen MP  
Privy Council Office  
Whitehall  
LONDON  
SW1A 2AT

9 April 1984

*Dear John*

PARLIAMENTARY PENSION SCHEME

You wrote to the Lord President of the Council on 12 April about your proposal to offer some further improvements to Members' pensions in a new Bill. Norman Fowler is currently in the USA and has asked me to reply on his behalf.

*will request if required*

Broadly, the Departmental policy until recently has been to welcome improvements in occupational pension provision, where this has been in prospect or achieved. As you know, however, our current Inquiry into Provision for Retirement will be looking, among other things, at the question whether provision for retirement income has been growing so fast, and whether rights are accruing to such an extent that future generations of contributors and tax payers may be facing a total pension burden beyond what it would be reasonable to ask the earning population to bear. While our Inquiry is still proceeding - that is until probably this autumn - there is a potential risk of embarrassment if the Government is seen to be encouraging, let alone legislating for, markedly higher standards of pension provision in any particular occupational pension scheme.

We recognise that there are a number of special considerations in the question of Members' pensions. I hope however you will bear in mind our anxieties about future costs of pensions while our Inquiry is still proceeding, and will avoid, so far as possible, changes which could be attacked as being unduly generous, or as setting a generous precedent.

I am copying this letter to the Prime Minister, to Willie Whitelaw and the other members of H Committee, and to Sir Robert Armstrong.

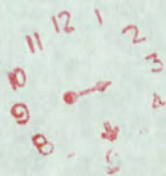
*All good wishes*  
*Yr ever*  
*R. B.*

DR RHODES BOYSON



PARL : MP's pay and pensions : P.T.S.

110 APR 1984





File

MR. TURNBULL

At the Prime Minister's meeting with the Lord President, the Lord Privy Seal, the Chief Whip and the Chairman of the Party this morning, she raised the proposed concessions on Members' pensions, and in particular the proposal to stage the implementation of the increase of contributions to 9%. The Prime Minister said that in her view this concession, coming on top of the others which had been made on Members' salaries, would be seen by the public as going too far, and would make it difficult for the Government to hold the line in relation to other pay matters, particularly on the forthcoming TSRB Report on Top Salaries.

The Chief Whip and the Prime Minister's other colleagues said that they saw considerable force in the Prime Minister's view on the merits. But the argument that the recommended increases in Members' pay had been staged, and it was therefore no more than fair that the increases in pensions contributions should be staged also, would carry great weight in the House. If the Government raised this aspect of the proposals, there was a high risk that they would be defeated. This would not only look worse, but would also raise the possibility of other even more damaging amendments being made.

The Prime Minister concluded that, in view of this advice, the proposals would have to be accepted. But she accepted this aspect with no enthusiasm or pleasure.

F.R.B.

9 April, 1984.





NBPM

9/4

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon John Biffen MP  
Lord Privy Seal  
Privy Council Office  
Whitehall  
London SW1A 2AT

9 April 1984

*Dear John,*

PARLIAMENTARY PENSION SCHEME

I have seen a copy of your letter of 2 April 1984 to Willie Whitelaw. If we decide to proceed as proposed we should do so recognising that concessions of this kind will make it all the more difficult to resist similar improvements elsewhere. If in due course we decide to seek to increase employees' contributions to normal accrual public service schemes from 6% to say 8%, but also concede improvements to benefits like those proposed, we could find that the potential gains were cut by up to one half - in the case of teachers for example, automatic widowers' pensions alone would be worth 0.5% of salary.

I am sending copies of this letter to the Prime Minister, to other members of H Committee, and to Sir Robert Armstrong.

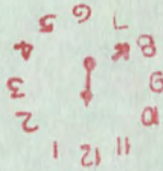
*Tim Kewi*



Attachment Pt 5

2

MP's pay + business



9 APR 1984



NBPM 1984



2 MARSHAM STREET  
LONDON SW1P 3EB  
01-212 3434

My ref:  
Your ref:

6 April 1984

Dear John,

Thank you for sending me a copy of your letter of 2 April to Willie Whitelaw about the Parliamentary Pension Scheme and the improvements you propose.

We can expect there to be pressure for improvements agreed for the Parliamentary Pensions Scheme to be extended to other public service pension schemes. I am pleased that you are standing firm against those requests which have been put to you which would clearly have undesirable repercussions on these other schemes. I should however comment on two of the improvements you propose.

We will be considering further the question of realistic pension contributions for the civil service, NHS, teachers and local government schemes when we have the report of the Official Committee on Public Sector Pensions. That consideration will have to include the question how soon we may have to provide for widowers' pensions more generally in public service pension schemes. I should have thought that before such provision is made we would need to be satisfied that employees will be paying, or will effectively be paying, realistic pension contributions and that there would not be undue public expenditure costs. Where the interests concerned in particular schemes want this improvement and these conditions are met it would be difficult not to agree and that would seem to be the position on the Parliamentary Pension Scheme.

I would see problems in extending into the Local Government Superannuation Scheme the improvements you propose on early retirement. But I assume that the basis for defending them for the Parliamentary Pension Scheme would be the inherent uncertainties of a Parliamentary career. The TSRB, in its 1983 Report (paragraph 70), was of course concerned about proposals for full pension on early retirement which would place MPs in a more favourable position than others in occupational schemes who were likely to face an actuarially based reduction in similar circumstances. The gap between the benefits in private sector and public sector pension schemes will no doubt be raised in Norman Fowler's Inquiry into Retirement Provision and he will no doubt comment on whether the improvements you propose would be an embarrassment in that context.

I am copying this letter to the recipients of yours.

*Patrick Jenkin*

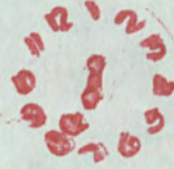
PATRICK JENKIN

The Rt Hon John Biffen MP



Part Members : MP's pay A5

6 APR 1994







NBPM  
HT 614

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Viscount Whitelaw CH MC  
Lord President of the Council  
Privy Council Office  
Whitehall  
LONDON  
SW1A 2AT

6 April 1984

*Dear Lord President,*

PARLIAMENTARY PENSION SCHEME

John Biffen sent me a copy of his letter of 2 April about the Parliamentary Pension Scheme.

As the letter says, Barney Hayhoe has been closely involved at all stages, and I am writing to confirm that the proposals have the support of Treasury Ministers.

I am sending copies of this letter to the Prime Minister, to other members of H Committee, and to Sir Robert Armstrong.

*Yours Sincerely,*  
*Peter Rees*  
PETER REES  
(Approved by the Chief Secretary and signed in his absence)



PAUL MONTAG

6 APR 1984







10 DOWNING STREET

From the Private Secretary

Prime Minister <sup>①</sup>

These proposals have been produced after consultation with the Treasury and Chief Whip. The Treasury believe the changes suggested are a satisfactory response to the pressure, and do not concede any major point of principle (except possibly for the right to buy back earlier years, though even here I am told there are precedents).

What you have to consider is whether this, in conjunction with the pay deal and the new system of allowances, might spark off public reaction.

If you are satisfied, the proposals will be put to Mr Du Cann and Mr Shore next week.

Are you content?

I think the staying of increases in contributors' looks bad considering the enormous increase in benefits. no

AT 5/4





PRIVY COUNCIL OFFICE  
WHITEHALL, LONDON SW1A 2AT

2 April 1984

Dear Willie,

PARLIAMENTARY PENSION SCHEME

After considering the 1983 report on the Parliamentary Pension Scheme, the Government decided to accept all the proposals for improvements in the terms of the scheme recommended in the report. The main change is a move to a 50th accrual rate for future service from the present 60th rate, a measure which will permit MPs in the future to earn a full pension after 33½ years service instead of the present 40. For the Members' contribution rate, the TSRB recommended 8%, keeping the balance of costs of the existing scheme, but the Government decided that 9% would be more appropriate in the light of the Manifesto commitment to realistic contributions and bearing in mind the pattern of employee contributions being set in other public service schemes.

These proposals were reflected in a Resolution of the House on 19 July 1983 in whose preparation Edward du Cann played a prominent part. Since then work has been proceeding on preparing a Bill to implement the changes, to be introduced later in the current session.

It has however since become clear that there is great dissatisfaction among Members. I have received representations from the Trustees, from Edward du Cann and other members of the Executive of the 1922 Committee, from the Parliamentary Labour Party, from representatives of the Members of the European Parliament, and from numerous individual Members. John Wakeham, Barney Hayhoe and myself have held a number of meetings at which we have been presented with a long list of requests for further improvements.

It could be said that Members had their chance to make representations before the TSRB reported. But, the Government itself having departed from the recommendations in the important matters of pay and of pension contributions, it is difficult for us merely to rest upon the argument that the TSRB conclusions cannot be modified. We believe that if the Government is not prepared to meet some of the concerns of Members in advance, the Bill would

Viscount Whitelaw CH MC  
Lord President of the Council



have a very difficult passage. We would be faced with numerous amendments calling for unwelcome changes put down in the name of influential Members from all sides of the House, and there could be a real risk that the Government would be defeated.

We have therefore been considering whether the Government could offer concessions which would reduce the risks, and in particular whether we could produce a Bill which might command the reluctant assent, if not the active support, of the main groups who have been making representations.

Attached is a note which lists the changes which we think should be offered. Many of them are small, and if they had been raised in time and included in the TSRB report, the Government would undoubtedly have accepted them. The two most important are the proposal to stage the increase in contributions - matching the decision to implement the pay increases in stages - and the facility to convert back service from 60th to 50th with the costs split 40% to Members and 60% to the Exchequer.

We have been particularly concerned not to concede anything which would have undesirable repercussions on other schemes where the public expenditure consequences of similar concessions might be very heavy. We are therefore standing firm against two of the requests which have been put to us most forcibly:-

- (a) cessation of contributions when a Member reaches his or her full pension entitlement;
- (b) the new faster accrual rate of 50ths to be applied retrospectively to all past service.

Our proposal to allow a facility for Members to convert back service at 40% of the cost is intended to ward off demands for the second of these. We have the precedent that a similar arrangement was permitted when benefits for widows in public service schemes were improved from a 1/3 to a 1/2 rate in the early 1970s.

We have also decided to keep strictly within the Inland Revenue limits on benefits payable by occupational pension schemes.

The effect of all the changes which we are suggesting would be to add about 3/4% to 1% to the actuarial cost of the scheme. Another way of putting it is that the total remuneration of Members would be increased by 3/4% to 1%. 9% would still therefore appear to be a realistic contribution rate. We think we have an adequate defence if anyone were to suggest that the Parliamentary Pension Scheme is becoming too generous. Depending on how many Members opt to convert back service there could be a further once-for-all cost of up to £3 million.



All our discussions with MPs have been without prejudice, and subject to the views of colleagues. However, I should now like to indicate to them the main features of the Bill which I propose, and of the accompanying Statutory Instruments, and to proceed to the drafting. May I take it please that I may go ahead as I propose unless comments are received before the end of this week.

I am sending copies of this letter to the Prime Minister, to other members of H Committee, and to Sir Robert Armstrong.

*Yours*  
*John Biffen*

JOHN BIFFEN

Att.



## PARLIAMENTARY PENSION SCHEME - FURTHER CHANGES

### Staging of increase in contributions

Instead of rising immediately from 6% to 9% when the Bill is passed, Members' contributions to increase by 1% on 1 January of each year from 1985 to 1987, so that the full 9% rate will be introduced at the end of the period of phased introduction of the new pay rates. Ministers' pension contributions to increase shortly after the enactment of the Bill to 6% (equal to Members' contributions) and to increase thereafter at the same rate. The estimated cost of this change compared with the original proposal is £0.5 million.

2. If it were decided to increase employee contribution rates in other public service pension schemes, the parliamentary precedent would no doubt be quoted, but the repercussions look containable.

### Converting back service to the 50th accrual rate

3. Members to have the option to convert back service at 40% of the actuarial cost. (40% represents roughly the employee proportion of the costs of the improved scheme). Existing added years contracts to be renegotiable.

### Early retirement

4. Members to be able to retire at a dissolution of Parliament with their pension not subject to actuarial reduction, provided they have reached the age of 60 and have completed 20 years service. The change will be made so as to cover the case of Mr Ray Mawby. The proposal by TSRB was to maintain the present figures of age 62 with 25 years service.

### Early retirement - Ministerial pensions

5. Where a Member is entitled to an unreduced pension on retirement before the age of 65, any Ministerial pension to which he is entitled also to be paid from the same date.



#### Payments on death of a former Member

6. At present when a former Member dies without dependants before he has become entitled to a pension, no payment at all is made to his estate. This situation has arisen in the case of the late Mr Russell Kerr. It is proposed to permit a refund of contributions, so bringing the Parliamentary scheme into line with some other public service schemes.

#### Transfers from other schemes

7. The period during which the Parliamentary scheme may accept transfer values on behalf of members from other schemes to be extended from one year to five years.

#### Widowers

8. Widowers of Members to receive pensions on the same basis as widows, without having to prove dependency or wait until age 65.

#### Nomination for death benefit

9. Members to be enabled to nominate any person to receive the death benefit, not just husband or wife as at present. The TSRB recommended against this change on the grounds that the facility is not available elsewhere in the public service, but an amendment to allow freedom to make nominations is in fact now being considered to the Principal Civil Service Pension Scheme.

#### Hardship grants

10. The amount available for grants in cases of special hardship to former Members to be increased so as to give the Trustees greater freedom to make use of the discretion permitted under the 1948 Act.



cc MASTER SET



10 DOWNING STREET

From the Private Secretary

1 March 1984

Dear John.

MPs' Expenses Payments and Tax

The Prime Minister held a meeting yesterday to discuss the tax treatment of MPs' expenses. Present were the Chancellor of the Exchequer, the Lord Privy Seal, the Chief Whip and the Financial Secretary.

The Chief Whip said that Inland Revenue, as they were quite entitled to do, were questioning whether some expenses incurred by MPs as a result of having two places of work, qualified for a deduction under the rule which said that they should be incurred "wholly, exclusively and necessarily" in the performance of the job. This had generated a great deal of friction between Inland Revenue and MPs. This had been held in check so far as there was an expectation that something would be done in the Finance Bill. He believed that the proposal put forward in the Chancellor's minute of 16 February was the best solution that could be achieved. Under this, MPs' ACA would be taken out of tax altogether from 1984-85 but MPs would no longer have the right to claim tax relief for expenditure over and above the ACA on living away from home in the constituency or in London.

The Prime Minister said it was important to be sure that what MPs provided for themselves could be defended to the general public. Their position was virtually unique in that they worked and lived in two places and had to provide their own accommodation in both places. Those working in two locations in the private sector nearly always had the costs in one centre met by their employer.

The Chief Whip said that the proposals could be defended at several levels. First, the £6,000 allowance was derived from the away-from-home allowance provided by the Civil Service; secondly, Inland Revenue agreed that this represented a reasonable level of expenses; thirdly, claims by MPs would in future be better documented.

The Lord Privy Seal said he attached great importance to the last point. Any impression that MPs could claim £6,000 tax free no questions asked should be avoided. At present, claims presented to the Fees Office were backed by very little documentation.

/ It was important



It was important that, without going to detailed itemisation of expenses, Members should be required to provide a broad breakdown. Without this, the public would not be assured that claims being made were reasonable.

The meeting then considered the impact of the proposal on different groups of MPs. Those who would lose most would be those retaining expensive London homes, of whom there were thought to be around fifty. It was thought, however, that abolition of the right to claim expenses over £6,000 would be an important presentational component of the package. In most cases, those with expensive London homes were probably in a position to afford them. In general, the position of Ministers, and in particular Junior Ministers, would be improved. At present Inland Revenue allowed two-sevenths of their expenses automatically though after discussion they often permitted a higher figure. Under the new system Ministers would be put on the same footing as other MPs.

On the timing of the announcement, the Chancellor said he wanted to avoid introducing the proposal as part of the Budget as this would require a Ways and Means Resolution which would be voted on at the end of the Budget debate. One possibility would be to introduce a new clause at the Committee Stage of the Finance Bill. It was agreed, however, that it would be better to include the clause in the Finance Bill on publication, though with a Ways and Means Resolution outside the Budget. To delay publication would only create anxiety and agitation.

Summing up, the Prime Minister said that the Chancellor's proposals were agreed but that steps should be taken to ensure that MPs accounted more fully to the Fees Office. A clause would be included in the Finance Bill.

I am copying this letter to David Heyhoe (Lord Privy Seal's office) Murdo Maclean (Chief Whip's Office) and Andrew Hudson (Financial Secretary's office).

*Your sincerely*  
*Andrew*

(Andrew Turnbull)

John Kerr, Esq.,  
HM Treasury



CONFIDENTIAL

PRIME MINISTER

MPs Expenses Payments and Tax

The Chancellor, Lord Privy Seal, Chief Whip and Financial Secretary are coming to talk about the Chancellor's proposals. His solution is that, in future, MPs (and Ministers) should receive the £6,000 additional costs allowance free of tax but in return no claims for expenses would be accepted by Inland Revenue above this figure. This is bound to be difficult to present as MPs will look like judge and jury in their own case, awarding themselves a tax free allowance.

I think you need to probe a number of comparisons and sources of envy:

- (i) between MPs and the general public
- (ii) between inner London MPs and the rest
- (iii) between MPs with expensive London homes and the rest
- (iv) between MPs and Ministers.

You will also want to know whether the Lord Privy Seal and Chief Whip have any reservations or any modifications to suggest and whether they believe Opposition MPs would accept this package.

On (i), you should ask the Chancellor to set out as convincingly as possible how the proposed solution can best be defended. The answer appears to be that in para. 13, that MPs are virtually unique in needing both to live and work in two places and to provide their own housing in those two places. Most of the other cases of people working in two centres identified by the Treasury, e.g. oil executives working in Aberdeen and at Head Office in London, will have a company provided residence in one location. But there could be other counter-examples to embarrass the Government.

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On (ii), the position of the inner London MPs is unchanged.

On (iii), the Chancellor identifies out-of-town MPs who maintain expensive inner London homes as the main losers. This is because a ceiling of £6,000 is being set on all reimbursement of expenses. Previously anything over the £6,000 claimed from the Fees Office could, Inland Revenue willing, be claimed as a deduction.

On (iv), Ministers will benefit since they will now get the £6,000 in full, tax free, whereas before they could off-set only two-sevenths of their additional living expenses against the £6,000 and had to pay tax on the rest. This might be an additional source of criticism unless it can be convincingly shown that the previous treatment for Ministers was unfair.

AS

28 February 1984



MR. BUTLER  
MR. COLES  
MR. TURNBULL ✓  
MR. FLESHER  
MR. BARCLAY  
MR. ALISON  
MR. SHERBOURNE

BF

I have arranged the following meeting with  
the Prime Minister:-

Subject ..... MP's Pay  
Date ..... 29 Feb  
Time ..... 1730  
Venue ..... No 6  
Person/people invited .....  
..... ChEx, WPA CW  
Added Ministerial attendance .....

Briefing

- a) I have commissioned briefing from .....
- ✓ b) Could you arrange briefing if necessary

CR

Caroline Ryder

CF. No briefing required:





H M Treasury

Parliament Street London SW1P 3AG

Switchboard 01-233 3000

Direct Dialling 01-233 3620

Sir Peter Middleton KCB  
Permanent Secretary

**CONFIDENTIAL**

F E R Butler Esq  
10 Downing Street  
LONDON  
SW1

17 February 1984

*Dear Robin*

**MPs' EXPENSES PAYMENTS AND TAX**

... As agreed during your telephone conversation this morning with Sir Peter Middleton, I enclose a copy of the draft clause prepared by Parliamentary Counsel taking MPs' additional cost allowance out of tax.

*Yours sincerely*  
*John Williams*  
J WILLIAMS



Accommodation allowances and expenditure of MPs.

- .-(1) An allowance -
- (a) which is paid to a Member of the Commons House of Parliament in respect of any period after 31st March 1984, and
  - (b) for which provision is made by Resolution of that House, and
  - (c) which is expressed to be in respect of additional expenses necessarily incurred by the Member in staying overnight away from his only or main residence for the purpose of performing his parliamentary duties, either in the London area, as defined in such a Resolution, or in his constituency,
- shall not be regarded as income for any income tax purpose.

- (2) For the year 1984-85 and subsequent years of assessment, -
- (a) no deduction shall be made under section 189 of the Taxes Act (relief for necessary expenses) in respect of expenditure incurred by a Member of the Commons House of Parliament in, or in connection with, the provision or use of residential <sup>or</sup> overnight accommodation to enable him to perform his duties as such a Member in or about the Palace of Westminster or his constituency; and
  - (b) no allowance shall be made under Chapter I of Part III of the Finance Act 1971 (capital allowances) in respect of any expenditure so incurred.





Prime Minister ①

You may want to discuss  
this with Ch/Ex, LPS, CW

AT

16/2

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

PRIME MINISTER

*M*

### MPs' EXPENSES PAYMENTS AND TAX

A difficult problem has arisen affecting the sensitive issue of the tax treatment of MPs' expenses. This note, which has been agreed with the Lord Privy Seal and the Chief Whip, describes how the problem has arisen and the solution we propose.

#### Background

2. As you know, Members for constituencies outside Inner London are entitled to receive from the Fees Office an "additional cost allowance" (ACA), worth at present about £6,000, to cover the extra living costs they incur because they have two places of work - the constituency and Westminster. In law, in common with other expenses payments made to higher-paid employees and office-holders (MPs are office-holders), sums received by way of ACA are deemed to be taxable emoluments, but a tax deduction is given for those expenses incurred "wholly, exclusively and necessarily" in the performance of the job - in this case, parliamentary duties. Under the same test, any excess of expenses incurred over the reimbursements may qualify for a tax deduction.

3. Until recently, few problems had arisen. Where a Member's expenses claim for tax purposes has not exceeded the amount of ACA he received from the Fees Office, the Revenue have in general been content to accept that the expenses qualified for a deduction under the "wholly, exclusively and necessarily" rule. In many cases, they have not required a breakdown of the expenditure in question or asked exactly how the money was being spent. But as some Members' claims have risen above the ACA payment and claims for additional tax relief have been made against a salary, Inland Revenue inspectors have naturally requested a breakdown more often and have sometimes subsequently queried or disallowed claims.





4. It has come to light that claims have been made for meals eaten away from home. Although some were quite modest, others were very large. The Revenue consulted their lawyers on whether such claims were admissible and were advised that, while in law Members were entitled to a deduction for the cost of meals taken while travelling on parliamentary business (eg between Westminster and the constituency or to some third location) no deduction was available for meals taken either in the constituency or at Westminster.

---

5. With the agreement of Geoffrey Howe, the Revenue therefore promulgated a statement of the law as they were advised it stood in Notes on Income Tax for Members of Parliament, a copy of which was supplied to each Member immediately after the General Election last June. The idea was to apply the law strictly to all MPs for current years (from April 1982) with a fairly generous transitional arrangement for Members who had open claims for earlier years.

6. The result has been to create a storm of protest in the House. Some Members, whose total claims may not be above the ACA, have found their expenditure on meals has been disallowed, even though they have followed the same practice for a decade or more and their claims have been accepted in the past by the Revenue. So far the Whips on both sides of the House have held this protest in check - but only because Members assume that some solution to the problem can be found.

7. There is little doubt that as the law stands the Revenue are right and that this sort of expenditure on meals cannot be tax deductible, whatever may have happened in the past. The Revenue cannot be told to ignore the problem. It would clearly be indefensible for MPs to be given tax relief by what would in effect be an extra-statutory concession. Nor can the problem be dismissed on de minimis grounds, since some of the claims are high and the Revenue would be failing in their duty if they admitted them without enquiry.

---

8. The crux of the problem - given the wide range of MPs' expenses - is that there can be no end to the disputes that will arise, even if we found a way of dealing with the specific question of meals. I have examined carefully the scope for establishing clear guidelines or a code, and concluded that it is impossible.





9. Members of Parliament are unusual in having two different regular places of work which may necessarily involve them in expenditure, particularly on keeping a second home, which should be tax deductible. But what expenditure? It is impossible to make objective judgements about what should qualify and what not.

10. Where, as is usually the case, a Member has an additional home, what limit should be placed on the cost of items such as the bed and the desk? Can the desk be antique? Does he need a lamp and curtains; how many chairs should he be allowed; and what can be legitimately claimed for cleaning and upkeep of the house and garden?

11. Questions of this sort are unanswerable and it is impossible to give unambiguous guidance on them either to Inspectors or MPs. If we do not take action, Members and the Revenue will become embroiled in endless skirmishing over claims which could bring both into disrepute. If details of what was being allowed and disallowed became public knowledge, the House would be brought into ridicule.

#### The proposed solution

12. In the business world, it is for the employer in the first instance to determine what expenses are appropriate and reimbursable for an executive who works away from home from time to time. The Revenue will tax the employee on those reimbursements but will allow a matching deduction, when the expenses are "necessarily" etc incurred, in line with the law. Although, in most cases, the amount reimbursed by the employer is adequate, an employee who actually spends more may claim a tax deduction for the excess.

13. In the case of Members, the House has determined that the ACA should be payable, up to a maximum (about £6,000 per annum currently). But Members are being reimbursed for working, and probably living, in two different places, and this is what is virtually unique. After consulting the Lord Privy Seal and the Chief Whip, I have concluded that the best way to resolve the problem is to legislate to take the ACA paid by the Fees Office out of tax altogether with





effect from 1984/85. In that way, MPs will be in an analogous position to that of most businessmen whose reimbursed expenses are taken out of tax because they qualify for a matching deduction. But I would propose that Members spending more than the ACA on living away from home would no longer be able to claim a tax deduction for the excess. In this respect, MPs would be relatively worse off than businessmen since businessmen are not held to a maximum in the amount they can claim for tax purposes.

14. I believe this arrangement would dispose of the problem once and for all and would have the support of most MPs on all sides of the House, except some of those who currently claim a tax deduction on more than the ACA (and certain others who would object in principle to anything that might be represented as an improvement in MPs' remuneration). There are perhaps 50 MPs who would be substantial "losers" under this proposal, in general those who maintain expensive London homes.

15. There would be little or no loss of existing tax revenue, because no tax has yet been paid on the expenses for meals. If we were to enforce the letter of the existing law, the total yield of disallowing all current meals' claims might be up to some £½m in a full year. In practice, we would not receive that amount. The large number of Members who are in the habit of claiming up to the ACA ceiling, and currently put a fairly high proportion of this down to meals, would continue to claim the maximum but would take care to incur a different kind of expenditure which, perhaps after a further dispute with the Revenue, might be deemed to be tax-deductible. So we would not realise the theoretical gain, and the disputes would go on. The proposed solution would, by contrast, take the Revenue out of this very awkward area entirely and would release the resources currently tied up in this work for more productive use elsewhere.

16. The TSRB has recommended - and we have publicly accepted - that Members should account more fully to the Fees Office for expenditure against the ACA. Such a change would be helpful in demonstrating that MPs would still be required to report their expenditure to the Fees Office, in much the same way as the businessman claims from his employer.





17. I believe that we can justify such an arrangement to meet special circumstances. The key point is that an MP's job is probably unique in this country in requiring him to meet the costs of maintaining two homes at or near two places of work. But there is no denying that it would need the most careful presentation.

18. One side effect of a solution on the lines proposed would be that Ministers would no longer suffer relative to other Members from the ruling that, as the law now stands, claims for the cost of a constituency home must normally be restricted to two-sevenths of the total costs - you may remember that this was a point raised particularly by Norman Tebbit shortly after the Election last year.

#### Next Steps

19. In sum, I believe we should legislate in this year's Finance Bill:

- to take MPs' ACA out of tax altogether from 1984-85, but
- to deny MPs the right to claim any tax relief for expenditure over and above the ACA on living away from home in the constituency or in London.

In order to distance this measure from the Budget itself, I propose to introduce it as a New Clause at Committee Stage.

20. John Biffen and John Wakeham endorse this recommendation.

21. An extra-statutory concession would allow MPs to elect for the new regime for open years up to 1983-84. The Inland Revenue will be issuing to Members at the end of the current tax year a new edition of their Notes for Members which could spell out the details of the proposed change and the concession covering past years.

22. Needless to say, I should be happy to discuss this with you further.

23. Copies of this minute go to John Biffen and John Wakeham.

N.L.

16 February 1984

A handwritten signature in dark ink, appearing to be 'N.L.' with a flourish.



16 JAN 1968

LAB 111

CONDICION







# H. M. TREASURY

Parliament Street, London SW1P 3AG, Press Office: 01-233 3415  
Telex 262405

21 July 1983

## MINISTERIAL SALARIES

The Government today published its decision on Ministerial salaries in the light of the outcome of the debate on MPs' pay in the House of Commons on 19 July.

A copy of the written answer given today by the Lord Privy Seal, Mr John Biffen MP is attached.

PRESS OFFICE

HM TREASURY

PARLIAMENT STREET

LONDON SW1P 3AG

01-233 3415

143/83



MR J M TAYLOR: To ask the Lord Privy Seal if he will make a statement about Ministerial salaries in the light of the outcome of the debate in the House on 19 July.

THE LORD PRIVY SEAL: In the light of the opinion of the House on 19 July on MPs' pay, the Government considers that Ministers' and other office holders' salaries should be established for the period up to the end of 1987. The table below sets out the Government's proposals. The salaries shown are those to which office holders are entitled; some individuals draw less. At 1 January 1984, 1 January 1985, 1 January 1986 and 1 January 1987 the percentage increases will be the same as for MPs as shown in the table.

The additional cost of implementing these proposals is estimated at £0.14 million in 1983/84, £0.22 million in 1984/85, £0.17 million in 1985/86 and £0.17 million in 1986/87. For 1983/84 these costs will be contained within the provision for total public expenditure in the latest public expenditure White Paper (Cmnd 8789).



## MINISTERS AND OFFICE HOLDERS : PROPOSED SALARIES

Office	Current Salary †	TERR ‡		July 83		Jan 84		Jan 85		Jan 86		Jan 87		Jan 87	
		Recommend	Inc	Salary	% Inc	Salary	% Inc	Salary	% Inc	Salary	% Inc	Salary	% Inc	% increase Over current	
Prime Minister	46,660	65,000	39.3	48,530	4.0	51,050		53,600		56,120		58,650		25.7	
Lord Chancellor *	52,500	62,000	18.1	58,000	11.4	62,000	6.0	-		-		-		-	
Mr Speaker	38,785	55,000	41.8	40,340	4.0	42,440		44,560		46,650		48,750		25.7	
Cabinet Minister (C)	37,410	50,000	47.0	38,910	4.0	40,930		42,900		45,000		47,020		25.7	
Cabinet Minister (L)	28,950	49,500	71.0	30,110	4.0	31,680		33,260		34,820		36,390		25.7	
Minister of State (C)	29,035	38,000	30.9	30,410	4.7	31,990		33,590		35,170		36,750		26.6	
Minister of State (L)	24,200	32,500	34.3	25,350	4.7	26,670		28,000		29,320		30,640		26.6	
Parl. Secretary (C)	24,160	31,000	28.3	25,460	5.4	26,780		28,120		29,440		30,760		27.3	
Parl. Secretary (L)	19,350	25,500	31.8	20,390	5.4	21,450		22,520		23,580		24,640		27.3	
Attorney General	39,160	55,000	40.4	40,730	4.0	42,850		44,990		47,100		49,220		25.7	
Solicitor General	33,810	44,000	30.1	35,160	4.0	36,990		38,840		40,670		42,500		25.7	
Lord Advocate (C)	29,000	38,500	32.8	30,160	4.0	31,730		33,320		34,890		36,460		25.7	
Solicitor General for Scot.	30,210	38,000	25.3	31,420	4.0	33,050		34,700		36,330		37,960		25.7	
<u>In the House of Commons</u>															
Leader of the Opposition	35,035	50,000	42.7	36,490	4.2	38,390		40,310		42,200		44,100		25.9	
Chief Whip	32,610	42,000	28.8	34,030	4.4	35,800		37,590		39,360		41,130		26.1	
Dep. Chief Whip	29,035	38,000	30.9	30,410	4.7	31,990		33,590		35,170		36,750		26.6	
Opposition Chief Whip	29,035	38,000	30.9	30,410	4.7	31,990		33,590		35,170		36,750		26.6	
Government Whip	21,735	28,000	28.8	22,910	5.4	24,100		25,310		26,500		27,690		27.4	
Assistant Opposition Whip	21,735	28,000	28.8	22,910	5.4	24,100		25,310		26,500		27,690		27.4	
Chairman, Ways and Means	29,035	38,000	30.9	30,410	4.7	31,990		33,590		35,170		36,750		26.6	
Dep. Chairman Ways and Means	26,585	34,500	29.8	27,920	5.0	29,370		30,840		32,290		33,740		26.9	
<u>In the House of Lords</u>															
Chief Whip	24,200	32,500	34.3	25,350	4.7	26,670		28,000		29,320		30,640		26.6	
Dep. Chief Whip	19,350	25,500	31.8	20,390	5.4	21,450		22,520		23,580		24,640		27.3	
Government Whip	16,925	22,500	32.9	17,840	5.4	18,770		19,710		20,640		21,570		27.4	
Leader of the Opposition (L)	19,350	25,500	31.8	20,390	5.4	21,450		22,520		23,580		24,640		27.3	
Opposition Chief Whip	16,925	22,500	32.9	17,840	5.4	18,770		19,710		20,640		21,570		27.4	
Chairman of Committees	24,200	32,500	34.3	25,350	4.7	26,670		28,000		29,320		30,640		26.6	
Prin. Dep. Chairman of Cttees	21,750	29,000	33.3	22,780	4.7	23,960		25,160		26,340		27,530		26.6	
Members of Parliament	14,510	19,000	30.9	15,308	5.5	16,106	5.2	16,904	5.0	17,702	4.7	18,500	4.5	27.5	

†Includes Parliamentary salary of £8,460 where appropriate.

‡Includes Parliamentary salary of £11,000 where appropriate.

\* From 1 January 1985 to 1 January 1987 the Lord Chancellor's notional salary will be set at level £2,000 above that of the Lord Chief Justice





H M Treasury

Parliament Street London SW1P 3AG

Switchboard 01-233 3000  
Direct Dialling 01-233 4187.

Parliament  
Members

D C R Heyhoe Esq  
PS/Lord Privy Seal  
66 Whitehall

21 July 1983

Dear David,

MINISTERIAL PAY: REVISED DRAFT ANSWER TO PQ

Further to my letter of yesterday's date, I enclose a revised version of the Answer to the PQ with a table attached showing Ministerial salaries, including the salary of the Lord Chancellor.

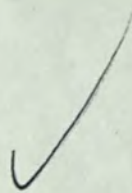
2. I assume that both you and David Beamish will be tabling the Question today for Written Answer on Friday.

3. I am copying this letter and enclosure to Peter Gregson in the Cabinet Office, David Beamish in the Lord President's Office and to Margaret O'Mara, Mike Corcoran, Peter Kemp and Mick Morgan here, also to Jim Dobson in the Res Office & to Michael Scholar in No. 10.

Yours sincerely,

CAROLYN SINCLAIR





Q. To ask the Lord Privy Seal if he will make a statement about Ministerial salaries in the light of the outcome of the debate in the House on 19 July.

A. In the light of the opinion of the House on 19 July on MPs' pay, the Government considers it right that Ministers' and other office holders' salaries should also be established for the whole period up to 1 January 1988. The table below sets out the Government's proposals. The salaries shown are those to which office holders are entitled; Some individuals draw less. At 1 January 1984, 1 January 1985, 1 January 1986 and 1 January 1987 the percentage increases will be the same as for MPs. *as shown in the table below.*

additional  
The/cost of implementing these proposals is estimated at £0.14 million in 1983/84, £0.22 million in 1984/85, £0.17 million in 1985/86 and £0.17 million in 1986/87. For 1983/84 these costs will be contained within the provision for total public expenditure in the latest public expenditure White Paper (Cmnd 8789).



MINISTERS AND OFFICE HOLDERS : PROPOSED SALARIES

Office	Current Salary †	TSRR ‡		June 83 Salary	%	Jan 84 Salary	%	Jan 85 Salary	%	Jan 86 Salary	%	Jan 87 Salary	%	Jan 87 % increase Over current
		Recommend	Inc											
Prime Minister	46,660	65,000	39.3	43,530	4.0	51,050		53,600		56,120		58,650		25.7
Lord Chancellor	52,500	62,000	18.1	58,500	11.4	62,000	6.0	—		46,650		48,750		25.7
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Cabinet Minister (L)	28,950	49,500	71.0	30,110	4.0	31,680		33,260		34,820		36,390		25.7
Minister of State (C)	29,075	38,000	30.9	30,110	4.7	31,900		33,500		35,170		36,750		26.6
Minister of State (L)	24,200	32,500	34.3	25,350	4.7	26,670		28,000		29,320		30,640		26.6
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Dep. Chief Whip	29,035	38,000	30.9	30,410	4.7	31,990		33,590		35,170		36,750		26.6
Opposition Chief Whip	29,035	38,000	30.9	30,410	4.7	31,990		33,590		35,170		36,750		26.6
Government Whip	21,735	28,000	28.8	22,910	5.4	24,100		25,310		26,500		27,690		27.4
Assistant Opposition Whip	21,735	28,000	28.8	22,910	5.4	24,100		25,310		26,500		27,690		27.4
Chairman, Ways and Means	29,035	38,000	30.9	30,410	4.7	31,990		33,590		35,170		36,750		26.6
Dep. Chairman Ways and Means	26,585	34,500	29.8	27,920	5.0	29,370		30,840		32,290		33,740		26.9
<u>In the House of Lords</u>														
Chief Whip	24,200	32,500	34.3	25,350	4.7	26,670		28,000		29,320		30,640		26.6
Dep. Chief Whip	19,350	25,500	31.8	20,390	5.4	21,450		22,520		23,580		24,640		27.3
Government Whip	16,925	22,500	32.9	17,840	5.4	18,770		19,710		20,640		21,570		27.4
Leader of the Opposition (L)	19,350	25,500	31.8	20,390	5.4	21,450		22,520		23,580		24,640		27.3
Opposition Chief Whip	16,925	22,500	32.9	17,840	5.4	18,770		19,710		20,640		21,570		27.4
Chairman of Committees	24,200	32,500	34.3	25,350	4.7	26,670		28,000		29,320		30,640		26.6
Prin. Dep. Chairman of Cttees	21,750	29,000	33.3	22,780	4.7	23,960		25,160		26,340		27,530		26.6
Members of Parliament	14,510	19,000	30.9	15,308	5.5	16,106	5.2	16,904	5.0	17,702	4.7	18,500	4.5	27.5

† Includes Parliamentary salary of £8,460 where appropriate.  
‡ Includes Parliamentary salary of £11,000 where appropriate.

|| From 1 January 1985 to 1 January 1987 the Lord Chancellor's notional salary will be set at level £2,000 above that of the Lord Chief Justice



Ref. A083/2152

PRIME MINISTER*This to be filed in  
MP's P'y*Top Salaries Review Body Reports

(C(83) 27)

The note (C(83) 27) which you instructed me to circulate sets out the background to the Cabinet's consideration of Report No 19 by the Top Salaries Review Body (TSRB) (Cmnd 8879) on the pay of senior civil servants (Under Secretaries and above), senior officers in the armed forces (Major General and equivalent and above) and the judiciary. It puts forward two options for consideration:

Option A (consistent treatment with DDRB Report)

6.9 per cent (current year increase) from 1 April 1983

5 per cent (restoration of abatement) from 1 January 1984

effect in 1983-84: 8.2 per cent increase at a cost of £4.1 million (compared with £6 million for full implementation).

Option B (containing 1983-84 percentage increase at approximately the same level as that for MPs)

6.9 per cent from 1 August 1983

5 per cent from 1 January 1984

effect in 1983-84: 5.85 per cent increase at a cost of £2.9 million.

## HANDLING

Salaries of MPs and Ministers

2. You will want to discourage further discussion of MPs' salaries. The Government has now no option but to bring before the House, probably on Tuesday 26 July, the necessary resolution to give full effect to the House's expression of opinion on 20 July.

3. On Ministers' salaries you will also not wish to reopen discussion of the decisions taken at your informal meeting on



18 July which I reported to members of the Cabinet in my minute to Mr Butler of the same date. Those decisions had to be taken because the original intention was to make clear the Government's position during, or at the conclusion of, the debate on MPs' pay, although in the event this did not prove to be necessary. The figures for the salary increases for the various Ministers and office holders which have now been incorporated in a new draft Order in Council are summarised for ease of reference in --- the table (not circulated to the Cabinet) annexed to this brief. I have minuted you separately about the special position of the Lord Chancellor. Because of the relativity with the pay of the Lord Chief Justice, it will not be possible to table the draft Order in Council until the Government has taken decisions about the pay of top salary groups.

4. I understand that, provided that the Cabinet takes decisions about the salary of the Lord Chief Justice and other top salaries, the draft Order in Council will be tabled late tomorrow for approval by the House next Tuesday at the same time as the effective resolution on MPs' pay. There will also be a Written Answer by the Lord Privy Seal summarising the Government's proposals on Ministerial salaries.

5. Some members of the Cabinet may ask what is to be done about Ministerial salaries from 1 January 1988 onwards, on which date MPs' salaries are to be determined by the movement between 1983 and 1988 of a Civil Service salary currently at or about £18,500. The answer is that the Order in Council which is required for an increase in Ministerial salaries must provide specific figures. Although the Government may wish to take action in 1988 to maintain the differential between the pay of Ministers and that of MPs, it is not clear now what specific figures would be required for that purpose. The Government will therefore have to deal with the situation for 1988 when it arises.

#### Top Salary Groups

6. You are very familiar with, and have often deployed to your colleagues, the arguments for implementing TSRB Report No 19 on the top salary groups in full. It would be hard to justify



implementing it in full for the whole year in view of the Government's earlier decision to phase the full implementation of this year's DDRB Report, with the current year increase payable from 1 April 1893 and the earlier abatement restored from 1 January 1984. Option A in C(83) 27, which reproduces the proposal considered earlier by the Cabinet on 10 May 1983, involves treating the top salary groups in the same way as the doctors and dentists.

7. Some members of the Cabinet may suggest that the right course would be to give the current year increase of 6.9 per cent only and carry forward the 5 per cent abatement indefinitely. Others may argue for an arbitrary increase in line with the going rate of settlements in the public services, say 4½ to 5 per cent. Either course would be undesirable on management grounds. An awareness that top Civil Service salaries had been held back, and that they are now a long way below remuneration levels at comparable levels in industry and in the City, is one of the factors adversely affecting the quality of recruitment to the Civil Service. The Lord Chancellor will testify to the difficulties he faces in persuading barristers to accept appointment to the bench. The 5 per cent backlog dates back to 1980. There is now a strong case for getting rid of the backlog in implementing recommendations for the top salary groups before the 1984 Report. Much of the embarrassment which successive Governments have encountered in dealing with review body reports results from the backlog in implementing earlier recommendations. In 1984 there will be no such backlog in respect to the AFPRB and the DDRB, and the pay of MPs and Ministers has been settled for several years ahead. This would be a convenient moment to dispose of the one remaining problem of backlog.

8. Option B has therefore been designed as a way of ensuring at moderate cost in the current financial year, that the TSRB recommendations will have been implemented in full by 1 January 1984, in good time before the next report, which will relate to 1 April 1984 and will have to be considered in May 1984 or thereabouts. The increase in the current year (5.85 per cent) is only fractionally higher than that for MPs (5.73 per cent) and



the cost (£2.9 million) is less than half the cost of implementing the TSRB recommendations in full.

9. In favour of Option A it can - and will - be argued that the top salary groups ought not to be treated less favourably than the doctors and dentists and that there is no good reason for trying to relate decisions on the pay of these groups, which ought to be based on management considerations applicable to these groups, to the decisions which MPs have taken about their own pay in the light of many considerations which are peculiar to elected representatives. In favour of Option B it may be argued that the cost will be less in the current year and that in the light of the Government's stand and the House's decision on MPs' pay it will be easier to present such a proposal to the House and publicly. Any option less favourable than Option B, which already involves a 4 month freeze for the top salary groups after their normal date for a salary increase, would be difficult to justify.

10. It would also, I believe, lead to the resignation of the Top Salaries Review Body. I know that some of your colleagues might not regard that as a disaster; but the Government needs some external and independent advice on salaries of public servants at these levels, which cannot be settled by negotiation; and any alternative to the present Review Body could hardly be expected to take a more responsible line: the dangers would be the other way round. When I saw Lord Plowden recently to tell him what was envisaged on MPs' pay, he said that the Review Body would understand and accept that the House took overriding political considerations into account in settling MPs' pay, but would consider that that credibility was called in question if the Government did not accept the recommendations on top salaries. This view has now been transmitted in writing in a --- letter of which I attach a copy. I have no doubt that the Review Body would understand and accept a decision in favour of Option A. I think that they would in practice put up with Option B, though the letter talks about credibility of the Review Body being damaged if the treatment was less favourable than that for doctors and dentists: I doubt whether they would see



the difference between 1 April and 1 August as a resignation issue. But I think that any decision which did not bring the salaries up to the recommended levels by the end of this financial year - so that next year's review started with no backlog - would be likely to lead to the Review Body's resignation.

11. As to what the "clients" - the civil servants, officers and judges - themselves would feel, I believe that they would not expect to be more generously treated than doctors and dentists (ie Option A); but their attitude to Option B would be one of resigned acceptance of the political considerations which dictated what would be seen as an illogical deferment of the recommended (and traditional) operative date for the 6.9 per cent from 1 April to 1 August, provided that the 5 per cent backlog was implemented from 1 January 1984; but that, in the light of the award to doctors and dentists and of MPs' decision (with Government acceptance) to take increases from 22 June to 1 January raising their salary level by 10.7 per cent this financial year, anything less generous than Option B would be regarded as highly discriminatory and unfair.

12. Once a decision has been reached, it would be desirable to announce it as soon as possible. If a suitable arranged Question has been put down this evening, you will probably wish to make the announcement by a Written Parliamentary reply tomorrow afternoon. A draft has already been submitted with alternative versions depending on whether Option A or Option B is approved

#### CONCLUSIONS

13. You will wish the Cabinet to reach conclusions on the following:

- i. whether the Government's response to TSRB Report No 19 on the Top Salary Groups should be on the lines of Option A or Option B in C(83) 27 or on some other basis;
- ii. whether the Government's decision should be announced by Written Answer tomorrow afternoon.



## MINISTERS AND OFFICE HOLDERS : PROPOSED SALARIES

Office	Current Salary	TSRB Recommend	Inc	June 83 Salary	% Inc	Jan 84 Salary	% Inc	Jan 85 Salary	% Inc	Jan 86 Salary	% Inc	Jan 87 Salary	% Inc	Jan 87 % increase Over current	Jan 87 as % of % TSRB
Prime Minister	46,660	65,000	39.3	48,530	4.0	51,050		53,600		56,120		58,650		25.7	90.2
Lord Chancellor	52,500	62,000	18.1												
Mr Speaker	38,785	55,000	41.8	40,340	4.0	42,440		44,560		46,650		48,750		25.7	88.6
Cabinet Minister (C)	37,410	55,000	47.0	38,910	4.0	40,930		42,980		45,000		47,020		25.7	85.5
Cabinet Minister (L)	28,950	49,500	71.0	30,110	4.0	31,680		33,260		34,820		36,390		25.7	73.5
Minister of State (C)	29,035	38,000	30.9	30,410	4.7	31,990		33,590		35,170		36,750		26.6	96.7
Minister of State (L)	24,200	32,500	34.3	25,350	4.7	26,670		28,000		29,320		30,640		26.6	94.3
Parl. Secretary (C)	24,160	31,000	28.3	25,460	5.4	26,780		28,120		29,440		30,760		27.3	99.2
Parl. Secretary (L)	19,350	25,500	31.8	20,390	5.4	21,450		22,520		23,580		24,640		27.3	96.6
Attorney General	39,160	55,000	40.4	40,730	4.0	42,850		44,990		47,100		49,220		25.7	89.5
Solicitor General	33,810	44,000	30.1	35,160	4.0	36,990		38,840		40,670		42,500		25.7	96.6
Lord Advocate (C)	29,000	38,500	32.8	30,160	4.0	31,730		33,320		34,890		36,460		25.7	94.7
Solicitor General for Scot.	30,210	38,000	25.3	31,420	4.0	33,050		34,700		36,330		37,960		25.7	99.9
<u>In the House of Commons</u>															
Leader of the Opposition	35,035	50,000	42.7	36,490	4.2	38,390		40,310		42,200		44,100		25.9	88.2
Chief Whip	32,610	42,000	28.8	34,030	4.4	35,800		37,590		39,360		41,130		26.1	97.9
Dep. Chief Whip	29,035	38,000	30.9	30,410	4.7	31,990		33,590		35,170		36,750		26.6	96.7
Opposition Chief Whip	29,035	38,000	30.9	30,410	4.7	31,990		33,590		35,170		36,750		26.6	96.7
Government Whip	21,735	28,000	28.8	22,910	5.4	24,100		25,310		26,500		27,690		27.4	98.9
Assistant Opposition Whip	21,735	28,000	28.8	22,910	5.4	24,100		25,310		26,500		27,690		27.4	98.9
Chairman, Ways and Means	29,035	38,000	30.9	30,410	4.7	31,990		33,590		35,170		36,750		26.6	96.7
Dep. Chairman Ways and Means	26,585	34,500	29.8	27,920	5.0	29,370		30,840		32,290		33,740		26.9	97.8
<u>In the House of Lords</u>															
Chief Whip	24,200	32,500	34.3	25,350	4.7	26,670		28,000		29,320		30,640		26.6	94.3
Dep. Chief Whip	19,350	25,500	31.8	20,390	5.4	21,450		22,520		23,580		24,640		27.3	96.6
Government Whip	16,925	22,500	32.9	17,840	5.4	18,770		19,710		20,640		21,570		27.4	95.9
Leader of the Opposition (L)	19,350	25,500	31.8	20,390	5.4	21,450		22,520		23,580		24,640		27.3	96.6
Opposition Chief Whip	16,925	22,500	32.9	17,840	5.4	18,770		19,710		20,640		21,570		27.4	95.9
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Prin. Dep. Chairman of Cttees	21,750	29,000	33.3	22,780	4.7	23,960		25,160		26,340		27,530		26.6	94.9
Members of Parliament	14,510	19,000	30.9	15,308	5.5	16,106	5.2	16,904	5.0	17,702	4.7	18,500	4.5	27.5	97.4
Parliamentary Salary (included above where approp)	8,460	11,000	30.0	9,543	12.8	10,626	11.3	11,709	10.2	12,792	9.2	13,875	8.5	64.0	126.1





OFFICE OF MANPOWER ECONOMICS

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19 July 1983

CONFIDENTIAL

R P Hatfield Esq  
PS/Secretary of the Cabinet  
Cabinet Office  
70 Whitehall  
LONDON SW1A 2AS

CABINET OFFICE	
A	6325
19 JUL 1983	
FILING INSTRUCTIONS	
FILE No.	_____

*Dear Richard,*

REVIEW BODY ON TOP SALARIES

Lord Plowden met Sir Robert Armstrong last week to discuss the latest TSRB reports. As I mentioned to you at Lord Plowden's request, he is concerned that he may not have dealt with one particular point arising from consideration of Report No. 19, containing the recommendations for senior civil servants and armed forces officers, and the judiciary.

Last year, when the Government abated the increases recommended for these groups in Report No. 18, it was made clear that it was doing so because the Government had felt obliged to cut back the salaries recommended by the DDRB for doctors and dentists. The position is set out on page 1 of Report No 19. Lord Plowden takes the view that, against this background, the credibility of the Review Body would be gravely damaged if the TSRB groups covered by Report No. 19 were to be accorded less favourable treatment this year than has already been announced for doctors and dentists.

You undertook to convey this view to Sir Robert Armstrong.

*Yours sincerely*  
*G E Johnson*  
G E JOHNSON





10 DOWNING STREET

Prime Minister

You asked for the  
list of Members voting  
themselves a large pay  
rise. Attached is the relevant  
chronic list.

I don't think its  
really usable!

R.



**Mr. Norman Atkinson:** What the right hon. Gentleman has said has compounded his meanness in rejecting the point raised by my hon. Friend the Member for Walthamstow (Mr. Deakins) in respect of pensions. If he cannot reiterate the assurances and concessions of his predecessor, the right hon. Member for Chelmsford (Mr. St. John-Stevas), he is being doubly mean if what he says applies to pension arrangements as they now stand.

**Mr. Biffen:** I do not take that point. The reconsideration of the linkage is a genuine attempt to meet the anxieties if the present arrangements prove unequitable.

**Mr. Nicholas Fairbairn rose—**

**Mr. Biffen:** I must continue.

The amendment of my right hon. Friend the Member for Taunton will arrange for linkage to operate on 30 June 1983 for calculation purposes, although the linkage itself will operate from the date in the amendment. I feel that this could prejudice the working of linkage in that there would be the likelihood of a substantial salary lift if this formula were operated. I do not believe that a salary hike of perhaps 20 per cent. is the kind of circumstances in which one would wish to undertake linkage. [Interruption.] Well I have to take my support where I can find it.

**Mr. St. John-Stevas:** Perhaps I may interrupt my right hon. Friend in a more parliamentary way. Due to the

arrival of that extraordinary object, I was unable to hear the important things that my right hon. Friend was saying. May I ask him to repeat them?

**Mr. Biffen:** My speech has been redolent with important things, although perhaps not all so widely appreciated as they might be. At any rate, I think that my right hon. Friend the Member for Chelmsford would have liked to hear my assurance that if on 1 January 1988 the linkage point proposed by my right hon. Friend the Member for Taunton was patently inequitable the Government would bring the matter before the House again.

My other reason for inviting the House to reject the amendment of my right hon. Friend the Member for Stafford is this. Although in certain circumstances we would be prepared to consider the factors relating to the linkage point, in the first three months of the next Parliament the House itself will have the chance to reconsider the working of linkage. If we are to make a success of the linkage proposal, I believe that the link proposed by my right hon. Friend the Member for Taunton offers the most prudent and acceptable course for the House. I recommend those proposals and with them the motions standing in my name on the Order Paper.

**Mr. Speaker:** Order. I shall now call the right hon. Member for Taunton (Mr. du Cann) to move his amendment (b).

*Amendment (b) proposed to motion No. 2, in*

line 1, leave out from first 'House' to end and add:—

'(a) the salaries payable to Members of this House should be:—

(i) £18,500 for Members not falling within sub-paragraph (ii); and

5 (ii) £13,875 for Officers of this House and Members receiving a salary under the Ministerial and other Salaries Act 1975 or a pension under section 26 of the Parliamentary and other Pensions Act 1972;

(b) the implementation of this recommendation should be by means of five equal increments, to be effective from 22nd June 1983, 1st January 1984, 1st January 1985, 1st January 1986 and 1st January 1987 respectively; and

10 (c) the salary of a Member should from 1st January 1988 be linked to that paid to a civil servant at a point in the grade of national salaries which is receiving £18,500 on 1st January 1987 and the parliamentary salary of Members within paragraph (a)(ii) above should be seventy-five per cent. of that figure, provided that this paragraph would not have effect unless approved by a Resolution of the House during the first three months of each Parliament.'—[Mr. du Cann.]

15

**Mr. Marlow:** On a point of order, Mr. Speaker.

**Mr. Speaker:** No point of order arises. I am proposing the Question. I now call the right hon. Member for Stafford (Sir H. Fraser) to move his amendment to the amendment.

*Amendment (i) proposed to the proposed amendment, in line 12, leave out '1st January 1987' and insert '13th June 1983'—[Sir Hugh Fraser.]*

*Question put, That the amendment be made:—*

*The House divided: Ayes 226, Noes 218.*

Division No. 27]

[2.47 am

AYES

Amess, David  
Archer, Gordon Peter  
Arnold, Tom  
Ashdown, Paddy  
Ashton, Les  
Atkinson, N. (Tottenham)  
Bagier, Gordon A. T.

Baldry, Anthony —  
Banks, Robert (Harrogate) —  
Barnett, Guy  
Beith, A. J.  
Bell, Stuart  
Bennett, A. (Dent'n & Red'sh)  
Bidwell, Sydney

Blackburn, John  
Blaker, Rt Hon Peter  
Boothroyd, Miss Betty  
Bowden, Gerald (Dulwich)  
Bray, Dr Jeremy  
Brown, Gordon (D'f'mline E)  
Brown, Hugh D. (Provan)  
Brown, N. (N'c'tle-u-Tyne E)  
Brown, R. (N'c'tle-u-Tyne N)  
Bruinvels, Peter  
Buchan, Norman  
Buck, Sir Antony  
Callaghan, Jim (Heyw'd & M)  
Campbell, Ian  
Campbell-Savours, Dale  
Cartwright, John  
Clark, Dr David (S Shields)  
Clark, Dr Michael (Rochford)  
Clarke, Thomas  
Cocks, Rt Hon M. (Bristol S.)  
Coleman, Donald  
Concannon, Rt Hon J. D.  
Conlan, Bernard  
Conway, Derek

Cook, Frank (Stockton North)  
Cook, Robin F. (Livingston)  
Coombs, Simon  
Corbett, Robin  
Couchman, James  
Cowans, Harry  
Cox, Thomas (Tooting)  
Craigie, J. M.  
Critchley, Julian —  
Crowther, Stan  
Cunliffe, Lawrence  
Cunningham, Dr John  
Dalyell, Tam  
Davies, Ronald (Caerphilly)  
Davis, Terry (B'ham, H'ge H'l)  
Deakins, Eric  
Dewar, Donald  
Dobson, Frank  
Dormand, Jack  
Duffy, A. E. P.  
Dunwoody, Hon Mrs G.  
Dykes, Hugh  
Eadie, Alex  
Eastham, Ken



Evans, Ioan (*Cynon Valley*)  
 Evans, John (*St. Helens N*)  
 Ewing, Harry  
 Fairbairn, Nicholas  
 Field, Frank (*Birkenhead*)  
 Finsberg, Geoffrey  
 Fookes, Miss Janet  
 Foot, Rt Hon Michael  
 Forrester, John  
 Foster, Derek  
 Foulkes, George  
 Fraser, J. (*Norwood*)  
 Freeson, Rt Hon Reginald  
 Gardiner, George (*Reigate*)  
 Gardner, Sir Edward (*Fylde*)  
 Garrett, W. E.  
 George, Bruce  
 Gilbert, Rt Hon Dr John  
 Golding, John  
 Goodhart, Sir Philip  
 Gorst, John  
 Gould, Bryan  
 Greenway, Harry  
 Griffiths, Peter (*Portsmouth N*)  
 Grist, Ian  
 Grylls, Michael  
 Hamilton, James (*M'well N*)  
 Hamilton, Neil (*Tatton*)  
 Hamilton, W. W. (*Central Fife*)  
 Hardy, Peter  
 Hargreaves, Kenneth  
 Harrison, Rt Hon Walter  
 Haselhurst, Alan  
 Haynes, Frank  
 Heath, Rt Hon Edward  
 Heathcoat-Amory, David  
 Hicks, Robert  
 Higgins, Rt Hon Terence L.  
 Hind, Kenneth  
 Hogg, N. (*C'nauld & Kilsyth*)  
 Holland, Stuart (*Vauxhall*)  
 Home Robertson, John  
 Howell, Ralph (*N Norfolk*)  
 Hoyle, Douglas  
 Hughes, Robert (*Aberdeen N*)  
 Hughes, Roy (*Newport East*)  
 Hughes, Sean (*Knowsley S*)  
 Hughes, Simon (*Southwark*)  
 Hunt, John (*Ravensbourne*)  
 Janner, Hon Greville  
 John, Brynmor  
 Johnston, Russell  
 Jones, Barry (*Alyn & Deeside*)  
 Kaufman, Rt Hon Gerald  
 Kennedy, Charles  
 Kilroy-Silk, Robert  
 Kinnock, Neil  
 Kirkwood, Archibald  
 Knowles, Michael  
 Knox, David  
 Lambie, David  
 Lamond, James  
 Lawler, Geoffrey  
 Lawrence, Ivan  
 Leadbitter, Ted  
 Lewis, Sir Kenneth (*Stamf'd*)  
 Lewis, Ron (*Carlisle*)  
 Lewis, Terence (*Worsley*)  
 Lightbown, David  
 Litherland, Robert  
 Lloyd, Ian (*Havant*)  
 Lloyd, Tony (*Stretford*)  
 Lofthouse, Geoffrey  
 McCartney, Hugh  
 McCrindle, Robert  
 McDonald, Dr Oonagh  
 McGuire, Michael  
 MacKay, Andrew (*Berkshire*)  
 McKelvey, William  
 Mackenzie, Rt Hon Gregor

MacIennan, Robert  
 McNamara, Kevin  
 McTaggart, Robert  
 McWilliam, John  
 Maples, John  
 Marlow, Antony  
 Marshall, David (*Shettleston*)  
 Marshall, Michael (*Arundel*)  
 Martin, Michael  
 Mason, Rt Hon Roy  
 Maxton, John  
 Meacher, Michael  
 Meadowcroft, Michael  
 Mikardo, Ian  
 Millan, Rt Hon Bruce  
 Miller, Hal (*B'grove*)  
 Miller, Dr M. S. (*E Kilbride*)  
 Miscampbell, Norman  
 Mitchell, Austin (*G't Grimsby*)  
 Moate, Roger  
 Morris, Rt Hon J. (*Aberavon*)  
 Morris, M. (*N'hampton, S*)  
 Morrison, Hon C. (*Devizes*)  
 Oakes, Rt Hon Gordon  
 O'Brien, William  
 O'Neill, Martin  
 Orme, Rt Hon Stanley  
 Page, John (*Harrow W*)  
 Parry Robert  
 Patchett, Terry  
 Pavitt, Laurie  
 Pendry, Tom  
 Penhaligon, David  
 Pike, Peter  
 Powell, Raymond (*Ogmore*)  
 Prentice, Rt Hon Reg  
 Randall, Stuart  
 Rathbone, Tim  
 Redmond, M.  
 Rhys Williams, Sir Brandon  
 Roberts, Allan (*Bootle*)  
 Robertson, George  
 Rogers, Allan  
 Rooker, J. W.  
 Ross, Stephen (*Isle of Wight*)  
 Sheerman, Barry  
 Sheldon, Rt Hon R.  
 Shepherd, Colin (*Hereford*)  
 Shore, Rt Hon Peter  
 Short, Ms Clare (*Ladywood*)  
 Short, Mrs R. (*W'hamp't'n NE*)  
 Silkin, Rt Hon J.  
 Silvester, Fred  
 Sims, Roger  
 Smith, Rt Hon J. (*M'k'l'ds E*)  
 Snape, Peter  
 Steen, Anthony  
 Stevens, Martin (*Fulham*)  
 Stewart, Rt Hon D. (*W Isles*)  
 Stott, Roger  
 Strang, Gavin  
 Straw, Jack  
 Sumberg, David  
 Temple-Morris, Peter  
 Thompson, J. (*Wansbeck*)  
 Thompson, Patrick (*N'ich N*)  
 Tinn, James  
 Townsend, Cyril D. (*B'heath*)  
 Trotter, Neville  
 Twinn, Dr Ian  
 Varley, Rt Hon Eric G.  
 Wainwright, R.  
 Ward, John  
 Wardell, Gareth (*Gower*)  
 Wareing, Robert  
 Wiggin, Jerry  
 Wigley, Dafydd  
 Williams, Rt Hon A.  
 Wilson, Gordon  
 Winnick, David

Winterton, Mrs Ann  
 Winterton, Nicholas  
 Woodall, Alec  
 Wrigglesworth, Ian

Tellers for the Ayes:  
 Sir Hugh Fraser and  
 Mr. Norman St. John-Stevan.

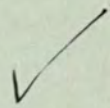
## NOES

Alison, Rt Hon Michael  
 Ancram, Michael  
 Atkins Robert (*South Ribble*)  
 Atkinson, David (*B'm'th E*)  
 Baker, Kenneth (*Mole Valley*)  
 Baker, Nicholas (*N Dorset*)  
 Banks, Tony (*Newham NW*)  
 Barron, Kevin  
 Batiste, Spencer  
 Bellingham, Henry  
 Bennett, Sir Frederic (*T'bay*)  
 Benyon, William  
 Berry, Hon Anthony  
 Biffen, Rt Hon John  
 Boscawen, Hon Robert  
 Bottomley, Peter  
 Boyes, Roland  
 Boyson, Dr Rhodes  
 Braine, Sir Bernard  
 Brittan, Rt Hon Leon  
 Brooke, Hon Peter  
 Brown, M. (*Brigg & Cl'thpes*)  
 Buchanan-Smith, Rt Hon A.  
 Budgen, Nick  
 Burt, Alistair  
 Butcher, John  
 Butler, Hon Adam  
 Caborn, Richard  
 Carlisle, Kenneth (*Lincoln*)  
 Cartliss, Michael  
 Chalker, Mrs Lynda  
 Channon, Rt Hon Paul  
 Chope, Christopher  
 Churchill, W. S.  
 Clark, Hon A. (*Plym'th S'n*)  
 Clark, Sir W. (*Croydon S*)  
 Clarke Kenneth (*Rushcliffe*)  
 Clay, Robert  
 Cohen, Harry  
 Colvin, Michael  
 Cope, John  
 Corbyn, Jeremy  
 Corrie, John  
 Dixon, Donald  
 Dorrell, Stephen  
 Douglas-Hamilton, Lord J.  
 Dunn, Robert  
 Edwards, Rt Hon N. (*P'broke*)  
 Eggar, Tim  
 Emery, Sir Peter  
 Evennett, David  
 Eyre, Reginald  
 Fallon, Michael  
 Fenner, Mrs Peggy  
 Fisher, Mark  
 Fletcher, Alexander  
 Forsyth, Michael (*Stirling*)  
 Fowler, Rt Hon Norman  
 Fox, Marcus  
 Fraser, Peter (*Angus East*)  
 Freeman, Roger  
 Gale, Roger  
 Garel-Jones, Tristan  
 Glyn, Dr Alan  
 Goodlad, Alastair  
 Gow, Ian  
 Gregory, Conal  
 Ground, Patrick  
 Gummer, John Selwyn  
 Hamilton, Hon A. (*Epsom*)  
 Hampson, Dr Keith  
 Hanley, Jeremy  
 Harris, David  
 Harvey, Robert  
 Havers, Rt Hon Sir Michael  
 Hawkins, C. (*High Peak*)  
 Hayhoe, Barney  
 Heseltine, Rt Hon Michael  
 Hickmet, Richard  
 Hirst, Michael  
 Hogg, Hon Douglas (*Gr'th'm*)  
 Holt, Richard  
 Howard, Michael  
 Howarth, Alan (*Stratf'd-on-A*)  
 Howarth, Gerald (*Cannock*)  
 Howe, Rt Hon Sir Geoffrey  
 Hunt, David (*Wirral*)  
 Hurd, Rt Hon Douglas  
 Jenkin, Rt Hon Patrick  
 Johnson-Smith, Sir Geoffrey  
 Jones, Robert (*W Herts*)  
 Jopling, Rt Hon Michael  
 Joseph, Rt Hon Sir Keith  
 Kellett-Bowman, Mrs Elaine  
 Key, Robert  
 Kilfedder, James A.  
 King, Rt Hon Tom  
 Knight, Mrs Jill (*Edgbaston*)  
 Lamont, Norman  
 Lang, Ian  
 Lawson, Rt Hon Nigel  
 Lee, John (*Pendle*)  
 Leigh, Edward (*Gainsbor'gh*)  
 Lennox-Boyd, Hon Mark  
 Lilley, Peter  
 Lloyd, Peter, (*Fareham*)  
 Lord, Michael  
 Luce, Richard  
 Lyell, Nicholas  
 McCrea, Rev William  
 McCurley, Mrs Anna  
 Macfarlane, Neil  
 MacGregor, John  
 MacKay, John (*Argyll & Bute*)  
 Madden, Max  
 Maginnis, Ken  
 Major, John  
 Malins, Humfrey  
 Malone, Gerald  
 Marek, Dr John  
 Marland, Paul  
 Maude, Francis  
 Mawhinney, Dr Brian  
 Mayhew, Sir Patrick  
 Mellor, David  
 Merchant, Piers  
 Meyer, Sir Anthony  
 Michie, William  
 Mills, Iain (*Meriden*)  
 Mills, Sir Peter (*West Devon*)  
 Mitchell, David (*NW Hants*)  
 Molyneux, James  
 Monro, Sir Hector  
 Montgomery, Fergus  
 Moore, John  
 Morrison, Hon P. (*Chester*)  
 Moynihan, Hon C.  
 Needham, Richard  
 Nellist, David  
 Nelson, Anthony  
 Neubert, Michael  
 Newton, Tony  
 Nicholls, Patrick  
 Nicholson, J.  
 Norris, Steven  
 Onslow, Cranley  
 Osborn, Sir John  
 Ottaway, Richard





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P.01073

MR SCHOLAR

cc Sir Robert Armstrong

MINISTERIAL SALARIES

I now attach the schedule of Ministerial salaries prepared in line with the conclusions reached at the Prime Minister's meeting yesterday. The note behind the schedule explains principles which have been employed.

2. The Treasury are preparing a draft Written Answer to be given tomorrow (Wednesday) on the assumption that the du Cann amendments are approved and that the new draft Order in Council on Ministerial salaries is laid after tonight's debate. The schedule can be attached to that Answer but it would probably be desirable for that purpose to drop the right hand column and the bottom line.

3. It is for consideration whether the Prime Minister or the Lord Privy Seal should give the Written Answer. There would be no objection to the latter since the Lord Privy Seal's Answer of last Thursday covered Ministers as well as MPs. I assume that No 10 will sort this out with Mr Heyhoe in the Lord Privy Seal's Office. He has a copy of the schedule and knows about the proposal for the Written Answer.

P L GREGSON

19 July 1983

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MINISTERS AND OFFICE HOLDERS : PROPOSED SALARIES

Office	Current Salary	TSRB Recommend	Inc	Jul 83 Salary	% Inc	Jan 84 Salary	% Inc	Jan 85 Salary	% Inc	Jan 86 Salary	% Inc	Jan 87 Salary	% Inc	Jan 87 % increase Over current	Jan 87 as % TSRB
Prime Minister	46,660	65,000	39.3	48,530	4.5	51,050		53,600		56,120		58,650		25.7	90.2
Lord Chancellor	52,500	62,000	18.1												
Mr Speaker	38,785	55,000	41.8	40,340	4.0	42,440		44,560		46,650		48,750		25.7	88.6
Cabinet Minister (C)	37,410	55,000	47.0	38,910	4.0	40,930		42,980		45,000		47,020		25.7	85.5
Cabinet Minister (L)	28,950	49,500	71.0	30,110	4.0	31,680		33,260		34,820		36,390		25.7	73.5
Minister of State (C)	29,035	38,000	30.9	30,400	4.7	31,980		33,580		35,160		36,740		26.5	96.7
Minister of State (L)	24,200	32,500	34.3	25,340	4.7	26,660		27,990		29,310		30,630		26.6	94.2
Parl. Secretary (C)	24,160	31,000	28.3	25,460	5.4	26,780		28,120		29,440		30,760		27.3	99.2
Parl. Secretary (L)	19,350	25,500	31.8	20,390	5.4	21,450		22,520		23,580		24,640		27.3	96.6
Attorney General	39,160	55,000	40.4	40,730	4.0	42,850		44,990		47,100		49,220		25.7	89.5
Solicitor General	33,810	44,000	30.1	35,160	4.0	36,990		38,840		40,670		42,500		25.7	96.6
Lord Advocate (C)	29,000	38,500	32.8	30,160	4.0	31,730		33,320		34,890		36,460		25.7	94.7
Solicitor General for Scot.	30,210	38,000	25.3	31,420	4.0	33,050		34,700		36,330		37,960		25.7	99.9
<u>In the House of Commons</u>															
Leader of the Opposition	35,035	50,000	42.7	36,490	4.2	38,390		40,310		42,200		44,100		25.9	88.2
Chief Whip	32,610	42,000	28.8	34,030	4.4	35,800		37,590		39,360		41,130		26.1	97.9
Dep. Chief Whip	29,035	38,000	30.9	30,400	4.7	31,980		33,580		35,160		36,740		26.5	96.7
Opposition Chief Whip	29,035	38,000	30.9	30,400	4.7	31,980		33,580		35,160		36,740		26.5	96.7
Government Whip	21,735	28,000	28.8	22,910	5.4	24,100		25,310		26,500		27,690		27.4	98.9
Assistant Opposition Whip	21,735	28,000	28.8	22,910	5.4	24,100		25,310		26,500		27,690		27.4	98.9
Chairman, Ways and Means	29,035	38,000	30.9	30,400	4.7	31,980		33,580		35,160		36,740		26.5	96.7
Dep. Chairman Ways and Means	26,585	34,500	29.8	27,920	5.0	29,370		30,840		32,290		33,740		26.9	97.8
<u>In the House of Lords</u>															
Chief Whip	24,200	32,500	34.3	25,340	4.7	26,660		27,990		29,310		30,630		26.6	94.2
Dep. Chief Whip	19,350	25,500	31.8	20,390	5.4	21,450		22,520		23,580		24,640		27.3	96.6
Government Whip	16,925	22,500	32.9	17,840	5.4	18,770		19,710		20,640		21,570		27.4	95.9
Leader of the Opposition (L)	19,350	25,500	31.8	20,390	5.4	21,450		22,520		23,580		24,640		27.3	96.6
Opposition Chief Whip	16,925	22,500	32.9	17,840	5.4	18,770		19,710		20,640		21,570		27.4	95.9
Chairman of Committees	24,200	32,500	34.3	25,340	4.7	26,660		27,990		29,310		30,630		26.6	94.2
Prin. Dep. Chairman of Cttees	21,750	29,000	33.3	22,770	4.7	23,950		25,150		26,330		27,510		26.5	94.9
Members of Parliament	14,510	19,000	30.9	15,308	5.5	16,106	5.2	16,904	5.0	17,702	4.7	18,500	4.5	27.5	97.4
Parliamentary Salary (included above where approp)	8,460	11,000	30.0	9,543	12.8	10,626	11.3	11,709	10.2	12,792	9.2	13,875	8.5	64.0	126.1



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MINISTERIAL SALARY INCREASES

Note of bases adopted

Ministers' salaries increase in July 1983 as follows :-

- a. Prime Minister, Cabinet Ministers, Law Officers and Mr Speaker by 4 per cent.
- b. Other Ministers and office holders in the Commons by 1.4 per cent on Ministerial salary (plus increase due on Parliamentary salary under the du Cann amendment).
- c. Other Ministers and office holders in the Lords by the same percentage as are increased the salaries of suitable analogues, as follows :-

Chief Whip (L)	taken with	Dep. Chief Whip (C)
Chairman of Cttees (L)		-do-
Prin. Dep. Chmn of Cttees (L)		-do-
Dep. Chief Whip (L)		Gov. Whip (C)
Gov. Whip (L)		-do-
Leader of Opp. (L)		-do-
Opp. Chief Whip (L)		-do-

- d. Notwithstanding (a) to (c) above, an absolute cut-off is applied so that no Minister or office holder gets a bigger percentage salary than the Parliamentary Secretary (Commons and Lords) gets (5.4 per cent).

2. At 1 January 1984, 1985, 1986 and 1987 each Minister or office holders gets the same percentage increase in total salary as do MPs under the du Cann amendment.

3. Descisions are awaited on the Lord Chancellor's salary.





File

JA

10 DOWNING STREET

cc: R. Hatfield  
b/c: W. Alison  
W. Owen

From the Private Secretary

19 July 1983

Dear David,

MPs' Pay

The Prime Minister had a brief discussion with the Lord Privy Seal this morning about Members' Pay. The Chief Whip and Mr. Alison were also present.

The Prime Minister said that the effect of Sir Hugh Fraser's and Mr. St. John-Stevas' amendment to Mr. Du Cann's proposed amendment to the Lord Privy Seal's motion would be to go farther even than the Top Salaries Review Body. The amendment was, therefore, wholly unacceptable. The Lord Privy Seal said that he did not expect this amendment to be carried, but that there might be a swell of opinion in its favour during the course of the day. If this occurred, and if he deemed it prudent to attempt to defuse the situation in his final speech, he proposed to note that Mr. Du Cann's amendment itself provided for a Resolution by the House within three months of a new Parliament approving the proposed linkage; but also to say that if on 1 January 1988 the proposed linkage point was patently and obviously inequitable, then the Government would bring the matter before the House again.

After discussion it was agreed that the Lord Privy Seal should, in the circumstances described, speak in this sense.

I am sending a copy of this letter to Margaret O'Mara (HM Treasury) and Murdo Maclean (Chief Whip's Office).

Yours sincerely,

Michael Scholar

David Heyhoe, Esq.,  
Lord Privy Seal's Office.



aw

①

Prime Minister

This is in line with  
the discussions. There is little or



*MS*

Privy Council Office  
68 Whitehall  
LONDON  
SW1A 2AT

no advocacy of  
restraint - but I

cannot judge if  
such advocacy would  
or would not go down  
badly in the House.

*Acw Carolyn*

18 July 1983

PARLIAMENTARY PAY AND ALLOWANCES

I enclose a copy of the Lord Privy Seal's proposed opening remarks for tomorrow's debate on this subject.

Copies go to Michael Scholar (No 10), John Kerr (HM Treasury), David Beamish (Lord President's Office), Murdo Maclean (Chief Whip's Office), and Richard Hatfield (Cabinet Office).

*MCS 18/7*

*Your ever,*  
*David*

D C R Heyhoe  
Private Secretary

Carolyn Sinclair  
HM Treasury  
Treasury Chambers  
Parliament Street  
LONDON SW1P 3AG



I BEG TO MOVE MOTION NO / /, IN RESPECT OF MEMBERS' SALARIES, WHICH STANDS ON THE ORDER PAPER IN MY NAME. I UNDERSTAND, MR SPEAKER, THAT, IF YOU AGREE, IT MAY BE CONVENIENT TO DISCUSS WITH THIS THE OTHER MOTIONS IN MY NAME, NAMELY MOTIONS / / - / /.

I WILL IN THE COURSE OF MY REMARKS COMMENT UPON THE AMENDMENT IN THE NAME OF / WHICH SEEKS THE FULL IMPLEMENTATION OF THE PLOWDEN REPORT. I SHALL ALSO REFER TO THE AMENDMENTS IN THE NAME OF MY RT HON FRIEND THE MEMBER FOR TAUNTON WHICH EFFECTIVELY SUGGEST AN ALTERNATIVE WAY OF DETERMINING MEMBERS PAY. INDEED I REALISE THE DEBATE MAY WELL CENTRE AROUND THE PROPOSALS OF MY RT HON FRIEND - PROPOSALS WHICH ARE ACCEPTABLE TO THE GOVERNMENT.

I HAVE AN OBLIGATION NEVERTHELESS TO SPEAK TO THE INITIAL RECOMMENDATIONS OF THE GOVERNMENT; AND THIS I PROPOSE TO DO AS SUCCINCTLY AS I CAN.



THE DETAILS OF THOSE RECOMMENDATIONS AND SUBSEQUENT MOTIONS WERE SET OUT IN THE ANSWER I GAVE TO MY HON FRIEND THE MEMBER FOR HEREFORD ON THURSDAY, 14 JULY. I SHOULD PERHAPS ALSO EXPLAIN, AT THE OUTSET, WHY THERE ARE TWO SIMILAR MOTIONS ON THE ORDER PAPER ON PAY. THIS IS THE NORMAL PROCEDURE. THE FIRST MOTION IS FRAMED AS AN EXPRESSION OF OPINION AND CAN BE AMENDED; THE SECOND BEARS THE QUEEN'S RECOMMENDATION AND CANNOT. THE SECOND MOTION IS REQUIRED TO PROVIDE FOR AN INCREASE IN EXCHEQUER CONTRIBUTIONS TO THE PENSION FUND FOLLOWING AN INCREASE IN MEMBERS' PAY. IF THE MOTION FRAMED AS AN EXPRESSION OF OPINION HAS FAVOUR WITH THE HOUSE, THE SECOND, EFFECTIVE MOTION WILL THEN BE MOVED. CONVERSELY, IF THE EXPRESSION OF OPINION MOTION IS AMENDED, THE EFFECTIVE MOTION WILL NOT BE MOVED TONIGHT, BUT I WOULD PROPOSE TO BRING A SUITABLY REVISED VERSION BEFORE THE HOUSE AT AN EARLY OPPORTUNITY.

THAT SAID, I PROPOSE TO SPEAK BRIEFLY AS I REALISE THAT MANY MEMBERS ALSO WISH TO SPEAK. I SHALL, OF COURSE, SEEK AN OPPORTUNITY TO SPEAK AGAIN AT THE CONCLUSION OF THE DEBATE. ON THAT OCCASION I HOPE TO COMMENT UPON THE POINTS THAT HAVE BEEN RAISED MEANWHILE.



THE GENESIS OF THE PROPOSALS NOW BEFORE US LIES IN THE REPORT OF THE SELECT COMMITTEE ON MEMBERS' SALARIES PUBLISHED IN FEBRUARY 1982. THE COMMITTEE RECOMMENDED THAT THE TOP SALARIES REVIEW BODY SHOULD WHERE POSSIBLE REVIEW MEMBERS' PAY IN THE FOURTH YEAR OF EACH PARLIAMENT.

THE GOVERNMENT AND THE HOUSE ACCEPTED THIS RECOMMENDATION ON 10 JUNE 1982 AND THE REVIEW BODY HAVE ACCORDINGLY CARRIED OUT THEIR REVIEW. THEIR REPORT WAS PUBLISHED AS CMND 8881. THE GOVERNMENT ARE MOST GRATEFUL TO LORD PLOWDEN AND HIS COLLEAGUES FOR THEIR WORK, AND ACKNOWLEDGE THE CARE THAT HAS GONE INTO THE PREPARATION OF THE REPORT.

THE REVIEW BODY CONSIDERED THE FOLLOWING MATTERS: THE SALARIES OF MEMBERS OF PARLIAMENT; THEIR SECRETARIAL, RESEARCH AND OFFICE EXPENSES; OTHER ALLOWANCES AND FACILITIES FOR MPs; THEIR PENSIONS AND RESETTLEMENT ARRANGEMENTS; AND THE SALARIES OF MINISTERS AND OTHER OFFICE HOLDERS. I WILL DEAL BRIEFLY WITH EACH OF THESE ELEMENTS.



FIRST, THE GOVERNMENT HAS TABLED MOTIONS AUTHORISING THE REVIEW BODY'S RECOMMENDATIONS FOR THE IMPROVEMENTS IN VARIOUS ALLOWANCES PAYABLE TO MPs. THE BIGGEST SINGLE CHANGE HERE IS THAT THE ALLOWANCE AVAILABLE FOR SECRETARIAL AND RESEARCH ASSISTANCE SHOULD BE INCREASED FROM £8,820 to £13,000 PER YEAR.

THE GOVERNMENT ALSO ENDORSE THE PROPOSAL THAT, IN FUTURE, ELIGIBILITY FOR THE ALLOWANCE SHOULD BE SUBJECT TO THE CONDITION THAT ALL PAYMENTS TO MPs' STAFF SHOULD BE MADE BY THE FEES OFFICE, ON BEHALF OF THE MP AND DIRECT TO THE STAFF CONCERNED. THIS IS DESIRABLE IN THE INTERESTS OF ACCOUNTABILITY.

THE REVIEW BODY SAID NOTHING ABOUT ARRANGEMENTS FOR REVIEWING THIS ALLOWANCE. HOWEVER, THE GOVERNMENT PROPOSE THAT ANNUAL ADJUSTMENTS TO THE ALLOWANCE SHOULD IN FUTURE BE CONSIDERED, AS IS BROADLY THE PRACTICE WITH ALL OTHER ALLOWANCES.

TURNING TO PENSIONS, THE REVIEW BODY RECOMMEND, AND THE GOVERNMENT ACCEPT, THAT THE PENSION ACCRUAL RATE FOR MPS SHOULD IN FUTURE BE SET AT 1/50TH RATHER THAN 1/60TH OF PENSIONABLE SALARY. THIS IS A LONG SOUGHT CHANGE. MEMBERS' CANNOT NORMALLY BE EXPECTED TO HAVE HAD A FULL WORKING PARLIAMENTARY LIFE OF 40 YEARS.

✓  
Lord Plender  
attached  
much  
importance  
to this.  
Mrs



LEGISLATION WILL BE REQUIRED FOR THE PENSION CHANGES, WHICH WILL BE INTRODUCED AFTER THE HOUSE RETURNS FROM THE SUMMER RECESS.

THE REVIEW BODY ALSO RECOMMENDED THAT A RESETTLEMENT GRANT SHOULD BE AVILABLE TO ALL MPS WHO LEAVE THE HOUSE AT A GENERAL ELECTION, WITH THE EXCEPTION OF THOSE WHO HAVE REACHED NORMAL RETIREMENT AGE. THE HOUSE WILL BE AWARE THAT THE PREVIOUS RULE WAS THAT A MEMBER HAD TO BE DEFEATED IN THE GENERAL ELECTION IN ORDER TO QUALIFY FOR THIS BENEFIT. THE REVIEW BODY RECOGNISED THAT WIDENING THE CRITERIA INVOLVES A BASIC CHANGE, BUT SAID THAT THEY WERE IMPRESSED BY THE WEIGHT OF EVIDENCE ON THE DIFFICULTIES AND THE ANOMALIES WHICH ARISE FROM THE PRESENT CRITERIA.

THE GOVERNMENT HAVE ACCEPTED THE REVIEW BODY'S RECOMMENDATION ON THIS POINT. IT PROPOSES THAT THE RESETTLEMENT GRANT SHOULD BE AVAILABLE TO ALL MEMBERS WHO RETIRED FROM THE LAST PARLIAMENT FOLLOWING THE DISSOLUTION ON 13 MAY THIS YEAR.

AT THIS POINT I WOULD LIKE TO CONSIDER ONE OTHER ALLOWANCE, NAMELY MOTOR MILEAGE.



AS THE HOUSE WILL KNOW, A RESOLUTION DATING FROM 1975 PROVIDES THAT THIS ALLOWANCE SHOULD BE LINKED TO THAT PAYABLE TO CIVIL SERVANTS. THE CIVIL SERVICE MOTOR MILEAGE ALLOWANCE HAS BEEN PERIODICALLY INCREASED TO REFLECT MOVEMENT IN COSTS AND THESE INCREASES, WHICH ARE AUTOMATICALLY REFLECTED IN THE MILEAGE RATE FOR MPs, ARE NOTIFIED TO MEMBERS BY THE FEES OFFICE.

RECENTLY THERE HAS BEEN A FURTHER DEVELOPMENT IN THE CIVIL SERVICE MILEAGE ALLOWANCE. FOLLOWING A RAYNER INVESTIGATION IT HAS BEEN DECIDED TO INTRODUCE A TWO-TIER PAYMENTS STRUCTURE MORE CLOSELY RELATED TO ACTUAL COSTS. THUS THE PRESENT RATE WILL BE PAID FOR THE FIRST 9,000 MILES IN ANY FINANCIAL YEAR, BUT A REDUCED RATE WILL BE PAID FOR MILEAGE THEREAFTER. IN CURRENT CIRCUMSTANCES THIS WILL MEAN PAYMENTS RESPECTIVELY OF 25.8p and 14p.

THE GOVERNMENT HAVE CONSIDERED THESE CHANGES IN RELATION TO THE POSITION OF MEMBERS OF PARLIAMENT. THEY CONCLUDE THAT THE NEW CIVIL SERVICE TWO-TIER STRUCTURE OF MOTOR MILEAGE ALLOWANCE IS APPROPRIATE ALSO FOR MPs. UNDER THE TERMS OF THE RESOLUTION OF 1975, THE TWO-TIER STRUCTURE WILL COME INTO EFFECT FOR MPs FROM 1 OCTOBER 1983.



I COME NOW TO THE QUESTION OF SALARY ITSELF. AS THE HOUSE KNOWS, THE REVIEW BODY RECOMMENDED A SALARY OF £19,000 PER ANNUM FOR MPS, AN INCREASE OF SOME 31 PER CENT ON THE PRESENT FIGURE. THE GOVERNMENT PROPOSES A SALARY OF £15,090 PER ANNUM, OR AN INCREASE OF 4 PER CENT. THE GOVERNMENT HAVE ALSO PROPOSED INCREASES OF 4 PER CENT IN RESPECT OF MINISTERS AND OTHER OFFICE HOLDERS.

Better to omit these two sentences?  
FERB

THIS PROPOSED INCREASE REPRESENTS A VALUE JUDGEMENT OF WHAT IS AN APPROPRIATE SALARY FOR A MEMBER. WE ARE ALL CONSTRAINED TO MAKE A VALUE JUDGEMENT OF WHAT THAT FIGURE SHOULD BE. THE TSRB REPORT SUGGESTS IT SHOULD PAY REGARD TO A MEMBER BEING FULL TIME WITH NO OTHER SOURCE OF INCOME AND IT ALSO MUST TAKE ACCOUNT OF THE UNIQUE NATURE OF AN MPS OCCUPATION. THOSE FACTORS ALONE HOWEVER DO NOT INDICATE A SELF-EVIDENT SALARY. WE HAVE STILL TO MAKE OUR OWN POLITICAL JUDGEMENT ABOUT AN ISSUE SENSITIVE IN ITS ECONOMIC AND SOCIAL CONSEQUENCES. AS I HAVE SAID THE GOVERNMENT MOTION PROPOSES AN ANNUAL SALARY FOR MPS OF £15,090. THAT FIGURE STANDS TO BE CONSIDERED SHOULD THE AMENDMENTS OF MY RT HON FRIEND FOR TAUNTON FAIL.



I REITERATE THAT WE HAVE TO MAKE OUR PERSONAL AND POLITICAL JUDGEMENT ON THIS ISSUE. IT IS REDOLENT WITH ECONOMIC IMPLICATIONS FAR GREATER THAN THE ACTUAL SUMS INVOLVED. IN THAT CONTEXT THEREFORE I INVITE THE HOUSE TO REJECT THE AMENDMENT IN THE NAME OF / THE HON MEMBER FOR EASINGTON REQUIRING AN IMMEDIATE INCREASE IN MEMBERS PAY OF 31 PER CENT SO PROVIDING AN ANNUAL SALARY OF £19,000.

MAY I TURN NOW TO THE PROPOSALS OF MY RT HON FRIEND FOR TAUNTON. IN NO SENSE WOULD IT BE APPROPRIATE FOR ME TO ANTICIPATE THE SPEECH I KNOW HE WILL MAKE IN THEIR ADVOCACY. I WOULD HOWEVER LIKE TO REFLECT UPON THE GENERAL IMPLICATION OF THE AMENDMENTS. I MAKE THE FOLLOWING POINTS IN NO ORDER OF MAGNITUDE. FIRST THE AMENDMENTS MAKE A CHANGE IN THE BALANCE BETWEEN MEMBERS' PAY AND ALLOWANCES; SECONDLY THEY PROVIDE FOR A SLIGHTLY HIGHER PENSION CONTRIBUTION:; THIRDLY THEY PROVIDE FOR A SOMEWHAT HIGHER INITIAL SALARY INCREASE THAN THE GOVERNMENT PROPOSAL OF 4 PER CENT; FOURTHLY THEY PROVIDE FOR PRECISE PLANNED SALARY INCREASES TO THE PRE-DETERMINED LEVEL OF £18,500 BY 1987. THIS, INCIDENTALLY SETS ASIDE THE MORE GENERAL PROPOSALS OF THE SELECT COMMITTEE FOR DEALING WITH PAY INCREASES DURING A PARLIAMENT. FIFTHLY, AND PERHAPS MOST SIGNIFICANT OF ALL, THE AMENDMENTS PROVIDE FOR LINKAGE WITH THE RELEVANT CIVIL SERVICE GRADE FROM 1987 ONWARDS WITH ARRANGEMENTS TO SECURE A CONTINUING PARLIAMENTARY PRESENCE AND AUTHORITY ON THESE MATTERS. FINALLY, THE



AMENDMENTS HAVE BEEN DRAWN IN SUCH A WAY AS TO TAKE ACCOUNT OF THE PUBLIC SPENDING FACTORS THAT ARE OF MUCH CONCERN TO THE GOVERNMENT.

MY RT HON FRIEND HAS INTRODUCED AMENDMENTS THAT DO NOT SO MUCH REFINE THE DEBATE ON THE TSRB REPORT; THEY TRANSFORM IT. THE DEBATE THAT LIES AHEAD WILL ENABLE THE HOUSE TO MAKE JUDGEMENTS THAT GO CONSIDERABLY WIDER THAN THE CURRENT YEAR. MEANWHILE, THERE REMAIN THE OTHER MOTIONS STANDING IN MY NAME WHICH ARE UNAFFECTED BY THE AMENDMENTS OF MY RT HON FRIEND. I STRONGLY COMMEND THESE TO THE HOUSE, AND I BELIEVE THEY ARE COMPLEMENTARY TO THE AMENDMENTS IN SECURING AN EQUITABLE RESOLUTION OF THE IMMEDIATE AND LONGER TERM PROBLEM OF MEMBERS PAY AND ALLOWANCES. I BEG TO MOVE.



18 JUL 1983

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NBPM

MUS 18/7

Ref. A083/2126

MR BUTLER

Ministerial Salaries

In my minute to you of 15 July about the amendments relating to MPs' pay and allowances put down by Mr Edward du Cann MP, I referred to the need for further consideration of the consequential for Ministerial salaries.

2. The Prime Minister had a meeting this afternoon to consider this matter with the Lord President of the Council, the Chancellor of the Exchequer, the Lord Privy Seal and the Chief Whip and instructed me to report to the Cabinet the conclusions reached.

3. The present draft Order in Council on Ministerial salaries provides for an increase of 4 per cent in all Ministerial salaries from July of this year (but for no increases in subsequent years). If Mr du Cann's amendments were approved, the Parliamentary salaries of Commons Ministers would increase by about £1,080 (and by a similar amount on 1 January 1984 and in subsequent years). The resulting increase in overall Ministerial salaries this July would be considerably higher than the 4 per cent intended by the Cabinet; and would be significantly larger for Commons Ministers than for Lords Ministers (who would get only 4 per cent). Hence the need for further consideration in the light of Mr du Cann's amendments.

4. After considering a number of possible variants the meeting concluded that the most appropriate and most defensible treatment for Ministerial salaries would be on the following lines:

(i) The increase in July of this year would be less than the proposed 5.5 per cent increase in MPs' pay to take effect from 22 June 1983; in particular:

(a) The salaries of all Cabinet Ministers would be increased by 4 per cent; in the case of Ministers in the Commons the bulk of this increase would arise from the first instalment (£1,080) of the increase in Parliamentary salary resulting from the du Cann amendments; the Ministerial element in the salaries of Cabinet Ministers would be increased by only around 1.4 per cent.

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(b) Commons junior Ministers should receive the same increase as Commons Cabinet Ministers (ie 1.4 per cent) in their Ministerial salaries in addition to the proposed increase in their Parliamentary salary, making an overall increase for Commons Ministers of State of around 4.7 per cent and for Commons Parliamentary Secretaries of around 5.4 per cent; junior Ministers in the Lords would receive the same percentage increase as their Commons equivalents. Thus the overall increase for junior Ministers would be rather more than 4 per cent, but less than 5½ per cent.

(ii) In subsequent years, from 1 January 1984 until 1 January 1987, the overall percentage increase in Ministerial salaries should be exactly the same as the percentage increase in MPs' pay on the dates envisaged in the du Cann amendments, ie 5.2 per cent, 5.0 per cent, 4.7 per cent and 4.5 per cent.

5. The precise figures for Ministerial salaries resulting from these formulae are now being worked out and will be available tomorrow. It is likely that the salary of a Commons Cabinet Minister will have been increased to around £47,000 and that of a Lords Cabinet Minister (other than the Lord Chancellor) to more than £36,000 by 1 January 1987. For comparison the TSRB proposals were £55,000 and £49,500.

6. The meeting agreed that, if Mr du Cann's amendments were approved by the House at the end of the debate on 19 July, a revised draft Order in Council on Ministerial salaries on the lines of the proposals set out above would be tabled immediately for approval by the House at the same time as the effective resolution on MPs' pay as quickly as possible and in any event before the meeting of the Privy Council which is to take place on 27 July. The Lord Privy Seal would refer to the Government's intentions relating to Ministerial salaries in his speech in the debate.

7. I am sending copies of this minute to the Private Secretaries of members of the Cabinet.

18 July 1983

*RP*  
Approved by  
ROBERT ARMSTRONG  
and signed in his absence.



Palawan  
M's Pan  
A5



COMPTON





*Seen by the PM*

*PA*

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

*MUS 18/7*

PRIME MINISTER

**MINISTERIAL SALARIES**

I have seen Sir Robert Armstrong's minute to you of 15 July.

2. In my view these proposals are too generous. I do not think that Ministers can take bigger increases than the du Cann amendment gives to MPs.

3. I have considered an alternative approach under which:

- (i) the Ministerial element in Commons Ministers' salaries is frozen until 1 July 1988 (with the total salary of Ministers in the Commons only increasing with the effects of the du Cann amendment); and
- (ii) Ministers in the Lords get a flat 4 per cent increase now and further 4 per cent increases on 1 January 1984, 1985, 1986 and 1987.

4. I attach a table showing the figures resulting from these proposals for some sample offices. I am having the full schedule worked out. But put briefly it seems likely that under these proposals:

- (i) junior Ministers in the Commons do a little better than senior Ministers in the Commons;
- (ii) all Ministers in the Lords do better than all but the most junior Ministers in the Commons;
- (iii) most, if not all, office holders fare less well in percentage terms than do individual MPs;
- (iv) the total percentage increase in the Ministerial pay bill is <sup>*3.8 percent*</sup> ~~not far off~~ ~~4 per cent~~, and is certainly smaller at each stage than the total percentage increase in the MPs' pay bill.





(In looking at these figures we must note, of course, that for the financial year 1983-84 bigger percentage increases than shown appear - for both Ministers and MPs - because of the effects of an increase now followed by another as soon as January 1984).

5. This, of course, would be a fairly stringent approach, particularly since in looking at differentials between MPs and Ministers we must bear in mind that Ministers are more disadvantaged than MPs by the changes proposed in pension contributions (where the contribution in respect of the supplementary and Ministerial scheme is proposed to go up from 5 per cent to 9 per cent, while that in respect of the Parliamentary scheme goes up from 6 per cent to 9 per cent). A less hair-shirted (and in some ways simpler) formula would be to give all Ministers the same percentage increase at each stage as MPs get under the du Cann proposals, thus 5.5 per cent now, 5.2 per cent in January 1984, and so on. For Ministers in the Lords, the increase would be precisely what the percentage gives; while for Ministers in the Commons, a calculation would have to be made so as to increase the Ministerial salary only by so much as is necessary, when taken with the increase in the Parliamentary salary resulting from the du Cann amendment, to give the required end percentage. I am asking my people to look into this arithmetic too.

6. I would be content with either of these approaches. But I feel that we cannot be seen to be doing better for Ministers than MPs do under the du Cann proposals, and in this context I do not think the differential pension contribution increase cuts much ice.

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

*Margaret O'Hara*

for (N.L.)

18 July 1983

*(Approved by the Chancellor and Signed in  
his absence)*



C O N F I D E N T I A L

MINISTERS AND OFFICE HOLDERS - SOME SAMPLE OFFICES

COMMONS - Increase in Parliamentary Salary, no increase in Ministerial salary

LORDS - 4 per cent increase in Ministerial salary

	Current Salary	TSRB Recommend	% Inc	June 83 Salary	% Inc	Jan 84 Salary	% Inc	Jan 85 Salary	% Inc	Jan 86 Salary	% Inc	Jan 87 Salary	% Inc	Jan 87 % increase Over current	Jan 87 as % TSRB
Cabinet Minister (C)	37,410	55,000	47.0	38,490	2.9	39,570	2.8	40,650	2.7	41,730	2.7	42,825	2.6	14.5	77.9
Cabinet Minister (L)	28,950	49,500	71.0	30,110	4.0	31,310	4.0	32,560	4.0	33,860	4.0	35,210	4.0	21.6	71.1
Parly. Secretary (C)	24,160	31,000	28.3	25,240	4.5	26,320	4.3	27,400	4.1	28,480	3.9	29,575	3.8	22.4	95.4
Parly. Secretary (L)	19,350	25,500	31.8	20,120	4.0	20,920	4.0	21,760	4.0	22,630	4.0	23,540	4.0	21.7	92.3
Government Whip (C)	21,735	28,000	28.8	22,815	5.0	23,895	4.7	24,975	4.5	26,055	4.3	27,150	4.2	24.9	97.0
Government Whip (L)	16,925	22,500	32.9	17,600	4.0	18,300	4.0	19,030	4.0	19,790	4.0	20,580	4.0	21.6	91.5
Opp. Chief Whip (L)	16,925	22,500	32.9	17,600	4.0	18,300	4.0	19,030	4.0	19,790	4.0	20,580	4.0	21.6	91.5
Backbench MPs	14,510	19,000	30.9	15,310	5.5	16,110	5.2	16,910	5.0	17,710	4.7	18,500	4.5	27.5	97.4
Parly. Salary (Included above where appropriate)	8,460	11,000	30.0	9,540	12.8	10,620	11.3	11,700	10.2	12,780	9.2	13,875	8.6	64.0	126.1



11 JUL 1983

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Meeting on Monday morning

CHEQUERS  
BUTLER'S CROSS · AYLESBURY  
BUCKS

CP

PA

Mus 18/7

Suggest. for further consideration

1) This year.

Common Ministers - Increase in total income  
to 4% ∴ reduce Ministerial  
element below 4% for Cabinet  
Ministers. For Party bus &  
this of state by both formulae  
a) Total income of 4% b) Ministerial  
income of 4%.

Lords Ministers - Ministerial increase of 4%

2) Following year - starting from this year's  
base - increasing total incomes  
by same % at same time  
as M.P.'s.

P.T.O.



3) Thinker to keep 2 differentiation  
over M.P.'s at the rate then  
subsisting.

4) Lord Chancellor - Please check what then  
would do to his salary.

We should probably  
make special arrangements  
that his salary be not-  
less than £20 thousand  
about L.C.V.





PRIME MINISTER

Michael has changed  
his comment from that  
written by the Duty  
Clerk to: Do you want  
to have a word with  
colleagues about  
this? Shall we arrange  
a meeting on Monday  
morning?

—

Vanessa

16 7 83





Prime Minister

Agree X and Y ?

Ref: A0.83/2117

PRIME MINISTER

N Roche  
Duty Clerk  
15/7

Ministerial Salaries

I undertook to let you have proposals for Ministerial salaries in the light of Mr du Cann's amendment. That amendment already increases the salaries of Ministers and other office holders in the Commons by £5,415 in five instalments between 22 June 1983 and 1 January 1987 by virtue of the proposed increase in the Parliamentary salary from £8,460 (58 per cent of the MPs' £15,510) to £13,875 (75 per cent of the MPs' £18,500). Ministers have to decide:

- i. what should be the increase in the Ministerial element of Commons' Ministers salaries;
- ii. what should be done about the salaries of Lords' Ministers who do not get the benefit of Mr du Cann's proposed increase in the Parliamentary salary;
- iii. whether the draft Order in Council should deal with i. and ii. above for this year only or whether it should, like Mr du Cann's amendment on MPs' salaries, provide for subsequent increases from 1 January in each year from 1984 to 1987.

X | 2. On i. I assume that the natural course would be to retain the concept of a 4 per cent increase. Thus for Commons Cabinet Ministers the increase from June this year compared with the Government's earlier proposals would be as follows:

	Current salary	£ Government's earlier proposals	Post du Cann proposals	
Parliamentary salary	8,460	8,800	9,540	9540
Ministerial salary	28,950	30,100	30,110	29370
Total salary	37,410	38,900 (4%)	39,650 (6%)	38,900





The percentage increase in the total salary would therefore be 6 per cent compared with an increase of 5.5 per cent for MPs. The higher percentage results solely from the increase in the Parliamentary salary in the du Cann amendment.


3. On ii., the difficulty is that an increase of only 4 per cent in the salaries of Lords Ministers, who will not benefit from the substantial increase in the Parliamentary salary, would widen considerably the existing differentials between Commons and Lords Ministers, as the following table shows:

	£	
	<u>Lords Ministers</u> (4% increase)	<u>Commons Ministers</u> (du Cann increase in Parliamentary salary; 4% on Ministerial element)
Cabinet Minister	30,100 (now 28,950)	39,650 (now 37,410)
Minister of State	25,170 (now 24,200)	30,940 (now 29,035)
Parliamentary Secretary	20,130 (now 19,350)	25,870 (now 24,160)

Thus the differential between Commons and Lords Cabinet Ministers would increase from £8,460 to £9,550; between Commons and Lords Ministers of State from £4,835 to £5,770; and between Commons and Lords Parliamentary Secretaries from £4,810 to £5,740. The Lord President has expressed his concern about the undesirability of further widening the differential between Lords and Commons Ministers. The right course might therefore be to increase the salaries of Lords Ministers and other office holders by whatever amount is needed to preserve the existing differential in absolute money terms with their Commons equivalents. The consequence would be that Lords Ministers would receive a somewhat higher percentage increase than their Commons equivalents (eg 7.7 per cent as compared with 6 per cent in the case of Cabinet Ministers).

4. On iii. there is a major decision of policy to be taken. If the new draft Order in Council is confined (like that already tabled) to an increase for this year, the Government will have the following choices:



  
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- a. to propose no further increase in Ministerial salaries in the lifetime of this Parliament (this would mean that by 1 January 1987 the differential between an MP and a Parliamentary Secretary would have widened in absolute money terms from £9,650 to £11,705; in percentage terms however the differential would have decreased from 66.5 per cent to 63.2 per cent of a Member's salary);
- b. to bring forward in subsequent years draft Orders in Council to increase Ministerial salaries, even though there would be no motions to increase MPs' salaries.

If the Government wishes to avoid either of these outcomes the other option, since I understand that there appears to be no obstacle to proceeding in this way, would be to provide in this year's Order for increases of 4 per cent in the Ministerial element of Ministerial salaries (with somewhat higher increases for Lords Ministers if the proposals in paragraph 3 above are pursued) from the same dates as the staged increases for MPs in the du Cann amendment, ie on 1 January for each year from 1984 to 1987.

5. If this option were adopted, the salary of a Commons Cabinet Minister, inclusive of the Parliamentary salary, would have risen to £49,085 by 1 January 1987 (31 per cent) compared with the figure of £55,000 (47 per cent) originally recommended by the TSRB.

6. I attach below Table 1 which illustrates the effect of adopting a 4 per cent increase for the Ministerial element in the salaries of Commons Ministers, making the adjustment for Lords Ministers discussed in paragraph 3, and having further staged increases on the lines of paragraph 4. Table 2 explains the salary differentials which have been maintained for Lords Ministers.

7. If the new draft Order in Council is to be confined to this year's increase, it may be possible, if Ministers so wish, to withdraw the present one and table a new one for approval in the debate on 19 July. If however it were desired to provide in this year's Order for increases for each year up to





1 January 1987, it might not be possible to draft it in time for tabling for debate on 19 July, and the House's approval would have to be sought on a later occasion.

8. Before tabling for debate on 19 July any new draft Order in Council which seeks to take account of Mr du Cann's amendments, Ministers will of course need to be reasonably sure that the amendments are likely to be carried. Although it would be possible not to move the new draft Order in Council in those circumstances, it might be thought undesirable for the Government to abandon two sets of proposals on Ministerial salaries in succession.

9. I am sending copies of this minute to the Lord President of the Council, the Chancellor of the Exchequer, the Lord Privy Seal and the Chief Whip.

*RA*

*for.*

ROBERT ARMSTRONG

15 July 1983



	Office Holder	Current Salary	TSRB proposed		June 83	Jan 84	Jan 85	Jan 86	Jan 87					
Prime Minister	1	46,660	65,000	39.3	49,270	5.6	51,940	5.4	54,670	5.3	57,470	5.1	60,335	5.0
Lord Chancellor	1	52,500	62,000	18.1	55,110	5.0	57,780	4.8	60,510	4.7	63,310	4.6	66,195	4.6
Mr Speaker	1	38,785	55,000	41.8	41,080	5.9	43,420	5.7	45,810	5.5	48,250	5.3	50,765	5.2
Cabinet Minister (Commons)	17	37,410	55,000	47.0	39,650	6.0	41,930	5.8	44,260	5.6	46,640	5.4	49,085	5.2
Cabinet Minister (Lords)	2	28,950	49,500	71.0	31,190	7.7	33,470	7.3	35,800	7.0	38,180	6.6	40,625	6.4
Minister of State (Commons)	22	29,035	38,000	30.9	30,940	6.6	32,880	6.3	34,850	6.0	36,860	5.8	38,915	5.6
Minister of State (Lords)	6	24,200	32,500	34.3	26,105	7.9	28,045	7.4	30,015	7.0	32,025	6.7	34,080	6.4
Parliamentary Secretary (Commons)	25	24,160	31,000	28.3	25,870	7.1	27,600	6.7	29,360	6.4	31,150	6.1	32,975	5.9
Parliamentary Secretary (Lords)	4	19,350	25,500	31.8	21,060	8.8	22,790	8.2	24,550	7.7	26,340	7.3	28,165	6.9
Attorney General	1	39,160	55,000	40.4	41,470	5.9	43,830	5.7	46,240	5.5	48,700	5.3	51,235	5.2
Solicitor General	1	33,810	44,000	30.1	35,900	6.2	38,030	5.9	40,210	5.7	42,430	5.5	44,715	5.4
Lord Advocate	1	29,000	38,500	32.8	31,240	7.7	33,520	7.3	35,850	7.0	38,230	6.6	40,675	6.4
Solicitor General for Scotland	1	30,210	38,000	25.8	32,160	6.5	34,140	6.2	36,160	5.9	38,220	5.7	40,335	5.5
<u>In the House of Commons</u>														
Leader of the Opposition	1	35,035	50,000	42.7	37,180	6.1	39,370	5.9	41,600	5.7	43,880	5.5	46,215	5.3
Chief Whip	1	32,610	42,000	28.8	34,660	6.3	36,740	6.0	38,860	5.8	41,030	5.6	43,255	5.4
Deputy Chief Whip	1	29,035	38,000	30.9	30,940	6.6	32,880	6.3	34,850	6.0	36,860	5.8	38,915	5.5
Opposition Chief Whip	1	29,035	38,000	30.9	30,940	6.6	32,880	6.3	34,850	6.0	36,860	5.8	38,915	5.5
Government Whip	12	21,735	28,000	28.8	23,350	7.4	24,980	7.0	26,630	6.6	28,310	6.3	30,025	6.1
Assistant Opposition Whip	2	21,735	28,000	28.8	23,350	7.4	24,980	7.0	26,630	6.6	28,310	6.3	30,025	6.1
Chairman, Ways and Means	1	29,035	38,000	30.9	30,940	6.6	32,880	6.3	34,850	6.0	36,860	5.8	38,915	5.5
Deputy Chairman, Ways and Means	1	26,585	34,500	29.8	28,390	6.8	30,220	6.4	32,080	6.2	33,980	5.9	35,925	5.7
<u>In the House of Lords</u>														
Chief Whip	1	24,200	32,500	34.3	26,105	7.9	28,045	7.4	30,015	7.0	32,025	6.7	34,080	6.4
Deputy Chief Whip	1	19,350	25,500	31.8	21,060	8.8	22,790	8.2	24,550	7.7	26,340	7.3	28,165	6.9
Government Whip	5	16,925	22,500	32.9	18,635	10.1	20,365	9.3	22,125	8.7	23,915	8.1	25,740	7.6
Leader of the Opposition (Lords)	1	19,350	25,500	31.8	21,060	8.9	22,790	8.2	24,550	7.7	26,340	7.3	28,165	6.9
Opposition Chief Whip	1	16,925	22,500	32.9	18,635	10.1	20,365	9.3	22,125	8.7	23,915	8.1	25,740	7.6
Chairman of Committees	1	24,200	32,500	34.3	26,105	7.9	28,045	7.4	30,015	7.0	32,025	6.7	34,080	6.4
Principal Deputy Chairman of Cttees	1	21,750	29,000	33.3	23,655	8.8	25,595	8.2	27,565	7.7	29,575	7.3	31,630	6.9
Backbench MPs	561	14,510	19,000	30.9	15,310	5.5	16,110	5.2	16,910	5.0	17,710	4.7	18,500	4.5
Parliamentary salary for Ministers (included above where appropriate)		8,460	11,000	30.0	9,540	12.8	10,620	11.3	11,700	10.2	12,780	9.2	13,875	8.6



## MINISTERS IN THE LORDS - SALARY DIFFERENTIALS USED

1. Lord Chancellor maintains present lead over Prime Minister of		5,840
2. Cabinet Minister (L)	) maintain present lag behind	( 8,460
Lord Advocate (L)	) Cabinet Minister (C) of	( 8,410
3. MST(L)	)	
Chief Whip (L)	) maintain present lag behind	
Chairman of Committees (L)	) MST(C) of	4,835
4. Parliamentary Secretary (L)	)	
Deputy Chief Whip (L)	) maintain present lag behind	
Leader of Opposition (L)	) Parl.Sec (C) of	4,810
5. Government Whip (L)	) maintain present lag behind	
Opposition Chief Whip (L)	) Deputy Chief Whip (L) of	2,425
6. Principal Deputy Chairman of Committees (L)	maintain present lag behind Chairman of Committees (L) of	2,450



LORD CHANCELLOR'S SALARY

now	1983 (4%)	Jan 1984 (5.2%)	Jan 1985 (5.0%)	Jan 1986 (4.7%)	Jan 1987 (4.5%)
£52,500	£54,600	£57,440	£60,311	£63,146	£65,987

Compare Lord Chief Justice - now £52,500

recommended by TSRB £60,000

(possible implementation:

"current year increase"  
from 1 April 1983: £56,500

"restoration of abatement"  
from 1 January 1984: £60,000 )



PRIME MINISTER'S OPTION: THIS YEAR

£

Cabinet Minister (Commons)	4%	38,900	(Ministerial salary increased by only £410 = 1.4%)
Cabinet Minister (Lords)	4%	30,100	
Minister of State (Commons)	4%	30,190	(Ministerial salary increased by only £75 - 0.25%)
	4% on Ministerial element plus du Cam	30,940	
Minister of State (Lords)	4%	25,170	
Parliamentary Secretary (Commons)	4%	25,130	(Ministerial salary would have to be <u>reduced</u> by £740)
	4% on Ministerial element plus du Cam	25,870	
Parliamentary Secretary (Lords)	4%	20,130	



PRIME MINISTER'S OPTION: FUTURE YEARS

(same percentage increase as for MPs)

	£	Jan 84 + 5.2% £	Jan 85 + 5.0% £	Jan 86 + 4.7% £	Jan 86 + 4.5% £
Cabinet Minister (Commons)	38,900	40,922	42,969	44,988	47,013
Cabinet Minister (Lords)	30,100	31,665	33,248	34,811	36,378
Minister of State (Commons)	30,190	31,760	33,348	34,915	36,486
or	30,940	32,549	34,176	35,783	37,393
Minister of State (Lords)	25,170	26,479	27,803	29,109	30,419
Parliamentary Secretary (Commons)	25,130	26,437	27,759	29,064	30,371
or	25,870	27,215	28,576	29,919	31,262
Parliamentary Secretary (Lords)	20,130	21,177	22,236	23,281	24,328



CONFIDENTIAL <sup>cc MCS</sup>

*Mr Ingham*  
*Mr Sherbourne*

FROM: M B MORGAN  
15 July 1983

*Wh*  
*15/7*

MS S STEVENS  
No 10

cc Mr Kemp  
Mr Pearce  
Miss Sinclair  
Mr Salveson

You asked me to produce salary and allowance figures for a "notional average" MP. I explained that no such animal existed and that the figures would have little meaning, nevertheless you asked me to make certain assumptions and construct such an artificial MP.

2. The assumptions made are:

Male MP with wife and two children, living in his constituency which is located 100 miles outside London. The MP travels twice a week to his home whilst he is staying in London when Parliament is sitting. He has a full time secretary and part-time research assistant working in the House for him. Thus his total income plus allowances would be as below.

Salary	=	£14,540
Secretarial/Research Assistant allowance	=	£ 8,820
plus pensions contribution for Secretary/Research Assistant	=	£ 882
Addition Costs Allowance (to pay the cost of staying in London)	=	£ 5,674
Car mileage allowance (assuming he drives from London to home twice a week)	=	£ 99.20 per week
= 400 miles x 24.8p x 34 weeks		£ 3,372.80 per yr
Travel Warrants for wife and/or children (up to a limit of 15 return journeys/year)	=	assuming 140 return £600
Free travel within UK on Parliamentary Business for Member whether by rail/air/sea (ie excluding motor mileage)		fully reimbursed but not estimable without asking HoC fees office.
Therefore total salary and allowances	=	£33,859 + travel
Therefore possibly in excess of		£35,000

3. I should stress that these are estimates based on certain assumptions and this figure in no way equates to what could be called an "average MP".

*M B Morgan*  
M B MORGAN





Ref. A083/2112

MR BUTLER

*O/R for no need to show PM  
MS 1517*

MPs' and Ministers' Salaries

The Prime Minister instructed me to report to the Cabinet the developments relating to MPs' and Ministers' salaries which occurred following yesterday's meeting of the 1922 Committee.

2. The Chief Whip reported to the Prime Minister that Mr Edward du Cann had it in mind to put down on behalf of the Executive Committee of the 1922 Committee an amendment to the Government's motion which is set out in the annex to this minute and wanted to be assured in the course of this morning that the Government would not seek to oppose it and would be willing to put it into effect.

3. The Prime Minister had urgent consultations with the Lord President of the Council, the Chancellor of the Exchequer, the Lord Privy Seal and the Chief Whip. They noted that the amendment had the following features:

- i. there would be a reduction in allowances of £2,000;
- ii. the increase in pension contributions would be 3 per cent rather than 2 per cent as proposed in the Government motion;
- iii. the gross percentage increases in the MPs' salary would be:

22 June 1983	5.5
1 January 1984	5.22
1 January 1985	4.97
1 January 1986	4.73
1 January 1987	4.46

- iv. the practical effect of paragraph (c) of the amendment was that the annual review of Members' salaries envisaged in the 1982 resolution of the House following the Thomas Select Committee would not be operative.





4. The meeting concluded that since an amendment on these lines represented a responsible alternative approach to that contained in the Government's motion, since the staged increases would in practice be in substitution for the annual increases envisaged in the 1982 resolution, and since an amendment on these lines was likely to command considerable support, the right course for the Government would be to indicate that it would not seek to oppose such a motion and would be willing to put it into effect.
5. Further consideration will need to be given to the consequential for Ministerial salaries and I undertook to advise the Prime Minister on this matter as quickly as possible.
6. I am sending copies of this minute to the Private Secretaries of members of the Cabinet.

REA

ROBERT ARMSTRONG

15 July 1983



MEMBERS' SALARIES

As an Amendment to Mr. John Biffen's proposed Motion (Members' Salaries (Expression of Opinion)).

Mr. Edward du Cann

Line 1, leave out from first 'House' to end and add:-

- (a) the salaries payable to Members of this House should be:
- (i) £18,500 for Members not falling within sub-paragraph (ii);  
and
  - (ii) £13,875 for Officers of this House and Members receiving a salary under the Ministerial and other Salaries Act 1975 or a pension under section 26 of the Parliamentary and other Pensions Act 1972;
- (b) the implementation of this recommendation should be by means of five equal increments, to be effective from 22nd June 1983, 1st January 1984, 1st January 1985, 1st January 1986 and 1st January 1987 respectively; and
- (c) the salary of a Member should from 1st January 1988 be linked to that paid to a civil servant at the point in the grade of national salaries which is receiving £18,500 on 1st January 1987, and the parliamentary salary of Members within paragraph (a)(ii) above should be seventy-five per cent of that figure: provided that this paragraph would not have effect unless approved by a Resolution of the House during the first three months of each Parliament.



OFFICE, SECRETARIAL AND RESEARCH, ETC., ALLOWANCES

As an Amendment to Mr. John Biffen's proposed Motion (Office, Secretarial and Research, Etc., Allowances).

Mr. Edward du Cann

Line 7, leave out '£13,000' and insert '£11,000'.

MEMBERS' PENSIONS

As an Amendment to Mr. John Biffen's proposed Motion (Members' Pensions).

Mr. Edward du Cann

Line 4, at end, add:-

'except that, in recommendation (ix), the appropriate pension contribution rate should be 9 per cent of salary.'





PA

10 DOWNING STREET

Michael

✓ So that you know  
where we are -

RTA will be sending  
out the attached at lunchtime

The PM has authorised  
Bernard Ingham to tell the Sunday  
lobby that the Du Cann  
amendments are a responsible  
response and, if the House <sup>supports</sup> ~~admits~~  
them, the Govt will not oppose.

Greggen will get forward a  
Submission on Ministers' pay for  
the weekend box  
Robert



A083/2112.

CONFIDENTIAL

DRAFT LETTER FOR SIR ROBERT ARMSTRONG TO SEND TO MR ROBIN BUTLER, NO 10

MPS' AND MINISTERS' SALARIES

The Prime Minister instructed me to report to the Cabinet the developments relating to MPs' and Ministers' salaries which occurred following yesterday's meeting of the 1922 Committee.

The Chief Whip reported to the Prime Minister that Mr Edward du Cann had it in mind to put down today on behalf of the Executive Committee of the 1922 Committee an amendment to the Government's motion which is set out in the Annex to this letter and wanted to be assured in the course of this morning that the Government would not seek to oppose it and would be willing to put it into effect.

The Prime Minister had urgent consultations with the Lord President of the Council, the Chancellor of the Exchequer, the Lord Privy Seal and the Chief Whip. They noted that the amendment had the following features:

- i. there would be a reduction in allowances of £2000;
- ii. the increase in pension contribution would be 3 per cent rather than 2 per cent as proposed in the Government motion;
- iii. the gross percentage increases in the MPs' salary would be:

22 June 1983	5.5
1 January 1984	5.22
1 January 1985	4.97
1 January 1986	4.73
1 January 1987	4.46

CONFIDENTIAL



CONFIDENTIAL

iv. the practical effect of paragraph (c) of the amendment was that the annual review of Members' salaries envisaged in the 1982 resolution of the House following the Thomas Select Committee would not be operative.

The meeting concluded that since an amendment on these lines was arguably less generous in its overall effect than the Government's motion, since the staged increases would in practice be in substitution for the annual increases envisaged in the 1982 resolution, and since an amendment on these lines was thought likely to be carried, the right course for the Government would be to indicate that it would not seek to oppose such a motion and would be willing to put it into effect.

Further consideration will need to be given to the consequential for Ministerial salaries and I undertook to advise the Prime Minister on this matter as quickly as possible.

I am sending copies of this letter to the Private Secretaries of members of the Cabinet.

CONFIDENTIAL



MEMBERS' SALARIES

As an Amendment to Mr. John Biffen's proposed Motion (Members' Salaries (Expression of Opinion)).

Mr. Edward du Cann

Line 1, leave out from first 'House' to end and add:-

- (a) the salaries payable to Members of this House should be:
- (i) £18,500 for Members not falling within sub-paragraph (ii); and
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- (c) the salary of a Member should from 1st January 1988 be linked to that paid to a civil servant at the point in the grade of national salaries which is receiving £18,500 on 1st January 1987, and the parliamentary salary of Members within paragraph (a)(ii) above should be seventy-five per cent of that figure: provided that this paragraph would not have effect unless approved by a Resolution of the House during the first three months of each Parliament.



OFFICE, SECRETARIAL AND RESEARCH, ETC., ALLOWANCES

As an Amendment to Mr. John Biffen's proposed Motion (Office, Secretarial and Research, Etc., Allowances).

Mr. Edward du Cann

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As an Amendment to Mr. John Biffen's proposed Motion (Members' Pensions).

Mr. Edward du Cann

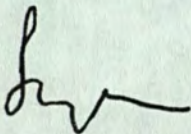
Line 4, at end, add:-

'except that, in recommendation (ix), the appropriate pension contribution rate should be 9 per cent of salary.'



REVISED GUIDANCE ON MPs' PAY

1. The Prime Minister and Cabinet are clear that, whatever differences there were at the 1922 Committee, Conservative MPs:
  - accept that restraint is the order of the day;
  - are not arguing for the full Plowden 31%;
  - but they are concerned about long-term pay arrangements.
  
2. Accordingly talks are continuing on that basis to see if restraint, on which the Government insists, can be squared with some satisfactory longer-term settlement.



B. INGHAM

15 July 1983



M.P.'s  
pay

**MPs' PAY AND ALLOWANCES - COST**

	<u>1973/74</u>	<u>1978/79</u>	<u>1982/83</u>
Pay <sup>(1)</sup>	2,803,310	<u>4,501,448</u>	<u>9,311,287</u>
Allowances <sup>(2)</sup>	1,522,374	<u>5,563,483</u>	<u>11,431,895</u>

- Notes: (1) Includes employers National Insurance and London Supplement
- (2) Includes travel reimbursement, Secretarial Allowance and pensions for secretaries, Additional Costs Allowance, and Miscellaneous. Excludes contribution to pensions and financial assistant to Opposition parties.

Between 1973/74 and 1982/83, the total cost of MPs' pay increased by £6,507,377 and the cost of allowances by £9,909,521. Between 1978/79 and 1982/83 the cost increased by £4,809,839 (pay) and £5,868,412 (allowances) respectively.



Note for the file:-

Mr. Du Cann has authorised the Chief Whip to put down these amendments (with the manuscript changes shown) in his name. Mr. Du Cann has confirmed to the Chief Whip that this replaces the annual reviews under the 5.5% formula.

MEMBERS' SALARIES

As an Amendment to Mr. John Biffen's proposed Motion (Members' Salaries (Expression of Opinion)).

Mr. Edward du Cann

Line 1, leave out from first 'House' to end and add:-

- (a) the salaries payable to Members of this House ~~having regard to the rates recommended by the Review Body on Top Salaries in their Review of Parliamentary Pay and Allowances, Cmd. 8881,~~ should be:-
- (i) £18,500 for Members not falling within sub-paragraph (ii); and
  - (ii) £13,875 for Officers of this House and Members receiving a salary under the Ministerial and other Salaries Act 1975 or a pension under section 26 of the Parliamentary and other Pensions Act 1972;
- (b) the implementation of this recommendation should be by means of five equal increments, to be effective from 22nd June 1983, 1st January 1984, 1st January 1985, 1st January 1986 and 1st January 1987 respectively; and
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Mr. Edward du Cann

Line 4, at end, add:-

'except that, in recommendation (ix), the appropriate pension contribution rate should be 9 per cent of salary.'



SECRET



10 DOWNING STREET

From the Private Secretary

13 July 1983

Dear David,

MPs' and Ministers' Salaries

The Prime Minister had a meeting this evening on MPs' and Ministers' pay. The Lord President, the Chancellor of the Exchequer, the Lord Privy Seal, the Chief Whip and Mr. Alison were present.

It was agreed that the Order on Ministers' pay should be drafted on the basis of the figures in Table A as attached to Sir Robert Armstrong's minute of 11 July to the Prime Minister. If the Government's Resolutions were defeated when the subject of MPs' pay and allowances is debated in the House, the Government would have no alternative but to accept the view of the House. But there should be no attempt at an immediate response, and the Cabinet should consider, on Thursday 21 July what Motions should be put down in the light of the House's decision. If the House rejected the Government's 4% Motion, the new Motions should include one proposing that the pension contribution by MPs should be increased not by 2% but by 3%. It was understood that this matter would, in any event, be the subject of a Bill. The Lord Privy Seal would be answering a Written Question which set out the Government's position in detail on the whole matter in terms more intelligible to MPs at large than those in the Motions which would be before the House. It would be necessary for the Lord Privy Seal, if the 4% Motion were defeated, to let the House know immediately that the Government was reconsidering the Plowden proposal for a 2% increase in MPs' pension contributions, and that a proposal for a 3% increase was likely to be the outcome.

In further discussion, it was agreed that if Members voted themselves a 31% increase and on the assumption that Cabinet Ministers stuck to the view that they should receive no more than 4%, it could not be assumed that a 4% increase would be right for Parliamentary Secretaries and Ministers of State, since such an outcome would destroy any reasonable differential in pay between Members and Junior Ministers. The Prime Minister asked that three alternative proposals for dealing with the situation should be prepared for the consideration of Cabinet on 21 July and I would be grateful if Sir Robert Armstrong would arrange for this to be done.

/It was further

SECRET



SECRET

- 2 -

It was further agreed that the Lord Privy Seal should, when these matters were debated in the House, refer to the changes in the motor mileage allowance, following the recent Rayner scrutiny. In response to the strong pressure which would emerge for a longer term commitment from the Government, the Lord Privy Seal should say that the Government felt bound by resolution of the House to propose annual pay increases for Members in future years as set out in the formula of the Thomas Committee; and that there would be annual consideration of increases in the secretarial and other allowances.

I am sending copies of this letter to Bob Whalley (Lord President's Office), John Kerr (HM Treasury), Murdo Maclean (Chief Whip's Office), Richard Hatfield (Cabinet Office) and Michael Alison.

*Yours sincerely,*

*Michael Scholar*  
—

David Heyhoe, Esq.,  
Lord Privy Seal's Office.

SECRET





Prime Minister (2)

Ref. A083/2063

MR SCHOLAR

Exactly what you

said this afternoon

MUS 13/7

Parliamentary Pay and Allowances

I have seen Mr Hayhoe's minute of 11th July.

2. Clearly, if MPs accept and approve the Government's proposal for a 4 per cent increase, Ministerial salaries can be similarly adjusted (subject to the slight shading upwards envisaged for junior Ministers in the Lords).

3. Perhaps Ministers could just stick to 4 per cent if MPs voted themselves 10 per cent.

4. If MPs voted themselves 31 per cent, I think the Government would have to look again at Ministerial salaries. The differential between the backbench MP and the Parliamentary Secretary would be ludicrously small, if the Parliamentary Secretary's salary went up by only 4 per cent: indeed, it might almost become a "reverse differential", once allowances were taken into account.

5. I should have thought that Ministers should not take a final decision on Ministerial salaries until after the House has voted on MPs salaries - even if that means that in the debate on 19 July the Government's intention to restrict the increase in Ministerial salaries if the House accepts 4 per cent for MPs is announced, but the Order in Council is not laid until after the vote has been taken.

6. I am sending copies of this minute to the Private Secretaries to the Lord President, the Chancellor of the Exchequer, the Lord Privy Seal, the Secretary of State for Employment and the Chief Whip; and to Sir George Engle.

RIA

ROBERT ARMSTRONG

13 July 1983





1 copy

With the Compliments  
of the  
Private Secretary  
to the  
Lord Privy Seal





Privy Council Office  
Whitehall  
LONDON  
SW1A 2AT

13 July 1983

*Dear Carolyn*

PARLIAMENTARY PAY AND ALLOWANCES

I now attach the proposed arranged Parliamentary Question and draft reply, which the Lord Privy Seal has approved. Subject to agreement this afternoon, when Ministers meet the Prime Minister to discuss this subject, it is proposed to table the Question this evening, at the same time as the Resolutions on MPs' Pay and Allowances and the draft Order on Ministers' pay, for Written Reply at 3.30 pm tomorrow. At present, alternative tables on Ministers' pay are attached pending the outcome of this afternoon's discussion.

I am copying this to Michael Scholar (No 10), David Beamish (Lord President of the Council's Office), John Kerr (Treasury), Murdo Maclean (Chief Whip's Office) and Richard Hatfield (Cabinet Office).

*Yours  
David*

D C R Heyhoe  
Private Secretary

Carolyn Sinclair  
HM Treasury  
Treasury Chambers  
Parliament Street  
LONDON



Q. To ask the Lord Privy Seal, if he will make a statement about Report No 20 from the Top Salaries Review Body.

A. Yes. The Government has now considered Report No 20 from the Top Salaries Review Body (Cmd 8881) on Parliamentary Pay and Allowances. I set out their conclusions below.

Members' and Ministers' Pay

2. The Review Body recommended that Members' pay should be fixed at £19,000 per annum, an increase of about 31 per cent, and that the pay of Ministers and other office holders should be increased by amounts averaging 34.8 per cent and varying for different offices between 18 and 71 per cent.

3. The Government considers that these recommendations are too high. They propose that from 13 June 1983 the salary of a backbench MP should be fixed at £15,090, an increase of 4 per cent on the previous salary. This figure will be reviewed in a year's time, in accordance with the Government's reply to the Select Committee on Members' Salaries which reported in February 1982.



4. For Ministers and other office holders the Government also propose that existing salaries should be increased<sup>by</sup>/an overall average of 4 per cent with effect from the date of approval of the necessary Order. Below is a list of existing salaries, the salaries proposed by the Review Body, and the salaries which are now proposed to be paid.

Pensions and Allowances

5. On pensions and allowances the Government broadly accepts the Review Body's recommendations as set out below.

Pension and Severance Pay

6. The Government proposes the following in line with recommendations (v) - (xii) of the Review Body's report:-

a. The pension accrual rate for MPs should be set at 1/50th of pensionable salary as at present defined for each year of pensionable service.

b. MPs should be able to take an immediate pension on leaving the House at age 50 and over but before normal retirement age, subject to full actuarial reduction; but MPs retiring at a dissolution who have reached age 62 and have completed 25 years' service should continue to be able to take full accrued pension.

c. The qualifying period under the Parliamentary Pension Scheme should be abolished. MPs who complete less than the present qualifying period of service should be able to opt, as at present, for a refund of contribution or payment of a transfer value.



- d. MPs should be able to commute pension up to the maximum level permitted under the Inland Revenue rules, on the basis of commutation factors advised by the Government Actuary.
- e. Subject to implementation of the recommendations made for improvements to the Parliamentary Pension Scheme, the pension contribution should be increased to 8 per cent.
- f. The changes recommended in the Parliamentary Pension Scheme should apply also to the supplementary scheme for Ministers and other paid office holders; and, subject to their implementation, the pension contribution for those participating in the supplementary scheme should be increased to 8 per cent.
- g. In future, a resettlement grant should be available to all MPs who leave the House at a General Election, with the exception of those who have reached normal retirement age (65). The Government proposes that the resettlement grant should be made available to all Members who left the House at the last General Election.
- h. The level of resettlement grant should be determined in accordance with the existing scale of payment. No period of service should be allowed to count on more than one occasion for the calculation of a resettlement grant.



Secretarial, Research and Office expenses and other allowances and facilities for Members of Parliament

7. The Government proposes the following in line with Recommendations (xiv - xxiii) of the Review Body's report:-

- a. The appropriate maximum for the allowance available to MPs for Secretarial and Research assistance should be £13,000 per annum. Eligibility for the allowance should be subject to the condition that all payments to MPs' staff against the allowance should be made by the Fees Office on behalf of the MP direct to the staff concerned or to any organisation providing secretarial assistance to the Member. Claims against the allowance should be confined strictly to expenditure on salary and the employers' National Insurance Contributions.
- b. A separate allowance should be introduced to meet general office expenses including necessary capital expenditure on equipment. The appropriate maximum for the allowance is £1,000 per annum. Reimbursement of the costs of purchasing equipment should be subject to production of evidence of expenditure.
- c. There should be provision for free travel for MPs' staff between Westminster and the constituency on Parliamentary business. Up to nine return journeys a year should be allowed for staff in respect of each MP.
- d. The Fees Office should act as point of advice to MPs and their staff on questions of employment.
- e. MPs' staff who are paid through the Fees Office should be able in their own right to claim the contribution from public funds that is available for pension purposes. This should be paid direct to the appropriate life office by the Fees Office. The detailed arrangements should be settled by the House authorities.



- f. In the event of an MP's employee who is paid through the Fees Office from the Secretarial and Research allowance qualifying for a redundancy payment under the Employment Protection (Consolidation) Act, the payment should be made direct to the employee by the Fees Office from public funds.
- g. There should be discretion to reimburse additional costs necessarily incurred by disabled MPs in attending the House.
- h. MPs should provide a more detailed account of expenses claimed against the additional costs allowance and where appropriate other allowances, in a form suitable to the House authorities.
- i. The limit of 15 free journeys for travel by MPs' wives or husbands should remain. In addition, there should be provision for 15 free journeys for each dependent child under the age of 18.
- j. In calculating the MPs' additional costs allowance, account should be taken of any change in the number of weeks in which the House sits in a year.

Peers' Expenses

- 8. The Government proposes the following in line with Recommendations (xxv) - (xxxi) of the Review Body's Report:-
  - a. The Leave of Absence and Lords' Expenses Committee should have discretion to authorise reimbursement of additional costs necessarily incurred by disabled Peers in attending the House.
  - b. Peers should be reimbursed on the same basis as MPs for travel within the United Kingdom on Parliamentary business other than that covered by the present provisions for travel by Peers.



c. The following levels are appropriate for the Peers' expenses allowances:-

- i. Overnight subsistence - £40.00
- ii. Day subsistence and incidental travel - £16.00
- iii. Secretarial, postage and certain additional expenses - £17.00

d. All Ministers and paid office holders in the House of Lords who cease to hold office, for whatever reason, after serving for not less than 2 years and before they have reached normal retirement age (65) should be eligible to receive a payment equivalent to 3 months' salary.

e. The wives, husbands and children of Ministers and other paid office holders in the House of Lords who have their main home outside London should be able to travel between that home and Westminster at public expense, to the same extent and on the same basis as the wives, husbands and children of MPs.

f. The appropriate level of the Secretarial allowance for Ministers and other paid office holders in the House of Lords is £2,000.

g. The title 'Peers' Expenses Allowance' should be replaced by 'Peers' Reimbursement Allowance'.

#### Costs

9. The cost of implementing these proposals is estimated at about £5 million in 1983-84 and £6 - £6.5 million in a full year. These costs will be contained within the provision for total public expenditure in the latest Public Expenditure White Paper (Cmd 8789). In the case



of MPs' pay and allowances, and Peers' allowances, supplementary provision will be needed for both the House of Commons and the House of Lords Votes, neither of which is cash limited. This will be charged to the Contingency Reserve.

Parliamentary approval

10 The proposals on pay, pensions and allowances are subject to Parliamentary approval. The Government are making early arrangements for the necessary debates. Certain of the recommendations that have been accepted, concerning pensions and payments to Ministers and paid office holders in the House of Lords who cease to hold office, are subject to the necessary legislation being obtained.



Proposed Salaries <sup>(1)</sup>

<u>Office</u>	No. of Office Holders	Current <sup>(2)</sup> Salary	TSRB Recommendations		Proposed <sup>(4)</sup> salary
			Salary <sup>(3)</sup>	% Increase	
Prime Minister	1	46,660	65,000	39.3	48,520
Lord Chancellor	1	52,500	62,000	18.1	54,600
Mr Speaker	1	35,785	55,000	41.8	40,330
Cabinet Minister (Commons)	17	37,410	55,000	47.0	38,900
Cabinet Minister (Lords)	2	28,950	49,500	71.0	30,100
Minister of State (Commons)	22	29,035	38,000	30.9	30,190
Minister of State (Lords)	6	24,200	32,500	34.3	25,170
Parliamentary Secretary (Commons)	25	24,160	31,000	28.3	25,130
Parliamentary Secretary (Lords)	4	19,350	25,500	31.8	20,130
Attorney General	1	39,160	55,000	40.4	40,720
Solicitor General	1	33,810	44,000	30.1	35,160
Lord Advocate (Lords)	1	29,000	38,500	32.8	30,160
Solicitor General for Scotland	1	30,210	38,500	25.8	31,410
<u>House of Commons</u>					
Leader of the Opposition	1	35,035	50,000	42.7	36,430
Chief Whip	1	32,610	42,000	28.8	33,910
Deputy Chief Whip	1	29,035	38,000	30.9	30,190
Opposition Chief Whip	1	29,035	38,000	30.9	30,190
Government Whip	12	21,735	28,000	28.8	22,610
Assistant Opposition Whip	2	21,735	28,000	28.8	22,610
Chairman, Ways and Means	1	29,035	38,000	30.9	30,190
Deputy Chairman, Ways and Means	1	26,585	34,500	29.8	27,640
<u>House of Lords</u>					
Chief Whip	1	24,200	32,500	34.3	25,170
Deputy Chief Whip	1	19,350	25,500	31.8	20,130
Government Whip	5	16,925	22,500	32.9	17,610
Leader of the Opposition in the House of Lords	1	19,350	25,500	31.8	20,130
Opposition Chief Whip	1	16,925	22,500	32.9	17,610
Chairman of Committees	1	24,200	32,500	34.3	25,170
Principal Deputy Chairman of Committees	1	21,750	29,000	33.3	22,620
<b>TOTAL SALARY BILL</b>		<u>3,125,390</u>	<u>4,212,500</u>	<u>34.8<sup>(5)</sup></u>	<u>3,250,340<sup>(6)</sup></u>

Notes

- (1) These are the salaries to which office holders are entitled; certain individuals draw less
- (2) Includes Parliamentary salary of £8,460 where appropriate
- (3) Includes Parliamentary salary of £11,000 where appropriate
- (4) Current salary increased by 4% (rounded) and including Parliamentary salary of £8,800 / where appropriate
- (5) Weighted by number of office holders
- (6) Represents 4% increase in total salary bill



## MINISTERS AND OFFICE HOLDERS

Proposed Salaries<sup>(1)</sup>

Office	No. of Office Holders	Current <sup>(2)</sup> Salary	TSRB Recommendations		Proposed <sup>(4)</sup> salary
			Salary <sup>(3)</sup>	% Increase	
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Minister of State (Commons)	22	29,035	38,000	30.9	30,190
Minister of State (Lords)	6	24,200	32,500	34.3	25,170
Parliamentary Secretary (Commons)	25	24,160	31,000	28.3	25,130
* Parliamentary Secretary (Lords)	4	19,350	25,500	31.8	20,320
Attorney General	1	39,160	55,000	40.4	40,720
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TOTAL SALARY BILL		3,125,390	4,212,500	34.8 <sup>(5)</sup>	3,252,620 <sup>(6)</sup>

Notes

- (1) These are the salaries to which office holders are entitled; certain individuals draw less
- (2) Includes Parliamentary salary of £8,460 where appropriate
- (3) Includes Parliamentary salary of £11,000 where appropriate
- (4) Current salary increased by 4% (rounded) save for office holders marked \* for whom it is proposed that they should receive the same cash increase as their counterparts in the Commons
- (5) Weighted by number of office holders
- (6) Represents 4.07% increase in total salary bill





10 DOWNING STREET

①

Prime Minister

Mps and Ministers' Pay: see X, pag A

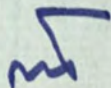
① The Lord President would prefer to give a <sup>↳ see pag B</sup> little more to the Parliamentary Secretaries <sup>in the Lords</sup> etc. /  
The Chancellor, Lord Privy Seal and Chief Whip  
think you should stick with a flat 4% all round, arguing that the difference (£2 a week after tax) is not worth the awkwardness with Mps pay, and might, indeed, give offense.  
Agree to 4% all round?

② The Chancellor and Chief Whip would like a meeting tomorrow to take stock and consider what to do if the House turns down 4% / PTD



You could manage 5.30 after the  
first three speeches - including the Home  
Secretary's - on capital punishment.

Agree to a meeting?

Yes 

MUS 12/7



SECRET



27/8  
8  
PRIVY COUNCIL OFFICE  
WHITEHALL, LONDON SW1A 2AT

12 July 1983

Michael Scholar Esq  
10 Downing Street

Dear Michael,

MINISTERIAL SALARIES

AMCS

The Lord President of the Council has seen Sir Robert Armstrong's minute A083/2049 of 11th July to the Prime Minister. The Lord President very much hopes that it will be possible to proceed on the basis of paragraph 4 of Sir Robert Armstrong's minute. He would wish, however, to be guided by the Chief Whip and other colleagues as to whether paying a little more to Parliamentary Secretaries and the lower paid office holders in the House of Lords would cause unmanageable difficulties in the House of Commons on the issue of MPs' pay. Furthermore, the Lord President assumes that the proposed salary levels for Parliamentary Secretaries and the lower paid office holders in the Lords would need to be reconsidered if the Government's proposals on the pay of MPs were not to be accepted by the House of Commons.

I am copying this letter to the Private Secretaries to the Chancellor of the Exchequer, the Lord Privy Seal, the Chief Whip and Sir Robert Armstrong.

Yours sincerely,

Bob Whalley

R M WHALLEY  
Private Secretary

SECRET



CONFIDENTIAL



Privy Council Office  
68 Whitehall  
London SW1A 2AT

12 July 1983

*Dear Michael,*

MINISTERIAL SALARIES

The Lord Privy Seal has seen Sir Robert Armstrong's minute to the Prime Minister on this subject dated 11 July. As I mentioned to you on the telephone, Mr Biffen's view is that on balance it would be better to adhere to the 4 per cent increase which is set out in Table A attached to Sir Robert's minute.

I am copying this to the Private Secretaries to the Lord President of the Council, the Chancellor of the Exchequer, the Chief Whip and Sir Robert Armstrong.

*Yours ever*  
*Dave*

D C R HEYHOE  
Private Secretary

M Scholar Esq  
Private Secretary  
10 Downing Street

CONFIDENTIAL





Prime Minister ①

On the questions in para 8  
 agree a) that the government would  
 accept the view of the House, as at X?

b) the Lord Privy's assumption at  
 Y, that Ministers would stick  
 at 4%?

MR SCHOLAR

PARLIAMENTARY PAY AND ALLOWANCES

1. When the subject of MPs' pay and allowances is debated in the House, *MCS 11/7* there will be two motions on the Order Paper on the particular question of Members' salaries. The first is an abstract ('expression of opinion') motion which can be freely amended; the second is an otherwise identical effective motion ('Queen's recommendation signified') which is not amendable, but is needed to increase pensionable pay. If the abstract motion is amended and carried it is not binding on the Government, who can choose either to accept or reject it. If the Government chooses to accept it, then for pension purposes it becomes necessary to bring forward on a subsequent day a further effective motion which has been similarly amended.

2. Against this background, four different outcomes are theoretically possible, when the Government's motions are debated:

- (a) The Government's proposal for a 4 per cent increase is carried unamended;
- (b) an amendment to the abstract motion, implementing the full Plowden recommendation of 31 per cent, is carried;
- (c) an amendment implementing an intermediate increase (between 4 per cent and 31 per cent) is carried;
- (d) the Government's motion and any selected amendments to it are defeated.



3. We do not yet know the nature of any amendments which may be tabled or which of these would be selected. But the Lord Privy Seal is most anxious that the Government's response to each of the possible contingencies is agreed beforehand, so that he can announce decisions on the night which, so far as possible, will bring matters to a conclusion.

4. In the event of outcome 2(a) there is no problem; the proposed 4 per cent increase for MPs and for Ministers will march together.

5. Outcome 2(b) poses two problems:

(a) Should the Government accept the vote of the House and pay the increase?

(b) Would any consequential change to the proposed 4 per cent increase in Ministers' pay be required?

If the Government decided to accept the vote of the House, it would be necessary for the Lord Privy Seal to indicate the Government's intention, in the light of the vote, to bring forward an amended effective motion which would increase pay for pension purposes by the same amount. As regards Ministers, the Lord Privy Seal assumes that, whatever the outcome of the vote on Members' salaries, it would not be the Government's intention to depart from its recommended 4 per cent increase.

*- We have to look at differentials, especially for Party Sec. & other 2/3 etc.*

6. The same considerations arise in the case of outcome 2(c) as in the previous paragraph. In practice, it is likely that, if an amendment proposing some intermediate increase were to be tabled and selected, it would be voted on after the rejection of any 'full Plowden' amendment and before the Government's own motion.

7. Outcome 2(d) is perhaps not likely, but its practical effect would be to leave Member's pay at its present level until such time as the Government chose to bring any further recommendations on the subject before the House.

*Col. Plowden*  
*6/7.*



8. In summary therefore the Lord Privy Seal would be most grateful if you could ascertain the Prime Minister's views on:

(a) How we should respond to a vote of the House in favour either of full Plowden or some intermediate increase above 4 per cent?

(b) What equivalent changes, if any, would be made as a consequence to the Government's proposals on Ministerial salaries?

9. I am copying this to the Private Secretaries to the Lord President, the Chancellor of the Exchequer, the Secretary of State for Employment and the Chief Whip; and to Sir Robert Armstrong and Sir George Engle.

*Next story line*

D C R Heyhoe

11 July 1983

Privy Council Office  
68 Whitehall



SECRET



Prime Minister

7  
②

Ref. A083/2049

PRIME MINISTER

I will resubmit when  
we have your colleagues' views.

Ministerial Salaries

MCS 11/7

In summing up the Cabinet's discussion on Ministerial salaries last Thursday (CC(83) 22nd Conclusions, Minute 6), you said that the increase should be at the same level as that for MPs, ie 4 per cent, but that you would consider further, in consultation with the Lord President, the Chancellor of the Exchequer and the Lord Privy Seal, whether a somewhat higher increase might be possible for junior Ministers in the Lords, perhaps by giving them the same absolute increase in salary as a Commons junior Minister.

2. I attach at Table A a schedule of salaries of Ministers and other office holders constructed on the principle that each salary should be increased by 4 per cent rounded to the nearest £10. The rounding has been upwards in the case of those currently earning less than £25,000 per annum and downwards for the rest. The weighted average increase is exactly 4 per cent and the individual increases range from 3.97 to 4.05 per cent.

3. I also attach at Table B a schedule which illustrates how the proposal referred to in your summing up might be put into effect to benefit Parliamentary Secretaries in the Lords and other Lords office holders whose salaries are at the same or a lower level. The figures are the same as those in Table A except that these lower paid offices in the Lords have their salaries increased by the same absolute amount as their Commons equivalent or approximate equivalent. The overall increase in the salary bill becomes 4.07 per cent. The salary increases of those who benefit range from 5.01 per cent to 5.17 per cent.

X

4. You will wish to consider, in the light of comments from the Lord President and others, whether the advantage of being able to pay a little more to Parliamentary Secretaries and the lower paid office holders in the Lords outweighs the disadvantage that the overall salary increase for Ministers and other office holders would be marginally greater than that proposed for MPs.

X

SECRET



SECRET



5. I am also attaching for your information Annex C which the Treasury has prepared showing the combined effect of the 4 per cent salary increase and of the increase in the pension contribution to 8 per cent. You will wish to note that, because of the way the arithmetic works, the net salary increase for MPs is 1.78 per cent. For Ministers the net increase is smaller because the pension contribution in respect of the Ministerial scheme is at present only 5 per cent whereas for MPs it is 6 per cent. Thus the net increase for a Commons Cabinet Minister will be only 1.40 per cent and that for a Lords Cabinet Minister (where the 3 per cent increase in pension contribution applies to the whole of his salary) will be 0.69 per cent.

6. I am sending copies of this minute to the Lord President of the Council, the Chancellor of the Exchequer, the Lord Privy Seal and the Chief Whip.

RTA

ROBERT ARMSTRONG

11 July 1983

SECRET



4% increase on total salary

<u>Office</u>	<u>No. of Office Holders</u>	<u>Current<sup>(1)</sup> Salary</u>	<u>TSRB<sup>(2)</sup> recom- mended Salary</u>	<u>% Increase</u>	<u>Proposed<sup>(3)</sup> salary</u>	<u>% Increase</u>
Prime Minister	1	46,660	65,000	39.3	48,520	3.99
Lord Chancellor	1	52,500	62,000	18.1	54,600	4.00
Mr Speaker	1	38,785	55,000	41.8	40,330	3.98
Cabinet Minister (Commons)	17	37,410	55,000	47.0	38,900	3.98
Cabinet Minister (Lords)	2	28,950	49,500	71.0	30,100	3.97
Minister of State (Commons)	22	29,035	38,000	30.9	30,190	3.98
Minister of State (Lords)	6	24,200	32,500	34.3	25,170	4.01
Parliamentary Secretary (Commons)	25	24,160	31,000	28.3	25,130	4.01
Parliamentary Secretary (Lords)	4	19,350	25,500	31.8	20,130	4.03
Attorney General	1	39,160	55,000	40.4	40,720	3.98
Solicitor General	1	33,810	44,000	30.1	35,160	3.99
Lord Advocate (Lords)	1	29,000	38,500	32.8	30,160	4.00
Lord Advocate (Commons) <sup>(4)</sup>	-	-	44,000	-	35,160	-
Solicitor General for Scotland	1	30,210	38,500	25.8	31,410	3.97
<u>House of Commons</u>						
Leader of the Opposition	1	35,035	50,000	42.7	36,430	3.98
Chief Whip	1	32,610	42,000	28.8	33,910	3.99
Deputy Chief Whip	1	29,035	38,000	30.9	30,190	3.98
Opposition Chief Whip	1	29,035	38,000	30.9	30,190	3.98
Government Whip	12	21,735	28,000	28.8	22,610	4.03
Assistant Opposition Whip	2	21,735	28,000	28.8	22,610	4.03
Chairman, Ways and Means	1	29,035	38,000	30.9	30,190	3.98
Deputy Chairman, Ways and Means	1	26,585	34,500	29.8	27,640	3.97
<u>House of Lords</u>						
Chief Whip	1	24,200	32,500	34.3	25,170	4.01
Deputy Chief Whip	1	19,350	25,500	31.8	20,130	4.03
Government Whip	5	16,925	22,500	32.9	17,610	4.05
Leader of the Opposition in the House of Lords	1	19,350	25,500	31.8	20,130	4.03
Opposition Chief Whip <sup>(5)</sup>	1	16,925	22,500	32.9	17,610	4.05
Opposition Deputy Chief Whip	1	-	16,500	-	12,920	-
Chairman of Committees	1	24,200	32,500	34.3	25,170	4.01
Principal Deputy Chairman of Committees	1	21,750	29,000	33.3	22,620	4.00
TOTAL SALARY BILL		3,125,390	4,212,500 <sup>(6)</sup>	34.8 <sup>(7)</sup>	3,250,340 <sup>(6)</sup>	4.00 <sup>(7)</sup>

Notes

- (1) Includes Parliamentary salary of £8,460 where appropriate  
(2) Includes Parliamentary salary of £11,000 where appropriate  
(3) Includes Parliamentary salary of £ 8,800 where appropriate  
(4) Aligned with Solicitor General  
(5) Currently not paid. Proposed salary maintains TSRB relationship with Opposition Chief Whip  
(6) Excludes Opposition Deputy Chief Whip (currently not paid) and Lord Advocate (Commons)  
(7) Weighted by number of office holders



## MINISTERS AND OFFICE HOLDERS

4% increase on total salary except Junior Lords Ministers and office holders who receive the same % increase as equivalent Commons Ministers and office holders

Office	No. of Office Holders	Current <sup>(1)</sup> Salary	TSRB <sup>(2)</sup>		Proposed <sup>(3)</sup> salary	% Increase
			recom- mended Salary	% Increase		
Prime Minister	1	46,660	65,000	39.3	48,520	3.99
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Parliamentary Secretary (Lords)	4	19,350	25,500	31.8	20,320	5.01
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MPs' AND MINISTERS' PAY AND PENSION

TABLE C

Illustrative effects of proposals :-

- a. to increase gross pay by 4 per cent
- b. to increase MPs' pension contribution from 6 per cent to 8 per cent and Ministers' contribution to supplementary schemes from 5 per cent to 8 per cent (both as recommended by TSRB).

<u>I Backbench MP</u>	<u>Gross</u>	<u>Pension</u>	<u>Net</u>
Current (£)	14,510	(6%) 870	13,640
Proposed (£)	15,090	(8%) 1207	13,883
Increase (£)	580	337	243
Increase (%)	4.00		1.78

<u>II Cabinet Minister (Commons)</u>			
Current (£)	37,410	(x) 2016	35,394
Proposed (£)	38,900	(8%) 3112	35,888
Increase (£)	1,490	1096	494
Increase (%)	3.98		1.40

(x) 6 per cent on £14,510, 5 per cent on balance

<u>III Cabinet Minister (Lords)</u>			
Current (£)	28,950	(5%) 1448	27,502
Proposed (£)	30,100	(8%) 2408	27,692
Increase (£)	1,150	960	190
Increase (%)	3.97		0.69



Parliament.  
MP's pay, p. 5



2 pps 8

SECRET



PRIVY COUNCIL OFFICE  
WHITEHALL, LONDON SW1A 2AT

12 July 1983

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10 Downing Street

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MINISTERIAL SALARIES

ARMG

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R M WHALLEY  
Private Secretary

SECRET



CONFIDENTIAL



Privy Council Office  
68 Whitehall  
London SW1A 2AT

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*Yours ever  
David*

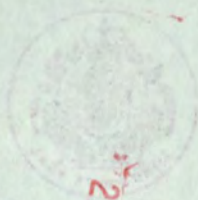
D C R HEYHOE  
Private Secretary

M Scholar Esq  
Private Secretary  
10 Downing Street

CONFIDENTIAL



Parliament  
MP's pay  
P+S



2 JUL 1983

60





Prime Minister ①

On the questions in para 8  
 agree a) that the government would  
 accept the view of the House, as at X?  
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MR SCHOLAR

PARLIAMENTARY PAY AND ALLOWANCES

1. When the subject of MPs' pay and allowances is debated in the House, MCS 11/7  
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 it becomes necessary to bring forward on a subsequent day a further effective  
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 when the Government's motions are debated:

- (a) The Government's proposal for a 4 per cent increase is carried  
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4. In the event of outcome 2(a) there is no problem; the proposed 4 per cent increase for MPs and for Ministers will march together.

5. Outcome 2(b) poses two problems:

(a) Should the Government accept the vote of the House and pay the increase?

(b) Would any consequential change to the proposed 4 per cent increase in Ministers' pay be required?

If the Government decided to accept the vote of the House, it would be necessary for the Lord Privy Seal to indicate the Government's intention, in the light of the vote, to bring forward an amended effective motion which would increase pay for pension purposes by the same amount. As regards Ministers, the Lord Privy Seal assumes that, whatever the outcome of the vote on Members' salaries, it would not be the Government's intention to depart from its recommended 4 per cent increase.

*- We have to look at differentials, especially for Party Sec. other 7 States.*

6. The same considerations arise in the case of outcome 2(c) as in the previous paragraph. In practice, it is likely that, if an amendment proposing some intermediate increase were to be tabled and selected, it would be voted on after the rejection of any 'full Plowden' amendment and before the Government's own motion.

7. Outcome 2(d) is perhaps not likely, but its practical effect would be to leave Member's pay at its present level until such time as the Government chose to bring any further recommendations on the subject before the House.

*Col. P. H. ...*  
*676.*  
*—*



8. In summary therefore the Lord Privy Seal would be most grateful if you could ascertain the Prime Minister's views on:

(a) How we should respond to a vote of the House in favour either of full Plowden or some intermediate increase above 4 per cent?

(b) What equivalent changes, if any, would be made as a consequence to the Government's proposals on Ministerial salaries?

9. I am copying this to the Private Secretaries to the Lord President, the Chancellor of the Exchequer, the Secretary of State for Employment and the Chief Whip; and to Sir Robert Armstrong and Sir George Engle.

*See Heyhoe*

D C R Heyhoe

11 July 1983

Privy Council Office  
68 Whitehall



1. JUL 1953

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



PRIME MINISTER

*mf*

MP's Pay

The Chief Whip told me that he had had two conversations with Mr. Du Cann.

At the first, Mr. Du Cann had said that he deplored the Cabinet's decision on 4% and would speak and vote against it. But he had subsequently approached the Chief Whip again and said that he wondered whether there was any way of getting off the hook. The Chief Whip said that there was no possibility of changing the Cabinet's decision, but if it was a question of *accompanying* words or presentation he would be glad to discuss it. Mr. Du Cann had gone away to consider this.

The Chief Whip thought that he would hear again from Mr. Du Cann on Monday and that there would then be a meeting between the officers of the 1922 Committee and the Leader of the House.

As far as the Whips were concerned, he could still not say that they had evidence that they could secure a majority of 4%, but that they were now going flat out to sell the proposition, including asking individual Cabinet Ministers to speak to those groups of backbenchers with whom they had the greatest influence.

*F.R.B.*

8 July 1983





10 DOWNING STREET

Prime Minister

I have told Sir  
Robert that you will  
probably want to take  
public expenditure before  
MPs etc. pay.

TERB

6.7.



SECRET

~~cc SUBJECT: PARLIAMENTS  
MEMBERS. MP'S PAY A5~~

CC/MP

Top Copy: Econ for  
TSRB Pt 5

6

Ref. A083/1991

PRIME MINISTER

Top Salaries Review Body Reports

The Cabinet needs to take decisions on the following matters arising from reports by the Top Salaries Review Body (TSRB):

- (i) Report No 20 relating to:
  - (a) pay, pensions and allowances of Members of Parliament;
  - (b) salaries of Ministers and other office holders;
- (ii) Report No 19 relating to top salary groups, ie senior civil servants, senior armed forces officers, and the judiciary.

FRAG A  
B

2. The Cabinet previously discussed these matters on Tuesday 10 May (CC(83) 17th Conclusions, Minute 2) and on Thursday 30 June (CC(83) 21st Conclusions).

HANDLING

C

3. The discussion can be taken in three separate sections, dealing first with MPs, then with Ministers, and finally with the top salary groups. Speaking notes are attached on each of these three items, summarising the proposals agreed by your meeting of Ministers on Tuesday 5 July. There are also tables giving the exact proposed salary figures; spare copies of these are available for handing round if necessary.

MPs' Pay

4. On MPs' pay I suggest that, after drawing on the speaking note to open the discussion, you call on the Lord Privy Seal and the Chief Whip to deploy the Parliamentary arguments in favour of the latest proposals.

5. The precise figure envisaged for the MPs' salary is £16,000, an increase of 10.27 per cent (10 per cent exactly would give a salary of £15,961). The net increase, after allowing for the increase in pension contribution, is actually less than 7 per cent - 6.74 per cent as the following table shows.

SECRET



<u>Salary</u>	<u>Gross</u>	<u>Pension</u>	<u>Net</u>
Current (£)	14,510	(6%) 870	13,640
Proposed (£)	16,000	(9%) 1,440	14,560
Increase (£)	1,490	570	920
Increase (%)	10.27		6.74

Nevertheless it is not far off the mark to talk of a net increase of around 7 per cent, since the salary increase will take effect from 13 June and the increased pension contribution will not take effect until later this year when the legislation has been enacted.

#### Ministerial Salaries

6. On Ministerial salaries the handling of the discussion will depend on whether the Cabinet approves the proposed increase for MPs of around 10 per cent gross. If so you will be able to set out the proposal for an equivalent across-the-board increase for Ministers and other office holders. The detailed salary figures are set out in table 2. The Treasury has rounded the figures to the nearest £100, but has taken the opportunity to round upwards for Parliamentary Secretaries and others currently earning less than £25,000 and to round downwards for the rest. The weighted average increase is 10 per cent.

7. In the discussion on 5 July there was some concern about the position of Parliamentary Secretaries, but it was eventually decided not to skew the distribution more than marginally in their favour. The resulting figure still leaves the Parliamentary Secretary's salary (if he is in the Commons) over £10,000 ahead of that of the backbench MP.

8. If the Cabinet opts for a lower increase than around 10 per cent gross for MPs, you will probably wish to seek the Cabinet's agreement to an across-the-board increase for Ministers and other office holders at the same level, with similar arrangements for rounding.

#### Top Salary Groups

9. On the top salary groups the handling of the discussion will depend on the decision reached on MPs and Ministers. If the proposals for an increase of around 10 per cent for both MPs and Ministers are



approved, you will be able to introduce the proposals approved at your meeting of Ministers on Tuesday 5 July, that there should be an increase of 6.9 per cent from 1 April 1983 and a further increase of just under 5 per cent (restoration of the abatement) from 1 January 1984, making an increase for 1983-84 of 8.1 per cent. The details are set out in table 1.

10. In case the question is raised because of the discussion on public expenditure, you can say that the cost of the proposed increases for the top salary groups in 1983-84 is small: about £4 million in all (£2.5 million for senior civil servants; £0.5 million for senior armed forces officers and £1.1 million for the judiciary). This compares with the saving of £100 million net which is being sought by the Chancellor of the Exchequer on pay and general administration.

11. If the Cabinet were to opt for a very substantially lower figure for MPs' pay (say 4 per cent gross), it would be for consideration whether the increase for the top salary groups should be lower (say the 6.9 per cent instalment from 1 April 1983 only). In logic there is no reason why a decision on the top salary groups which is desirable on management grounds should be affected. The main arguments for an increase as low as 4 per cent gross for MPs would be that most MPs have other sources of income and should not expect service as an elected representative to be treated as a remunerative career. These arguments do not apply to the top salary groups. On the other hand the Chief Whip might judge that his task of carrying the Government's motion for an increase as low as 4 per cent gross would be made more difficult if the increase for top salary groups was 8.1 per cent.

#### Timing of Announcements

12. Once the necessary decisions have been taken you will wish to consider carefully the timing of announcements. The main considerations affecting the various items are as follows:

- (a) MPs' pay: Further consultations may be thought desirable before the decision is announced; the most likely date for a debate would be 19 July, and the motion would need to be tabled some days before that - say 14 July.



(b) Ministerial salaries: It is not now thought necessary to submit the draft Order in Council to the Joint Committee on Statutory Instruments which will not be meeting until 20 July; the draft Order in Council can therefore be tabled at the same time as the motion on MPs' pay.

(c) Top salary groups: The Government will wish to make its intentions clear before the debate on MPs' and Ministerial salaries.

13. The simplest course may be for the Government to make its intentions clear about all these matters simultaneously, as soon as any further consultations about MPs' pay have taken place. I think that this will call for an oral statement by you: either in the afternoon of 7 July, if you wish to give an immediate lead, or on Tuesday 12 July, or perhaps at the time when the motion and draft Order in Council are tabled on 14 July or thereabouts.

#### CONCLUSIONS

14. You will wish to reach conclusions on the following matters:

- (i) in relation to MPs:
  - (a) whether the non-pay recommendations of the TSRB should be accepted, subject to an increase in the pension contribution of 3 per cent rather than 2 per cent;
  - (b) whether MPs' pay should be increased from £14,510 to £16,000 (around 10 per cent gross);
- (ii) whether the salaries of Ministers and other office holders should be increased by 10 per cent across the board on the lines set out in table 2;
- (iii) whether the salaries of top salary groups should be increased by 6.9 per cent from 1 April 1983 and just under 5 per cent from 1 January 1984 (8.1 per cent for 1983-84), as set out in table 1;
- (iv) when and how the Government's decisions should be announced.

ROBERT ARMSTRONG

6 July 1983



Top Salaries Review Body ReportsSpeaking NoteMPs' Pay

When the Cabinet discussed MPs' pay last week, it was agreed that the Chief Whip should take soundings of opinion amongst Government supporters on the following basis:

- the TSRB's non-pay recommendations would be accepted including the improvement in the pension accrual rate from 1/60th to 1/50th;
- the pension contribution would be increased from 6 per cent to 9 per cent rather than 8 per cent as recommended by the TSRB;
- MPs' pay should be increased by 4 per cent gross.

2. The Chief Whip has already reported on the results of his soundings to a small group of Ministers. He considers that, even allowing for the pay roll vote, the Government could probably not carry a motion for a pay increase of only 4 per cent. A substantial number of the Government's supporters would vote against such a motion, and they would be likely to be joined by members of the Opposition parties who would see advantage in embarrassing the Government.

3. In the face of this there are two options open to the Government. One is to press ahead with a motion for a 4 per cent increase and risk defeat. There might then be a Parliamentary majority for full implementation of the TSRB Report, an increase of 31 per cent. The argument for that course of action is that the Government would have made its position clear and the responsibility would be seen to rest with the House. The argument against is that such a vote would be seen as a defeat for the Government, that the Government's authority would be weakened not only in relation to the pay round but also in the House more generally, and that the public at large would (because of the large Government majority) tend to associate the Government with the House's decision. The small group of Ministers therefore came down against this option.



4. The other option is to put down a Government motion proposing an increase very much less than that recommended by the TSRB (and therefore in line with a statement which I made in the House on 12 May) which the Chief Whip believes could be carried. The Chief Whip considers that the lowest figure which would safely meet this requirement is an increase of around 10 per cent gross, which could be presented as less than 7 per cent net allowing for the increase in the pension contribution. An MP's salary would thus be increased from £14,510 to £16,000, compared with the figure of £19,000 recommended by the TSRB. The Government would be able to say that the percentage increase was only one-third of that (31 per cent) proposed by the TSRB.

#### Salaries of Ministers and Other Office Holders

5. If the Cabinet accepts the proposal for an increase of around 10 per cent gross in MPs' pay, it is necessary to consider what increases should be proposed for Ministers and other office holders (including the Speaker and the Leader of the Opposition). It is usual for the draft Order in Council on these salaries to be tabled for debate at the same time as the motion on MPs' pay.

6. There is an argument for a higher percentage increase for junior Ministers than MPs because of the financial sacrifices which they make in joining the Government. The small group of Ministers therefore considered whether to propose a larger percentage increase for junior Ministers, offset by a smaller percentage increase for more senior Ministers, within the 10 per cent overall figure. The conclusion was that this would complicate handling in the House and public presentation. The Parliamentary Secretary would still be getting a gross salary over £10,000 more than that of a backbench Member of Parliament.

7. It is therefore proposed that there should be an increase of 10 per cent across the board, although the percentage figure will in some cases be fractionally higher and in other cases fractionally lower because of rounding. In the case of Commons



Cabinet Ministers the proposal is for an increase from £37,410 to £41,400. This is a percentage increase of 9.9 per cent compared with the 47 per cent recommended by the TSRB.

#### Top Salary Groups

8. We deferred consideration of the TSRB Report on top salary groups (senior civil servants, senior armed forces officers and the judiciary) because of the Election.

9. In my statement last year about the salaries of those groups I said that there were sound management reasons for bringing them up to date quickly and for keeping them up to date in the future. We were not in fact able to bring them up to date last year, but abated the proposed increases by one-third to maintain consistency with the treatment of last year's report of the Doctors and Dentists Review Body (DDRB).

10. This year the TSRB has proposed an increase of 11.9 per cent, of which 6.9 per cent is the increase for the current year and just under 5 per cent is for making good the previous abatement. In the case of the DDRB this year where we had a similar abatement problem we implemented the current year increase (7 per cent) from 1st April 1983 and restored the abatement (in their case 2.7 per cent) from 1st January 1984. It is therefore proposed that we should follow the same pattern for the TSRB groups, ie an increase of 6.9 per cent from 1st April 1983 and restoration of the abatement from 1st January 1984. This would have the advantage that in next year's review the TSRB could have no backlog to take into account (for the first time for many years). The increase for 1983-84 would be 8.1 per cent.



SECRET

## SEN PUBLIC SERVANTS

	Salaries currently in payment	Salary wef 1 4 83	Salary wef 1 1 84	Numbers in post at 1 1 83
<u>Senior Grades of the Higher Civil Service</u>				
Secretary of the Cabinet ) Permanent Secretary to the Treasury )	42,000	45,000	48,000	2
Permanent Secretary	37,750	40,500	42,750	22
Second Permanent Secretary	35,000	37,500	39,500	11
Deputy Secretary	30,250	32,500	34,250	133
Under Secretary	25,000	26,750	27,750	490
<u>Senior Officers of the Armed Forces</u>				
Admiral of the Fleet ) Field Marshal ) Marshal of the Royal Air Force )	42,000	45,000	48,000	1
Admiral ) General ) Air Chief Marshal )	37,750	40,500	42,750	20
Vice-Admiral ) Lieutenant General ) Air Marshal )	30,250	32,500	34,250	38
Rear Admiral ) Major General ) Air Vice-Marshal )	25,000	26,750	27,750	158
<u>Judiciary</u>				
Lord Chief Justice	52,500	56,500	60,000	1
Master of the Rolls ) Lord of Appeal ) Lord President of the Court of Session ) (Scotland) )	48,250	51,750	55,000	11
Lord Chief Justice (Northern Ireland) ) President of the Family Division )	47,000	50,500	53,500	2
Vice Chancellor ) Lord Justice of Appeal ) Lord Justice Clerk (Scotland) ) Lord Justice of Appeal (Northern Ireland) )	45,500	49,000	52,000	23
High Court Judge ) Judge of the Court of Session (Scotland) ) Puisne Judge (Northern Ireland) )	42,500	45,500	48,000	97

SECRET



	Salaries currently in payment	Salary wef 1 4 83	Salary wef 1 1 84	Numbers in post at 1 1 83				
President, Lands Tribunal (England and Wales)	30,000	32,250	33,750	4				
President, Transport Tribunal								
Chief Social Security Commissioner (England and Wales and Scotland)								
President, Industrial Tribunals (England and Wales)								
President, Industrial Tribunals (Scotland)	29,000	31,250	32,750	21				
Sheriff Principal (Scotland)								
Chairman, Scottish Land Court								
President, Lands Tribunal (Scotland)								
Official Referee (London)								
Vice-Chancellor of the County Palatine of Lancaster								
Recorder of Liverpool								
Recorder of Manchester								
Senior Circuit Judge (Newington Causeway)								
Recorder of Belfast (Northern Ireland)								
President of the Lands Tribunal (Northern Ireland)								
Chief Social Security Commissioner (Northern Ireland)								
Circuit Judge	27,750	29,750	31,000	440				
Chief Metropolitan Magistrate								
Member, Lands Tribunal (England and Wales and Scotland)								
Social Security Commissioner (England and Wales and Scotland)								
Judge Advocate General								
Sheriffs A and B (Scotland)								
County Court Judge (Northern Ireland)								
Master of the Court of Protection Senior and Chief Masters and Registrars of the Supreme Court								
Registrar of Criminal Appeals								
President, Industrial Tribunal (Northern Ireland)								
Member, Lands Tribunal (Northern Ireland)								
Social Security Commissioner (Northern Ireland)								
Regional Chairmen, Industrial Tribunals (England and Wales and Scotland)					25,750	27,750	29,000	19
Chairman, Foreign Compensation Commission								
Vice-Judge Advocate General								

SECRET



	Salaries currently in payment	Salary wef <u>1 4 83</u>	Salary wef <u>1 1 84</u>	Numbers in post at <u>1 1 83</u>
Masters and Registrars of the Supreme Court				
Metropolitan Magistrate				
Chairmen, Industrial Tribunals (England, and Wales and Scotland)				
Provincial Stipendiary Magistrate				
Resident Magistrate (Northern Ireland)	24,000	25,750	26,750	339
Chairman, Industrial Tribunal (Northern Ireland)				
Master, Supreme Court (Northern Ireland)				
County Court Registrars and District Registrars of the High Court				



<u>Office</u>	<u>Current Salary</u> (1)	<u>TSRB recommended salary</u> (2)	<u>% Increase</u>	<u>Proposed Salary</u> (3)	<u>% Increase</u>
Prime Minister	46,660	65,000	39.3	51,300	9.9
Lord Chancellor	52,500	62,000	18.1	57,700	9.9
Mr Speaker	38,785	55,000	41.8	42,600	9.8
Cabinet Minister (Commons)	37,410	55,000	47.0	41,100	9.9
Cabinet Minister (Lords)	28,950	49,500	71.0	31,800	9.8
Minister of State (Commons)	29,035	38,000	30.9	31,900	9.9
Minister of State (Lords)	24,200	32,500	34.3	26,700	10.3
Parliamentary Secretary (Commons)	24,160	31,000	28.3	26,600	10.1
Parliamentary Secretary (Lords)	19,350	25,500	31.8	21,300	10.1
Attorney General	39,160	55,000	40.4	43,000	9.8
Solicitor General	33,810	44,000	30.1	37,100	9.7
Lord Advocate (Lords)	29,000	38,500	32.8	31,900	10.0
Lord Advocate (Commons) (4)	-	44,000	-	37,100	-
Solicitor General for Scotland	30,210	38,500	25.8	33,200	9.9
<u>House of Commons</u>					
Leader of the Opposition	35,035	50,000	42.7	38,500	9.9
Chief Whip	32,610	42,000	28.8	35,800	9.8
Deputy Chief Whip	29,035	38,000	30.9	31,900	9.9
Opposition Chief Whip	29,035	38,000	30.9	31,900	9.9
Government Whip	21,735	28,000	28.8	24,000	10.4
Opposition Deputy Chief Whip	21,735	28,000	28.8	24,000	10.4
Chairman, Ways and Means	29,035	38,000	30.9	31,900	9.9
Deputy Chairman, Ways and Means	26,585	34,500	29.8	29,200	9.8
<u>House of Lords</u>					
Chief Whip	24,200	32,500	34.3	26,700	10.3
Deputy Chief Whip	19,350	25,500	31.8	21,300	10.1
Government Whip	16,925	22,500	32.9	18,700	10.5
Leader of the Opposition in the House of Lords	19,350	25,500	31.8	21,300	10.1
Opposition Chief Whip	16,925	22,500	32.9	18,700	10.5
Opposition Deputy Chief Whip (5)	-	16,500	-	13,800	-
Chairman of Committees	24,200	32,500	34.3	26,700	10.3
Principal Deputy Chairman of Committees	21,750	29,000	33.3	24,000	10.3
<b>TOTAL SALARY BILL</b>	<b>3,125,390</b>	<b>4,212,500</b> (6)	<b>34.8</b> (7)	<b>3,438,700</b> (6)	<b>10.0</b> (7)

Notes

- (1) Includes Parliamentary salary of £8,460 where appropriate  
(2) Includes Parliamentary salary of £11,000 where appropriate  
(3) Includes Parliamentary salary of £9,300 where appropriate  
(4) Aligned with Solicitor General  
(5) Currently not paid. Proposed salary maintains TSRB relationship with Opposition/  
(6) Excludes Opposition Deputy Chief Whip (currently not paid) & Lord Advocate (Commons)  
(7) Weighted by number of office holders

Chief Whip



I agree. X1 is clearly right.

1. MR. BUTLER
2. PRIME MINISTER

FEB

6.7

MPs' pay: Parliamentary handling

The attached brief suggests that you may have to make an oral statement tomorrow. I think this is unnecessary. Linked with the Chancellor's statement, I think it would be presentationally unwise, to say the least. Despite the risk of a leak from Cabinet, I would have thought we could get away with simply tabling the necessary Motions on MPs' pay early next week, and a written statement on top salaries.


CM

6 July 1983



MPs

In financial year 1982/83 the average gross pay plus secretarial allowance for an MP was something over £22,000. In addition, MPs receive allowances, to cover, for example, the costs incurred staying both in London and their constituencies, travel between the two, etc. The amounts claimed on this basis clearly vary very widely.



5 July 1983



010

SUBJECT. 6

CC - Econ Pol. TSPB  
PC-5



SECRET

PK

Notes, thank you  
Mr Alison and return please.  
To see (The PM)  
is very anxious that no word of this should get out

MR SCHOLAR

I attach for the record a brief note of this morning's meeting. You may however prefer not to circulate it but to rely on the Prime Minister's report which she will be making to the Cabinet on Thursday morning (on the basis of a speaking note to be submitted by the Secretary of the Cabinet).

but I thought you

might be aware.)

Pq

MLS 5/7

P L GREGSON

5 July 1983

SECRET



X

NOTE OF A MEETING HELD AT 10 DOWNING STREET ON TUESDAY 5 JULY 1983 AT 12.00 NOON  
TO DISCUSS THE REPORTS OF THE TOP SALARIES REVIEW BODY

---

Present

Prime Minister  
Lord President of the Council  
Lord Chancellor  
Chancellor of the Exchequer  
Secretary of State for Defence  
Lord Privy Seal  
Chief Whip

Sir Robert Armstrong  
Mr P L Gregson

\*\*\*\*\*

The Prime Minister said that the purpose of the meeting was to consider what recommendations should be put to the Cabinet on Thursday 7 July about Report No 20 of the Top Salaries Review Body (TSRB) relating to MPs' pay and allowances and the salaries of Ministers and other office holders, and Report No 19 relating to top salary groups (senior civil servants, senior officers in the armed forces, and the judiciary).

MPs' pay

2. In discussion of MPs' pay it was reported that support on the Government side was likely to be insufficient to secure the certain passage of a Motion for an increase of 4 per cent. There was likely to be little or no support from the Members of the opposition parties and there would be likely to be an official Labour amendment calling for full implementation of the TSRB recommendations. Although there were advantages in the Government's being seen to press for an increase of only 4 per cent, there would be even greater disadvantages, both politically and in relation to the pay round, in a Government defeat on the issue. Even if a narrow victory were to be secured on this basis, there would be a degree of resentment among the Government's backbench supporters which would be unhelpful for the future. A Motion proposing an increase of 7 per cent gross (4 per cent net after allowing for the increased pension contribution) would probably not tip the balance of opinion far enough. The Government should however have a good prospect of winning if it put down a Motion for an increase in MPs' pay of 10 per cent gross (7 per cent net of the increased pension contribution).



Salaries of Ministers and other office holders

3. In discussion of Ministerial and other salaries, it was argued that there was much merit in weighting any increase in favour of junior Ministers. At present a Member suffered considerable financial loss when accepting junior Ministerial office, for example the loss of remunerative outside employment, and less favourable treatment in relation to the London allowance. No satisfactory solution was available for dealing with the latter problem. A higher percentage increase for junior Ministers than for MPs generally might however increase the difficulty of securing sufficient support for the Government's Motion on MPs' pay. The easiest solution might therefore be to propose an across the board increase for Ministers equivalent to that for MPs, ie 10 per cent gross, 7 per cent net. Although the increase for Cabinet Ministers was considerably larger in absolute terms than that for MPs, the abatement as compared with the 47 per cent increase recommended by the TSRB was greater than for junior Ministers and MPs.

Top salary groups

4. In discussion of the recommendations in TSRB Report No 19 relating to top salary groups, it was noted that there were advantages in the proposal considered by the Cabinet before the Election under which the current year increase of 6.9 per cent would be paid from 1st April 1983 and the 5 per cent abatement would be restored from 1st January 1984 making an increase for 1983-84 of 8.1 per cent. This was in line with the treatment of the recommendations of the Doctors and Dentists Review Body (DDRB), would get rid of the backlog before the next TSRB report, and could be defended in relation to the 10 per cent gross increase envisaged for MPs. Detailed questions relating to senior officers in the armed forces (for example the salaries of senior medical officers and the determination of salary for pension purposes) would need to be pursued bilaterally by the Secretary of State for Defence with the Chancellor of the Exchequer.

5. The Prime Minister, summing up the discussion, said that she would report to the Cabinet on Thursday 7 July that the group recommended as follows:



i. that the pay of MPs should be increased by 10 per cent gross (7 per cent allowing for the 3 per cent increase for pension contributions) and that the non-pay recommendations in TSRB Report No 20 should be accepted;

ii. that there should be an across the board increase in the salaries of Ministers and other office holders of the same percentage as that for MPs;

iii. that the salaries of top salary groups should be increased by 6.9 per cent from 1st April 1983, with restoration of the 5 per cent abatement from 1st January 1984, making an increase for 1983-84 of 8.1 per cent.

5 July 1983





Prime Minister

For your 1200  
meetingTreasury Chambers, Parliament Street, SW1P 3AG tomorrow.  
01-233 3000

MUS 4/7

PRIME MINISTER

TOP SALARIES

I have seen the Lord Privy Seal's minute to you of 1 July. I entirely agree with all three points he makes.

2. In particular, I see serious risks in the Government putting down a motion which we cannot carry. On the other hand, it would be almost as damaging to put down a motion widely out of line with the figures now in circulation. Having regard to this and to discussion in Cabinet last Thursday, we could not in my opinion go higher than a gross increase of 7 per cent, presented as 4 per cent net of increased pension contributions. We shall need the advice of the Chief Whip as to whether we could carry a figure of 7 per cent or even a little lower.

3. As you know, I do not think the percentage increase in total Ministerial pay should exceed the total percentage increase for MPs. I should like to angle improvements in favour of junior Ministers, but such refinements are not feasible when the overall increase is so low. I therefore suggest that Ministers' salaries should be increased across the board by the same rate as we recommend for MPs.

4. Finally, in these circumstances we should accept the average increase of 6.9 per cent for Top Public Servants recommended in TSRB Report No 19, but we should not make good the existing abatement of 5 per cent during 1983-84, despite the DDRB precedent.

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

N L  
4 July 1983



O/O  
Miss Poy



C.M.A.

Prime Minister

MU 1/7

MS

PRIME MINISTER

In the light of discussions to date I rehearse below those factors which I feel now have added importance.

The most important factor is timing. It is vital that we reach a solution to this problem before the House rises for the summer recess. This means that the matter must be finally resolved when the debate takes place, either confirming the Government motion or else a successful amendment to it.

Secondly, I see very serious risks in the Government putting down a Motion which it cannot carry. This will be widely regarded as a defeat for the Government. Furthermore critics will relate that defeat to your own parliamentary reply of 12 May.

h Finally, on the substance of what we might successfully propose to the House, we should note that the first 3 per cent of any suggested increase for Members' pay will be required to finance the new pension scheme.

I am copying this to the Lord President, the Chancellor of the Exchequer and the Chief Whip.

W. J. B.

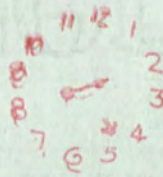
W.J.B.

Privy Council Office  
68 Whitehall  
LONDON SW1

1 July 1983



E1 JUL 1983







CONFIDENTIAL

Prime Minister (2)  
Brief for Tuesday's  
meeting. See also Fewie  
Mount's note (attached).  
Mcs 1/7

P.01056

PRIME MINISTER

TSRB REPORTS

MB  
BF  
on Tuesday

The purposes of the next meeting of your small group will be:

- i. to reconsider the Government's position on MPs' pay in the light of the Cabinet's discussion on 30 June and the subsequent Parliamentary soundings;
- ii. to consider proposals on the salaries of Ministers and other office holders in the light of i.;
- iii. to consider proposals for the top salary groups;
- iv. to decide on the next steps.

MPs' pay

2. You will wish to have a report from the Chief Whip and to guide the discussion in the light of that.

Salaries of Ministers and other office holders

3. If the decision in respect of MPs is to go for a small increase (say of 4 per cent), the simplest course may be to apply the same flat rate increase to the salaries of Ministers and other office holders, as was done last year. Bearing in mind the proposed offsetting increase in the pension contributions of 3 per cent, it would scarcely seem worthwhile to try and weight such a small increase in net remuneration in favour of junior Ministers.

4. If the decision relating to MPs' pay is for a larger increase, say something in the range of 7-15 or 16 per cent, a choice will need to be made between the following two main options:





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i. adopting the same overall increase for Ministers and other office holders;

ii. adopting a lower increase of say 4 per cent for Ministers and other office holders on the grounds that this was the basis of the Government's soundings of backbenchers about MPs' pay.

5. If it is thought reasonable to have an increase for Ministers of a size which permits some worthwhile weighting in favour of junior Ministers, the meeting will need to consider how best to do this. Because of the problems about timing referred to later in this brief, precise proposals will need to be devised as quickly as possible. Examples of how the weighting might be achieved, on various assumptions about the desired overall increase, have been worked out by the Treasury and are attached as an Annex to this brief.

6. One main approach is to increase the proportion of MPs' pay which is received by Commons Ministers as Parliamentary salary from its present level of 58 per cent (£8,460 in relation to MPs' pay of £14,510). This approach is illustrated in variant I to produce an overall increase of 16.5 per cent and in variant III to produce an overall increase of 4.9 per cent.

7. The other main approach is to achieve the weighting in a more straightforward way by giving a higher percentage increase to the lower paid Ministers and other office holders, at the expense of those at more senior levels. This approach is illustrated in variant II to produce an overall increase of 14.8 per cent and in Table A for a range of different levels of overall increases.

8. The advantage of the variants which involve manipulating the Parliamentary salary is that it would enable Commons Ministers to claim that they were receiving no increase at all in their salaries qua Ministers. It is however doubtful whether this has much merit. It may be argued that Ministers are trying to give themselves a pay increase by a more devious route. It is not clear what grounds could be advanced for increasing the proportion of MPs' pay claimed by Ministers, bearing in mind that the TSRB Report recommended that the proportion should remain unchanged. There is also the difficulty that some arbitrary increase has to be included for Lords Ministers. It may therefore





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be felt that it would be preferable to go for more straightforward weighting of the kind illustrated in variant II and Table A.

#### Top salary groups

Plan D  
Plan E  
9. You are familiar with the arguments about the TSRB Report on the top salary groups. The Chancellor of the Exchequer in his minute of 29 June said that he would be reluctantly prepared to accept the proposal previously considered by the Cabinet on 10 May (CC(83)17th Conclusions, Minute 2) providing for an increase of 6.9 per cent from 1st April 1983 and a restoration of the 5 per cent abatement from 1st January 1984. The average increase in 1983/84 would be 8.1 per cent. You have said this is your preferred option, and it would have the advantage of getting rid of the backlog before the next TSRB Report on top salaries in April 1984.

#### Next steps

10. Unless the Cabinet reaches final decisions on 7 July it will be difficult to have the debate on MPs' pay before the Summer Recess. The main timing constraint arises from the draft Order in Council on Ministerial salaries. This has to be submitted in draft to the Joint Committee on Statutory Instruments eight days before it is tabled and some further time has to elapse between this tabling and the debate. Since it will no doubt be thought desirable to have one debate covering both Ministerial salaries and MPs' pay, there is in practice a time lag of about a fortnight or more between the Cabinet's final decisions on Ministerial salaries and that debate.

11. You will also wish to consider when the Government's decisions should be made known. The proposals relating to Ministerial salaries are bound to become public knowledge when the draft Order in Council is put to the Joint Committee on Statutory Instruments which cannot be postponed later than around Tuesday of next week. You may feel that, if the Cabinet is able to take final decisions on the various issues on 7 July, it will be best to make them publicly known as quickly as possible thereafter.





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12. You will wish to consider whether any papers should be circulated to the Cabinet in advance of the meeting on 7 July and, if not, whether any documents should be available for handing round at the meeting. If the proposals relating to Ministers are to be at all complicated, it would be difficult for the Cabinet to discuss them without having something on paper.

CONCLUSIONS

13. You will wish to reach conclusions on the matters listed in paragraph 1 of this brief.

*PLG*

P L GREGSON

1 July 1983

CONFIDENTIAL



## CONFIDENTIAL

Options relating to Ministerial salaries

(submitted by the Treasury only to the  
Chancellor of the Exchequer and the Cabinet Office)

- Variant I      Weighting in favour of Junior Ministers achieved by increasing Parliamentary salary.  
Overall increase 16.5 per cent.
- Variant II     Weighting in favour of Junior Ministers achieved by higher increase for those earning below £25,000 at the expense of the others.  
Overall increase 14.8 per cent.
- Variant III    As Variant I but overall increase 4.9 per cent.
- Table A       Illustrates the differential increases for those earning more or less than £25,000 for given levels of overall increase between 4 and 15 per cent.

NB In variants II and III and Table A the Treasury have chosen the hypothetical assumption that to maintain the differential between the Lord Chief Justice and Lord Chancellor proposed by the TSRB, the nominal salary for the Lord Chancellor would be that recommended by the TSRB. It is also assumed that the Prime Minister would receive the same percentage increase as the Lord Chancellor (18.1 per cent). It is not however necessary to make these assumptions. The Prime Minister and Lord Chancellor might, as now, elect to receive the same salary as other Cabinet Ministers.



Office	No. of Office Holders	Current Salary (1) £	Proposed Salary (2) £	% Increase	TSRB Recommended % Increase
Prime Minister	1	46,660	51,600	10.6	39.3
Lord Chancellor	1	52,500	55,500	5.7	18.1
Mr Speaker	1	38,785	43,725	12.7	41.8
Cabinet Minister (Commons)	17	37,410	42,350	13.2	47.0
Cabinet Minister (Lords)	2	28,950	31,950	10.4	71.0
Minister of State (Commons)	22	29,035	33,975	17.0	30.9
Minister of State (Lords)	6	24,200	27,200	12.4	34.3
Parliamentary Secretary (Commons)	25	24,160	29,100	20.4	28.3
Parliamentary Secretary (Lords)	4	19,350	22,350	15.5	31.8
Attorney General	1	39,160	44,100	12.6	40.4
Solicitor General	1	33,810	38,750	14.6	30.1
Lord Advocate (Lords) (3)	1	29,000	32,000	10.3	32.8
Solicitor General for Scotland	1	30,210	35,150	16.4	25.8
<u>House of Commons</u>					
Leader of the Opposition	1	35,035	39,975	14.1	42.7
Parliamentary Secretary to the Treasury (Chief Whip)	1	32,610	37,550	15.1	28.8
Deputy Chief Whip	1	29,035	33,975	17.0	30.9
Opposition Chief Whip	1	29,035	33,975	17.0	30.9
Government Whip (6)	12	21,735	26,675	22.7	28.8
Assistant Opposition Whip (6)	2	21,735	26,675	22.7	28.8
Chairman, Ways and Means	1	29,035	33,975	17.0	30.9
Deputy Chairman, Ways and Means	1	26,585	31,525	18.6	29.8
<u>House of Lords</u>					
Chief Whip	1	24,200	27,200	12.4	34.3
Deputy Chief Whip	1	19,350	22,350	15.5	31.8
Government Whip (6)	5	16,925	19,925	17.7	32.9
Leader of the Opposition in the House of Lords	1	19,350	22,350	15.5	31.8
Opposition Chief Whip	1	16,925	19,925	17.7	32.9
Opposition Deputy Chief Whip (4)	1	-	15,400	-	-
Chairman of Committees	1	24,200	27,200	12.4	34.3
Principal Deputy Chairman of Committees	1	21,750	24,750	13.8	33.3
TOTAL SALARY BILL		3,125,390	3,639,600 (7)	16.5 (5)	34.8

(1) Includes £8,460 Parliamentary salary where appropriate

(2) Includes £13,400 " " " "

(3) Lord Advocate (Commons) would be paid differently

(4) Not currently paid at all

(5) Weighted (excluding posts currently not paid)

(6) Figures in column 1 relate to paid office holders

(7) Excludes Opposition Deputy Chief Whip (currently not paid)



Option

12.5 per cent increase for those earning over £25,000 in total  
 17.5 per cent increase for those earning under £25,000 in total

<u>Office</u>	<u>No. of Office Holders</u>	<u>Current Salary<sup>(2)</sup> £</u>	<u>Proposed Salary<sup>(3)</sup> £</u>	<u>% Increase</u>	<u>TSRB Recommended % Increase</u>
Prime Minister	1	46,660	55,100 <sup>(1)</sup>	18.1	39.3
Lord Chancellor	1	52,500	62,000 <sup>(1)</sup>	18.1	18.1
Mr Speaker	1	38,785	43,625	12.5	41.8
Cabinet Minister (Commons)	17	37,410	42,075	12.5	47.0
Cabinet Minister (Lords)	2	28,950	32,575	12.5	71.0
Minister of State (Commons)	22	29,035	32,675	12.5	30.9
Minister of State (Lords)	6	24,200	28,425	17.5	34.3
Parliamentary Secretary (Commons)	25	24,160	28,400	17.5	28.3
Parliamentary Secretary (Lords)	4	19,350	22,725	17.4	31.8
Attorney General	1	39,160	44,050	12.5	40.4
Solicitor General	1	33,810	38,025	12.5	30.1
Lord Advocate (Lords) <sup>(4)</sup>	1	29,000	32,625	12.5	32.8
Solicitor General for Scotland	1	30,210	33,975	12.5	25.8
<u>House of Commons</u>					
Leader of the Opposition	1	35,035	39,425	12.5	42.7
Parliamentary Secretary to the Treasury (Chief Whip)	1	32,610	36,675	12.5	28.8
Deputy Chief Whip	1	29,035	32,675	12.5	30.9
Opposition Chief Whip	1	29,035	32,675	12.5	30.9
Government Whip <sup>(7)</sup>	12	21,735	25,550	17.6	28.8
Assistant Opposition Whip <sup>(7)</sup>	2	21,735	25,550	17.6	28.8
Chairman, Ways and Means	1	29,035	32,675	12.5	30.9
Deputy Chairman, Ways and Means	1	26,585	29,900	12.5	29.8
<u>House of Lords</u>					
Chief Whip	1	24,200	28,425	17.5	34.3
Deputy Chief Whip	1	19,350	22,725	17.4	31.8
Government Whip <sup>(7)</sup>	5	16,925	19,875	17.4	32.9
Leader of the Opposition in the House of Lords	1	19,350	22,725	17.4	31.8
Opposition Chief Whip	1	16,925	19,875	17.4	32.9
Opposition Deputy Chief Whip <sup>(5)</sup>	1	-	14,575	-	-
Chairman of Committees	1	24,200	28,425	17.5	34.3
Principal Deputy Chairman of Committees	1	21,750	25,550	17.5	33.3
TOTAL SALARY BILL		<u>3,125,390</u>	<u>3,588,950<sup>(8)</sup></u>	<u>14.8<sup>(6)</sup></u>	<u>34.8</u>

(1) Increase for Lord Chancellor necessary to establish notional lead over Chief Justice. For illustrative purposes, pro rata increase for Prime Minister

(2) Includes £8,460 Parliamentary Salary where appropriate.

(3) Deemed to include Parliamentary Salary of £10,000 where appropriate (58% of £16,750 rounded)

(4) Lord Advocate (Commons) would be paid differently

(5) Not currently paid at all

(6) Weighted (excluding posts currently not paid)

(7) Figures in column 1 relate to paid office holders

(8) Excludes Opposition Deputy Chief Whip (currently not paid)



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Ministers get Parliamentary Salary abated by 35%  
Lords get £700 increase

Office	No. of Office Holders	Current Salary £ <sup>(2)</sup>	Proposed Salary £ <sup>(3)</sup>	% Increase	TSRB Recommended % Increase
Prime Minister	1	46,660	55,100 <sup>(1)</sup>	18.1	39.3
Lord Chancellor	1	52,500	62,000 <sup>(1)</sup>	18.1	18.1
Mr Speaker	1	38,785	40,140	3.5	41.8
Cabinet Minister (Commons)	17	37,410	38,765	3.6	47.0
Cabinet Minister (Lords)	2	28,950	29,650	2.4	71.0
Minister of State (Commons)	22	29,035	30,390	4.7	30.9
Minister of State (Lords)	6	24,200	24,900	2.9	34.3
Parliamentary Secretary (Commons)	25	24,160	25,515	5.6	28.3
Parliamentary Secretary (Lords)	4	19,350	20,050	3.6	31.8
Attorney General	1	39,160	40,515	3.5	40.4
Solicitor General	1	33,810	35,165	4.0	30.1
Lord Advocate (Lords) <sup>(4)</sup>	1	29,000	29,700	2.4	32.8
Solicitor General for Scotland	1	30,210	31,565	4.5	25.8
<u>House of Commons</u>					
Leader of the Opposition	1	35,035	36,390	3.9	42.7
Parliamentary Secretary to the Treasury (Chief Whip)	1	32,610	33,965	4.2	28.8
Deputy Chief Whip	1	29,035	30,390	4.7	30.9
Opposition Chief Whip	1	29,035	30,390	4.7	30.9
Government Whip <sup>(7)</sup>	12	21,735	23,090	6.2	28.8
Assistant Opposition Whip <sup>(7)</sup>	2	21,735	23,090	6.2	28.8
Chairman, Ways and Means	1	29,035	30,390	4.7	30.9
Deputy Chairman, Ways and Means	1	26,585	27,940	5.1	29.8
<u>House of Lords</u>					
Chief Whip	1	24,200	24,900	2.9	34.3
Deputy Chief Whip	1	19,350	20,050	3.6	31.8
Government Whip <sup>(7)</sup>	5	16,925	17,625	4.1	32.9
Leader of the Opposition in the House of Lords	1	19,350	20,050	3.6	31.8
Opposition Chief Whip	1	16,925	17,625	4.1	32.9
Opposition Deputy Chief Whip <sup>(5)</sup>	1	-	13,100	-	-
Chairman of Committees	1	24,200	24,900	2.9	34.3
Principal Deputy Chairman of Committees	1	21,750	22,450	3.2	33.3
TOTAL SALARY BILL		3,125,390	3,279,370 <sup>(8)</sup>	4.9 <sup>(6)</sup>	34.8

(1) Increase for Lord Chancellor necessary to establish notional lead over Chief Justice. For illustrative purposes, pro rata increase for Prime Minister

(2) Includes £8,460 Parliamentary Salary where appropriate.

(3) Includes Parliamentary Salary of £9815 (ie 65% of £14,510 + 4%) where appropriate

(4) Lord Advocate (Commons) would be paid differently

(5) Not currently paid at all

(6) Weighted (excluding posts currently not paid)

(7) Figures in column 1 relate to paid office holders

(8) Excludes Opposition Deputy Chief Whip (currently not paid)



TABLE A

Option                      Differential % Increases in Ministers' total salaries

<u>% Increase for those earning over £25,000 in total but under £40,000 in total</u>	<u>% Increase for those earning less than £25,000 in total</u>	<u>Weighted Average % Increase</u> <sup>(1)</sup>
12.5	17.5	14.8
11.0	15.0	12.9
10.0	14.0	12.0
9.0	12.5	10.8
8.0	11.5	9.8
7.0	10.5	8.9
6.0	9.5	7.9
5.5	8.0	7.0
4.0	7.5	5.9
3.0	6.5	5.0
3.0	5.0	4.3
3.0	4.5	4.1

(1) Includes 18.1% increases for Prime Minister and Lord Chancellor



PRIME MINISTERTOP SALARY REVIEW BODY REPORT-

We find the Chancellor's option c. the most attractive. A recommended average increase of 6.9 per cent seems quite enough at the end of a pay round in which we have paid lower ranks 4-5 per cent; and at the beginning of another in which we are urging that lesser mortals should accept increases of 2-3 per cent.

I remain extremely suspicious of the calculations and justifications of the TSRB for paying these double-figure increases to senior civil servants, Generals and judges.

- (i) Compression of differentials. This argument has surely lost a great deal of its force since our reduction in the top rates of tax. The differentials in net take-home pay, coupled with the career aspirations, are now probably adequate to inspire a thirst for promotion. One does not hear of refusals. Any further widening of differentials would serve merely to increase the sense of self-importance of these senior public servants, without adding to their authority.
- (ii) The comparison with senior executives in the private sector. These comparisons rarely take into account the much higher degree of job security enjoyed at the top of the public sector. Indeed, there is a case for saying that job insecurity increases with each promotion step in private companies, whereas in the public sector, eg the judiciary, job security actually increases.
- (iii) Recruitment and retention. Here, too, I doubt whether the seepage out of the public sector or the reluctance to be promoted to the Bench is quite as marked as is claimed. The TSRB process is, after all, dominated by members of the TPTU (Top People's Trade Union). The seepage is more likely to occur at lower levels in the public sector, but we should not attribute this entirely to pay. Attitudes to a public service career may be changing, for reasons which we understand and sympathise with. The public sector cannot assume that it has the monopoly on the ablest people in the community.



SUBJECT

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R I AMAN

10 DOWNING STREET

From the Private Secretary

30 June 1983

Dear David,

MPs' Pay

The Prime Minister took a meeting this morning to discuss the TSRB report on MPs' pay and allowances. The Lord Chancellor, the Chancellor of the Exchequer, the Lord Privy Seal, the Secretaries of State for Defence and Employment, the Chief Whip, Sir Robert Armstrong and Mr. Gregson were present.

In discussion, it was noted that Mr. du Cann was supporting the proposition that the TSRB's recommendations should be implemented in full now, but that there should be no further increases during the lifetime of the Parliament. This was inconsistent with the recommendations of the Thomas Committee, but consistent with Mr. du Cann's earlier position. The merit of this view was that it involved no staging, and got away from the idea of annual salary increases for MPs. The difficulty was, of course, the sheer size of the increase involved, which would cause public resentment and would do great damage to the Government's efforts in the pay scene generally. An alternative would be for the Government to recommend a substantial abatement of the Plowden increase - say a 50% abatement, which would produce a salary of £16,750. This represented an increase of 15.4%. It would be possible to propose this with or without further annual increases to take account of rising prices later in the Parliament. It was noted that the majority opinion in the House was at present against staging, and that more and more Members seemed ready to accept something less than the full amount recommended by Plowden; a substantial abatement, however, would arouse much opposition.

In further discussion it was noted that the Government's earlier stance would make it difficult to rule out annual increases later in the Parliament to take account of rising prices. This argued for proposing a starting level for the Parliament as low as possible. There was general agreement that the non-pay recommendations of Plowden should be accepted in full, except that in relation to the pension contribution rate. Plowden was recommending increasing this from 6% to 8%, to help finance the greatly improved pension benefits he recommended. It was noted that, even at the higher level of 8%, the pension scheme was more generous than that which applied to the Civil Service, where the notional contribution rate was also 8%, yet the total cost of the

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/ scheme

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scheme was 20% as against the 22% cost of the MPs' scheme. It was felt that to go above Plowden's recommendations, to a 9% contribution rate, would arouse disproportionate opposition amongst Members; but that it would be right to propose a 9% rate, in line with the Government's general policy of increasing contribution rates for public sector pension schemes.

In a brief discussion of a suggestion that there should be a provision for three months' redundancy pay for Ministers who had not been re-appointed, it was agreed that such provision was desirable, was unlikely to attract criticism, could not be retrospective, and would best be floated in a backbench amendment to the resolutions which would be put forward on Ministers' pay. It was also agreed that the Plowden recommendations in respect of reimbursement of Peers' expenses should be accepted.

Summing up the discussion, the Prime Minister said that she wished to defer consideration of Ministers' pay and the TSRB recommendations on top salary groups until the picture was clearer on MPs' pay and allowances. She would reconvene the meeting early next week to take the discussion further. You will no doubt have heard that there was substantive discussion about MPs' pay and allowances at the Cabinet meeting which took place later in the morning.

I am sending a copy of this letter to John Kerr (H.M. Treasury), Barnaby Shaw (Department of Employment), Murdo Maclean (Chief Whip's Office), Richard Hatfield (Cabinet Office) and to Peter Gregson.

I would be grateful if you and they would ensure that these copies are not further copied, nor circulated outside Private Offices.

*Yours sincerely,*

*Michael Scholar*

---

David Heyhoe, Esq.,  
Lord Privy Seal's Office.

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Prime Minister

Please also see new

Correspondence on the Armed Forces

Review Body Report on doctors and dentists in the services (FLAG-A); and a reply (FLAG-B)

to 2 questions you put to John Biffen

MS 29/6

P.01054

PRIME MINISTER

TSRB REPORT

This meeting is to consider the two reports from the Top Salaries Review Body (TSRB) on top salary groups, and on parliamentary pay and allowances (including Ministerial salaries).

(FLAG-C) and (FLAG-D)  
and two minutes from the Chancellor.

2. In his minute to you of 24 June the Lord Privy Seal recommends:

- that the TSRB report on parliamentary pay and allowances should be dealt with in the House in the normal way before the Summer Recess
- that the TSRB recommendations should be accepted as a guide to the level of MPs' salaries to be attained over four years and that the recommendations should be implemented in four equal stages with annual uprating on the lines envisaged in the last Parliament
- that the TSRB recommendations on allowances and pensions should be accepted in full.

3. The Chancellor of the Exchequer's views on the recommendations affecting top salary groups, MPs' pay and allowances, and Ministerial salaries, are set out in minutes to you of 29 June.

MAIN ISSUES

4. It may be convenient to structure the meeting as follows:

- i. pay of top salary groups;  
(ie senior civil servants, senior officers in the armed forces and the judiciary)

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- ii. pay and allowances of MPs:
  - a. parliamentary tactics;
  - b. substance of the recommendations on pay;
  - c. substance of the recommendations on pensions and allowances;
- iii. salaries of Ministers and other office holders.

Top salary groups

5. The Cabinet considered the TSRB's recommendations about top salary groups on Tuesday 10 May (CC(83)17th Conclusions, Minute 2) on the basis of a note by the Secretary of the Cabinet (C(83)14) which contained recommendations from an ad hoc meeting of Ministers under your chairmanship the previous week. The paper proposed: that the AFPRB recommendations should be accepted; that the DDRB recommendations for the current year increase (7 per cent) should be implemented from 1 April 1983 but that the restoration of the previous abatement (2.7 per cent) should be deferred to 1 January 1984; and that the TSRB recommended current year increase (6.9 per cent) should be implemented from 1 April 1983 but that the restoration of the previous abatement (just under 5 per cent) should be deferred until 1 January 1984. The Cabinet accepted the proposals relating to the AFPRB and the DDRB. In relation to the top salary groups they accepted that there was a strong case in principle for the proposal in C(83)14 but thought that the Government would be criticised for announcing increases for these groups at the beginning of a General Election campaign and a decision was therefore deferred.

6. The Chancellor of the Exchequer and the Secretary of State for Employment are likely to point out that restoring the 5 per cent abatement, even if deferred until 1 January 1984 will attract some criticism when the Government is trying to encourage progressively lower pay settlements. On the other hand the present pay round is virtually over and the new pay round does not get under way until the autumn. Unless it was thought that these groups should have a permanent 5 per cent abatement in their pay (which would be bad on management grounds as well as difficult to defend in relation to the doctors and dentists), there is a strong case for getting this backlog out of the way in 1 January 1984 and the Chancellor is reluctantly prepared to accept this (his Option B).

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Pay and allowances of MPs

a. Parliamentary tactics

7. The first issue is whether the aim should be to dispose of the matter of MPs' pay before the Summer Recess. The timetable is however very tight. Present advice is that it can be achieved so long as the Cabinet reaches firm decisions on 7 July and the House does not rise before the last week of July. If however the House were to rise on 22 July it is not clear whether there would be a feasible timetable.

8. The second issue is how far the responsibility for an increase in MPs' pay and allowances should rest, and be seen to rest, with Parliament itself rather than the Government. These matters are referred to in paragraphs 4 and 5 of the Lord Privy Seal's minute.

9. There appear to be two responsibilities that fall inescapably on the Government. The Government has to put down a Motion for debate by the House of Commons; and the Government has to take the necessary administrative steps. The question for consideration is how far, in carrying out these responsibilities, the Government allows itself to be guided by the expressed opinion of the House. The situation is complicated because two Motions are required: an "expression of opinion" Motion which can be freely amended by the House and an accompanying "effective" (Queen's recommendation signified) Motion which cannot be amended. The possibility therefore exists for the Government to accept the view expressed in an amended "expression of opinion" Motion by bringing forward a new "effective" Motion.

10. The meeting will therefore need to consider how far the Government ought to take advantage of the procedural possibilities in order to place the onus on the House rather than the Government. In theory it would be possible for the Government to table an unforthcoming Motion which demonstrates a desire to restrain increases in MPs' pay but which has a strong chance of being rejected by the House. If the House voted in favour of full acceptance of the TSRB recommendations, the Government could then give effect to the wishes of the House, having made its own position clear. I understand that the Lord Privy Seal is opposed to a manoeuvre of this kind. If this option is ruled out, the Government must at the very least put forward a Motion which is a reasonable response to the TSRB Report and has some chance of





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acceptance by the House. The Government does not however need to put down a Motion which is so forthcoming that it is bound to be accepted.

b. Substance of the recommendations on pay

11. So far the Government's stated attitude to the TSRB recommendations on MPs' pay is to hope that MPs, like members of the Cabinet, will regard the "increases proposed" as too high (your Written Answer of 12 May). This leaves open the question of whether the TSRB's view about the right level of MPs' pay is being challenged or whether the objection is rather to the size of the immediate increases proposed (31 per cent in the case of MPs and most Ministers, 47 per cent for Commons Cabinet Ministers).

12. The two main options are therefore:

- i. setting MPs' pay at a level below that proposed by the TSRB (favoured by the Chancellor of the Exchequer)
- ii. staged implementation of the full TSRB recommendations (favoured by the Lord Privy Seal).

13. The problem about i. is that the Government has so far gone along with the view that the best method for arriving at the right level of MPs' pay is a review by the TSRB every four years or so. It has also so far been common ground that the salary of an MP should provide adequate remuneration for a full-time Member who has no other source of income. If the Government are to reject the TSRB recommendations not just on the timing of implementation but also on substance, they will need to have some grounds for doing so. The TSRB explain at some length the rationale for their recommendations. They commissioned a study from Hay MSL who advised a figure of £18,700. Updating of the £12,000 recommended by the TSRB in 1979 and accepted in principle by the Government at that time would give £19,500 by reference to earnings and £18,500 by reference to movements in prices. Less weight can be placed on the TSRB's questionnaire to MPs or on the study the TSRB commissioned of the remuneration of legislators overseas. Nevertheless the selection of any figure less than the £19,000 proposed by the TSRB will be seen as an arbitrary judgement by the Government.

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14. The problem about ii. (staging) is that it prolongs the agony and would mean higher than average increases for MPs over several years especially as the staged instalments would have to be accompanied by an annual uprating in line with the average change in public service pay, as the Government envisaged in the last Parliament. The way in which the Lord Privy Seal's proposal would work out in practice is set out in the Annex to this minute.

15. You will want the meeting first to make a strategic choice as between the broad options of a lower increase or staging. When that has been decided you will want the meeting to settle on a preferred variant of the chosen option, eg:

Lower increase

- halfway between £14,510 and £19,000 - say £16,750 (15.4 per cent)?
- or some higher figure - say £17,500 (20.7 per cent) or £18,000 (24.1 per cent)?
- should there be annual uprating from 1984 onwards?

or Staging

- how many instalments?
- size of instalments?
- should there be annual uprating from 1984 onwards and, if so, on what basis?

c. Substance of the recommendations relating to pensions and allowances

16. There is a large number of complex recommendations relating to pensions and allowances costing £5½-6 million, about double the cost of the pay increases. The Lord Privy Seal argues in favour of accepting in full the recommendations relating to allowances on the ground that Members attach great importance to them and they are less likely to cause presentational difficulty.





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17. The main issue for discussion is the proposed 1/50th accrual rate for pensions. The Chancellor of the Exchequer will question whether the compensating increase in the contribution from 6 per cent to 8 per cent proposed by the TSRB is adequate bearing in mind that the Government has a Manifesto commitment to seek "realistic contributions" to public sector pension schemes. A judgement has to be made about how the total cost of the pension scheme should be shared between the "employer" and the "employee". The proposal that MPs should pay 8 per cent out of a total cost of 22 per cent is not out of line with the 11 per cent contributions made by the armed forces, police and firemen to their Schemes which cost 30 per cent. It is however lower than the proportion paid by civil servants (8 per cent out of 20 per cent). The Chancellor is therefore disposed to bid for a contribution of 8.8 per cent or 9 per cent. The Lord Privy Seal may feel however that the justification for such a change is not compelling, especially if the Government is unforthcoming about MPs' pay.

18. You will recall that the TSRB has recommended changes in the resettlement allowance and that your Written Answer of 12 May said that the Government believed "that any decisions which are reached in the new Parliament about resettlement arrangements should apply also to the Members of the present Parliament in relation to their present salaries".

#### Salaries of Ministers and other office holders

19. The proposed increases in the salaries of Ministers and other office holders are summarised in Annex C to the Lord Privy Seal's minute. The increase in the Parliamentary salary for Ministers and other paid office holders in the Commons, from £8,460 to £11,000, is 30 per cent, approximately the same as that for MPs. The increases proposed for junior Ministers in both the Commons and the Lords are also broadly of the same order. The percentage increase for Commons Cabinet Ministers (47 per cent) is greater than that for other Ministers, partly because the updating increases applied to their salaries in 1980 and 1981 were 5 per cent rather than the 9.6 per cent applied to other Ministers and MPs. There is also a particularly large increase for Cabinet Ministers in the Lords (71 per cent). Lords Ministers generally do not receive a Parliamentary salary. The Government decided in 1981 that in order to compensate in part for this Lords Ministers below the rank of

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Cabinet Minister should have higher salaries than the equivalent Commons Minister. The TSRB have proposed the same treatment now for the Lords Cabinet Ministers.

20. There are two other points which need to be borne in mind about Ministerial salaries. You and the Lord Chancellor have elected not to receive your current salaries of £46,660 and £52,500 respectively but to receive instead the same salaries as your Cabinet colleagues. Secondly, although resolutions about MPs' pay can be retrospective (for example to 13 June 1983, the operative date of the TSRB Report), the Order in Council relating to Ministerial salaries must, in accordance with the Statutory Instruments Act 1946, be laid on or before the date on which it comes into effect. The normal way of proceeding would be to seek the approval of both Houses to the draft Order in Council on Ministerial salaries at the same time as the debate on the Motions about MPs' pay and allowances.

21. The Government has already made it clear in your Written Answer of 12 May that it regards the proposed increases for Cabinet Ministers as "of a magnitude which they could not possibly accept". Whatever is proposed for Ministers and other office holders will need to have some defensible relationship to the proposals in the Government's Motion on MPs' pay, even if the Government leaves open the possibility that MPs may be allowed to amend upward the proposals relating to themselves. The meeting will therefore need to consider:

- i. whether the proposals relating to the salaries of Ministers and other office holders should follow the same pattern as the proposals relating to MPs' pay;
- ii. if not, what the differences should be.

22. The various options which the Chancellor of the Exchequer has worked out will need to be discussed, including your suggestion about increasing the proportion of Ministers' pay accounted for by the Parliamentary salary.





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CONCLUSIONS

23. You will wish the meeting to reach conclusions to the maximum extent possible on the following points:

i. whether the TSRB recommendations for top salary groups should be implemented on the basis considered by the Cabinet on 10 May, ie 6.9 per cent from 1 April 1983 and restoration of the 5 per cent abatement on 1 January 1984;

ii. whether the aim should be to deal with MPs' pay before the Summer Recess;

iii. what should be the content of the Government Motion relating to MPs' pay;

iv. what should be the content of the Government Motion relating to MPs' pensions and allowances;

v. what should be the content of the draft Order in Council about the salaries of Ministers and other office holders.

f

(vi) whether the AFPRB Report on armed forces doctors and dentists should

24. You will wish also to consider:

be accepted - see letter from MOD of 27/6 and Treasury reply of 29/6

i. the handling of these matters at the Cabinet on 7 July; (ie what papers should be before the Cabinet and who should submit them)

ii. the timing of announcements about the Government's proposals relating to top salary groups, MPs and Ministers.

PLG

P L GREGSON

29 June 1983

CONFIDENTIAL



## MPs' PAY

The table below shows the effect of staging the increase in MPs' pay recommended by the TSRB in four equal stages; as well as increasing the recommended total (£19,000) in 1984/85, 1985/86 and 1986/87 by an amount representing the average change in pay for appropriate public sector groups. For purely illustrative purposes this uprating figure is assumed to be 4% for each of the years in question.

FY	A		B		C	
	1983/84 TSRB recom- mendation (staged)	Resulting salary	Uprating increase	Additional amount payable (Compounded)	Total Increase	Total Salary Payable
1983/84	7%	£15,526	-	-	7%	£15,526
1984/85	7%	£16,613	4% <sup>(1)</sup>	£760	11.9%	£17,373
1985/86	7%	£17,776	4%	£1,550 (£760+£790)	11.7%	£19,326
1986/87	7%	£19,020	4%	£2,372 (£760+£790+ £822)	10.7%	£21,392 <sup>(2)</sup>

(1) Purely illustrative assumption

(2) £19,000 x 4% pa over 3 years





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

PRIME MINISTER

**TSRB REPORT ON PARLIAMENTARY PAY AND ALLOWANCES**

I have seen the Lord Privy Seal's minute to you of 24 June which we are to discuss tomorrow.

2. I confirm what the Lord Privy Seal says about the costs of the TSRB proposals for both MPs and Ministers. But I have reservations on some of his detailed suggestions.

3. On allowances other than pensions, I am prepared to accept what is proposed, although this is relatively costly (£5½-£6 million per annum) and could give rise to some controversy. I am anxious, however, that control over allowances should be tightened as the TSRB recommend, and I hope we shall be able to insist on this, unpopular though it may be with some MPs. The money spent by both Houses of Parliament is one of the least satisfactorily controlled areas of public expenditure and I shall be taking this up in the near future.

4. On pensions, the Lord Privy Seal suggests adopting the TSRB recommendations of a 1/50th accrual rate combined with an 8 per cent contribution rate. I am prepared to accept the new accrual rate. But in my view the contribution rate should be higher than 8 per cent. While there is no actuarially "right" way of demonstrating what the figures should be, we must take account of our general policy of increasing employee contributions to reach, in the words of the Manifesto, "realistic pension contributions". The general run of civil servants pay 8 per cent for a 1/60th accruals scheme, actuarially worth 20 per cent. Since the MPs' scheme is actuarially worth 22 per cent, I believe they should pay at least 9 per cent. If we were to accept 8 per cent for MPs, it would make it much more difficult to bring the other public service schemes even up to the Civil Service level, thus putting at risk several hundred million pounds of public expenditure.





5. On pay itself, I am not happy with the Lord Privy Seal's staging proposal. It seems to me only just to square with your remarks before the Election about the unacceptability of the TSRB recommendations - staging in effect accepts that the recommendations are right but comes to them gradually. Moreover, as Annex B to the Lord Privy Seal's minute makes clear, we could be storing up for ourselves an annual problem as each year MPs appear to get above average increases.

6. In an ideal world, my own preference would be to accept the £19,000 proposed but to make it clear that we would expect that figure to last for the whole Parliament, with no interim increases. This would help to show the public that they must stop thinking in terms of annual pay increases and demonstrate our confidence that inflation is under control. However, I am not sure that this approach would be consistent with our reply last year to the Select Committee on Members' Salaries when we accepted the Committee's recommendations in broad terms but proposed that annual increases should be guided by the average change in the rates of pay for appropriate groups in the public service. Once we move away from the figure the TSRB have recommended, there is no obviously "right" alternative. On the assumption that we are looking for a significantly lower increase than that proposed by the TSRB, I am inclined simply to split the difference between their recommendation and the current position. This would produce a figure of £16,750 which we would expect to uprate annually in the way we described to the Select Committee. It would represent an increase on current rates of 15.4 per cent, which, if coupled with a pension contribution rate of 9 per cent, would give an effective increase of 14.4 per cent.

7. I believe the Resolutions we table should be those which we wish to see implemented. The House may reject them but I think it is our job to make our own views clear from the start.

8. Finally, the Lord Privy Seal has suggested that we should tie up the question of Ministerial salaries with whatever decisions are taken on MPs' pay and allowances. Clearly the two issues are related but I am not convinced that it is necessarily right to adopt exactly the same treatment for Ministers as for MPs.





9. We could simply decide to increase Ministers' salaries (including the Parliamentary salary component) by the same percentage as we recommend for MPs. This would be in line with your statement before the Election that Cabinet could not accept the TSRB recommendations as they stood. But a straight percentage increase across the board would preserve the existing differentials between junior and senior Ministers. The TSRB have proposed that the current differentials should be widened. I take the opposite view. The problem at present does not seem to lie in persuading Ministers to join the ranks of the Cabinet but in finding able Members who are prepared to take on junior Ministerial posts, with the loss of income this often entails.

10. I therefore wonder whether we might consider making no increase at all in the salaries of Ministers, qua Ministers, but awarding Ministers in the Commons a rather larger proportion of the backbench MP's pay than they get at present. Ministers in the Lords could be given an annual allowance which would reflect the special demands of Ministerial work. Such a scheme would narrow differentials by ensuring that the largest percentage rises went to the most junior Ministers and the increases could be constrained to produce much the same average percentage rise in total Ministerial salaries as we recommend for MPs.

11. If you and other colleagues think this proposal worth pursuing, officials can produce the detailed figures in light of the decision we take on MPs' salaries.

12. I am copying this minute to the Lord President, the Lord Privy Seal, the Lord Chancellor, the Secretary of State for Defence, the Secretary of State for Employment, the Chief Whip and Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'N.L.' with a small flourish at the end.

(N.L.)

29 June 1983



CONFIDENTIAL



Privy Council Office  
Whitehall  
LONDON  
SW1A 2AT

29 June 1983

610  
*Dear Michael,*

PARLIAMENTARY PAY AND ALLOWANCES

I understand that the Prime Minister has asked whether it would be open to the Government to table a resolution introducing 3 months' redundancy pay for Ministers who have not been reappointed. I attach a note prepared by the Treasury on this point. As you will see, the answer is yes but there are a number of points set out in the enclosed note which need to be considered. A resolution of each House would be needed in respect of Ministers and other office holders in that House, if it was decided to proceed in this way.

I understand that the Prime Minister also asked for advice on whether it would be possible for Ministerial emoluments to include the whole of their salary as MPs. Again, the answer is yes. The Parliamentary salary of Commons' Ministers can be increased by resolution of the House of Commons. We should be departing from practice since 1911. The rationale which has hitherto been adduced for paying Ministers less than the full Parliamentary salary is set out in the enclosed further note.

I am copying this to the Private Secretaries to the Lord President, the Chancellor of the Exchequer and the Chief Whip.

*Yours ever,*  
*David*

D C R Heyhoe  
Private Secretary

Michael Scholar Esq  
Private Secretary  
10 Downing Street  
LONDON SW1

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INTRODUCTION OF RESETTLEMENT GRANT (SEVERANCE PAY) FOR COMMONS AND LORDS  
MINISTERS BASED ON 3 MONTHS' SALARY

Current Position

1. Members of Parliament who are defeated at a general election or whose constituencies disappear and who do not seek re-election are entitled to a resettlement grant of a proportion of their MP's salary according to age and length of service. The grant is to enable them to maintain themselves and their families for a transitional period between leaving the House and returning to paid employment outside. TSRB recommends that eligibility for resettlement grant should be extended to all MPs who leave the House at a general election other than those who have reached age 65. (There is currently no age limit on entitlement to resettlement grant.)

2. Commons' Ministers who lose their seats are entitled to resettlement grant based on the full MP's salary (not the reduced Parliamentary salary which Commons' Ministers receive in addition to their Ministerial salary). Commons' Ministers who cease to hold office but remain Members revert to the full MP's salary and receive no resettlement grant. Lords' Ministers who leave office have no Parliamentary salary to fall back on and receive no resettlement grant. TSRB recommends that Ministers and paid office holders in the Lords who cease to hold office after serving for not less than 2 years and before they have reached age 65 should be eligible for a payment of 3 months' salary.

Points to Consider

3. The application of a resettlement grant equivalent to 3 months' pay to Lords Ministers who are not reappointed is straightforward, and in line with the TSRB recommendation. A point to be considered is whether the 2-year qualifying period proposed by the TSRB should be accepted.

4. In the case of Commons' Ministers, the position is less straightforward. There are a variety of potential cases:

- (a) a Minister who chooses not to stand for re-election as an MP and who (under the latest TSRB proposal) would qualify for severance pay as an MP;
- (b) a Minister who stands, but fails to be re-elected - he/she would also qualify for severance pay as an MP;



(c) a Minister who is not reappointed, but who keeps his seat in the House, thus reverting to the full Parliamentary salary.

5. As noted above, the basis on which resettlement grant is currently paid to MPs is to enable them to maintain themselves and their families for a transitional period between losing their Parliamentary salary and finding other paid employment. The same rationale can be applied to paying a resettlement grant to Lords' Ministers who are not reappointed.

6. But if a specific Ministerial resettlement grant were paid to Ministers in the Commons, the basis would shift to one of compensation for loss of income. The basis on which such compensation could be given might vary in relation to the 3 cases outlined above; or might be the same. Options are:

- (i) 3 months of total salary as a Minister, including Parliamentary salary;
- (ii) 3 months of the Ministerial element in total salary only;
- (iii) 3 months of the difference between total salary at (i) and the full Parliamentary salary to which a Minister would be reverting.

It will be seen that option (iii) is best suited to case (c) above. Given that cases (a) and (b) would receive severance pay as an MP, option (ii) might be thought the most suitable.

#### Change of Government

7. Once the principle of compensation for loss of income has been accepted, a question for consideration is whether a resettlement grant should be paid to all Ministers on loss of office following a change of Government. Arguably it should also apply to paid Opposition office holders, and to paid Parliamentary office holders in the Commons and the Lords (eg Whips).

8. Acceptance of the principle of compensation for loss of income could be difficult to reconcile with the TSRB proposal that resettlement grant for ordinary MPs should not be payable to those aged 65 or over on the grounds that the latter qualify for pensions and do not need temporary support. The



Prime Minister, the Lord Chancellor and the Speaker can all draw their pension immediately on leaving office.

Costs

9. The cost of paying a resettlement grant on the basis outlined above to Ministers who are not reappointed would presumably fall on the appropriate Departmental Vote. The cost of making such payments to Government Whips would fall on the Treasury Vote, and, in the case of Opposition office holders, it would be borne on the Consolidated Fund. On present salary levels, it could cost nearly £ $\frac{1}{2}$  million to pay a resettlement grant to all those losing office as a result of a change in Government.



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PAYMENT OF THE FULL PARLIAMENTARY SALARY TO COMMONS' MINISTERS

Current Position

1. In addition to the salary of their office, Ministers and other paid office holders in the House of Commons receive a Parliamentary salary, currently £8,460, in recognition that they remain fully responsible as Members of Parliament for constituency matters throughout their period of office. This Parliamentary salary is less than (currently 58% on TSRB recommendation) the full MP's salary, currently £14,510, in recognition that a Minister or office holder is paid in that capacity for a number of Parliamentary activities, eg speaking in debates, appearing before Select Committees.

Points to Consider

2. Since 1911, when MPs were first paid, Ministers have always received less than the full Parliamentary salary for the reason outlined above. A move to 100% Parliamentary salary for Ministers could be difficult to defend against arguments of double payment. It would be less difficult, however, to increase the present proportion of Parliamentary salary paid to MPs (TSRB have endorsed the present proportion).

3. If an increase in the proportion of Parliamentary salary were coupled with a lowish or nil increase in Ministerial salary, so as to produce the same total figure, this would increase considerably the existing differential between the Ministerial salary paid to Junior Ministers in the Lords compared to that paid to those in the Commons.

Cost of Change

4. On the assumption that the increase in the Parliamentary salary is an alternative to increasing the Ministerial salary, there need be no additional cost overall. There would, however, be an increase in the expenditure borne on the House of Commons' Vote (which is not cash-limited).





*M*

Privy Council Office  
Whitehall  
LONDON  
SW1A 2AT

27 June 1983

*New wine*

TOP SALARIES REVIEW BODY REPORTS ON PARLIAMENTARY PAY AND ALLOWANCES  
AND ON SENIOR PUBLIC SERVANTS

.. I attach briefing material on these Reports, which the Treasury have prepared and asked me to send on to you before Prime Minister's Question Time tomorrow.

As regards the Report on Parliamentary Pay and Allowances, I have no comment on the suggested line. However, as you know, the Prime Minister was on the Bench at Business Questions when Mr Jack Dormand MP raised this subject with the Leader of the House. I have attached a copy of the Hansard extract for your convenience.

I am copying this to John Kerr (Treasury) and to Peter Gregson (Cabinet Office).

*Yours ever,  
David*

D C R Heyhoe  
Private Secretary

W F Rickett Esq  
Private Secretary  
10 Downing Street  
LONDON

28.6.83



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TOP SALARIES REVIEW BODY REPORTS ON PARLIAMENTARY PAY AND ALLOWANCES,  
AND SENIOR PUBLIC SERVANTS

Background Note

These Reports were laid before the House on 12 May and have now been published. In a Written Answer on 12 May, the Prime Minister stated that they would be for consideration after the Election (see attached extract from Hansard). In the case of the Report on Parliamentary pay, she also said that the Government acknowledged the need to consult opinion widely, before the House reached a conclusion on the recommendations. She also said that the proposed increases in respect of Cabinet Ministers were of a magnitude that could not be accepted, and that she trusted that MPs would take a similar view about the recommendations for their own salaries.

Ministers are now actively involved in considering these Reports. But it will be important to avoid committing the Government to bring forward proposals before the Summer Recess. Although they are expected to do so shortly, there are difficult issues of substance and timing involved, especially in respect of Ministers and MPs. (A decision on senior public servants should be easier. But it might be undesirable to announce the outcome on this before decisions had been taken on Parliamentary etc pay.)

Line to Take

The Government are carefully considering both Reports. Proposals on Parliamentary pay and allowances will be brought forward to the House in due course for debate, and a decision announced on the pay of senior public servants. Meanwhile there is nothing to add to what was said on 12 May.

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## Pay Review Bodies

Mr. Buck asked the Prime Minister if she will make a statement on the reports of the review bodies on the pay of the armed forces, the doctors and dentists and top salaries.

Mrs. Dunwoody asked the Prime Minister when she intends to announce the decision on the Doctors and Dentists Pay Review Body; and if she will be accepting the recommendations of the board.

The Prime Minister: The reports of the Armed Forces Pay Review Body, the Doctors' and Dentists' Review Body and the Top Salaries Review Body on certain top salary groups and on parliamentary pay and allowances have been laid before the House today and will be published as Command Papers shortly. Copies are now available in the Vote Office. The Government are grateful to the members of the review bodies for these reports and for the time and care which they have put into their preparation.

The report of the Armed Forces Pay Review Body recommends new rates of pay for service men and women applicable from 1 April 1983 which will add 7.2 per cent. to the estimated pay bill for 1983-84.

The Government accept the report, and the necessary steps to implement the new rates of pay, and inform service men of the details of the report, will be taken as soon as possible.

The report of the Doctors' and Dentists' Review Body recommends with effect from 1 April 1983 increases in the pay of doctors and dentists which the review body estimates would add 6 per cent. to the pay bill over and above the costs of implementing in full its recommendations for 1 April 1982; in addition it recommends changes in certain supplementary payments to take account of the hours worked by junior hospital doctors and dentists, which will add a further 1 per cent. to the total pay bill.

The House will recall that since 1981 there has been an abatement of the review body's recommendations for doctors and dentists which now amounts to 2.7 per cent. of the pay bill. The review body has strongly urged that this abatement should now be made good. The Government accept the recommended increases for this year with effect from 1 April 1983. It proposes to make good the abatement with effect from 1 January 1984.

The scales and rates resulting from these decisions will be promulgated as soon as possible.

The two reports from the Top Salaries Review Body, one dealing with the salaries of the higher Civil Service, senior officers in the armed forces and the judiciary, and the other dealing with the salaries of Members of Parliament and of Ministers and other office holders and parliamentary allowances, will be for consideration after the election.

So far as the proposed salaries for Cabinet Ministers are concerned, members of the Cabinet take the view that the increases proposed are of a magnitude which they could not possibly accept, and trust that Members of Parliament will take a similar view about recommendations affecting their own salaries. The Government believe that any decisions which are reached in the new Parliament about resettlement arrangements should apply also to Members of the present Parliament in relation to their present salaries. The Government acknowledge the need to consult opinion widely before the House reaches a conclusion on the recommendations.

HANSARD

(COMMONS)

12 MAY 1983

VOL. 42

COLS. 434-35



## Business of the House

3.15 pm

**The Lord Privy Seal and Leader of the House of Commons (Mr. Biffen):** With permission, Mr. Speaker, I should like to make a short statement about next week's business.

As the House is aware, the debate on the Address in reply to the Gracious Speech will conclude on Wednesday 29 June.

**THURSDAY 30 JUNE**—There will be a debate on a motion to approve the White Paper on the development of cable systems and services, Cmnd. 8866.

Motion on the Local Loans (Increase of Limit) Order.

**FRIDAY 1 JULY**—A debate on London, on a motion for the Adjournment of the House.

**Mr. A. J. Beith (Berwick-upon-Tweed):** Does the Leader of the House recognise that the support of a quarter of the voters—almost the same as that obtained by the Labour Party—confers a right to a fair hearing and a reasonable share of the debating time available to Opposition parties in the House? When does the Leader of the House propose to set up a Procedure Committee so that this and other procedural matters can be properly considered, and when may we have a debate on an electoral system that allows such a distorted result to emerge from the ballot box?

**Mr. Biffen:** The hon. Member is aware that the debate on the Queen's Speech is so constructed that a debate about a change in our electoral system would be in order. I would be immensely surprised if it were not a matter of substantial reference during the next few days. As to the wider issue of the Procedure Committee, I take note of the hon. Gentleman's interest.

**Sir Paul Bryan (Boothferry):** Does the early debate on cable television denote early legislation on the subject?

**Mr. Biffen:** It will denote a prudent and measured approach to the topic.

**Mr. Jack Dormand (Easington):** Will the Leader of the House give an assurance that the report of the Top Salaries Review Body on parliamentary pay and allowances will be debated at an early date? Does he agree that there is a need for urgent action on all the matters contained in the report? Will he also bear in mind that the House is becoming a little annoyed about the frequent rejections of proposals made by authoritative bodies, such as the review body, that have considered these matters for a long time and in great detail?

Furthermore, will he remind the Prime Minister that this is primarily a matter for the House of Commons and not for her personal edict?

**Mr. Biffen:** As to the final point, my right hon. Friend the Prime Minister will have heard what the hon. Gentleman said. When the report was published on 12 May, my right hon. Friend stated her belief that there should be widespread consultation on this matter within Parliament before a decision was taken.

I hope to commence those consultations in the near future. The Government wish to resolve this matter as soon as is practical.

**Mr. Robert Adley (Christchurch):** Has my right hon. Friend the Leader of the House seen early day motion 7,

which has attracted 110 signatures not only from Government Members but from members of the Liberal party and the Democratic Unionist party about postal votes for those on holiday?

*[That this House urges Her Majesty's Government immediately to take steps to enable people on holiday to be eligible for postal votes at a General Election.]*

Does my right hon. Friend accept that this problem arises after every general election? As time elapses and Governments find reasons for not taking action on this subject, anger arises in our constituents who were unable to vote. They cannot understand that one can vote if one is on business in Birmingham but if one is on holiday in Blackpool or Benidorm it is not possible to vote. Will my right hon. Friend give an assurance that the Government will take early note of the strong feelings on this subject?

**Mr. Biffen:** The House echoes agreement with my hon. Friend the Member for Christchurch (Mr. Adley). Hon. Members, fresh from the hustings, will understand only too well what he said. This topic has been the subject of a recommendation from the Home Affairs Committee which is now with the Home Office. The House must wait to see what follows from that.

**Mr. J. Enoch Powell (South Down):** Will the right hon. Gentleman consider inviting you, Mr. Speaker, at an early date to call a conference under your chairmanship to consider the present state of electoral law in the light of some of the experiences of the recent election, particularly concerning the timetable as it affected potential absent voters?

**Mr. Biffen:** I shall certainly consider that proposition.

**Mr. Michael Latham (Rutland and Melton):** When Foreign Office Ministers speak in the debate on the Gracious Speech next week, will they make a statement on how the Government intend to honour the commitment in the Gracious Speech regarding Gibraltar, and how they intend to keep its economy going when the dockyard shuts?

**Mr. Biffen:** I shall ensure that Foreign Office Ministers are informed of that point.

**Mr. Andrew Faulds (Warley, East):** Since arts matters have been removed to the rarefied atmosphere of the other place, and since arts questions are due to be answered next Monday, who will be dealing in this Chamber with this important subject?

**Mr. Biffen:** A respected and convincing Minister from the Department of the Environment will deal with those questions.

**Viscount Cranborne (South Dorset):** Would my right hon. Friend care to cast his mind back to the dying days of the previous Parliament and to certain exchanges between myself, other right hon. and hon. Members and himself about the procedures of this House, with particular reference to the way in which legislation is handled? In the light of those exchanges, will he consider again the re-establishment of the Select Committee on Procedure and institute an early debate on the subject?

**Mr. Biffen:** I think that my hon. Friend is adding his voice to that of the Liberal Chief Whip, and I suspect, many others. Of course such matters will be considered.

**Mr. Donald Coleman (Neath):** As the Gracious Speech makes no mention of investment in either the coal



17 JUN 1983

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B.F. for  
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Prime Minister (1) Thus / 9:15am

Would you like a discussion,  
with the Lord Privy Seal, the Employment

Secretary, the Lord President, the Chancellor and

PRIME MINISTER

Yes not

the Chief Whip + Mr Greyson?

TRTA  
MCS 24/6

TSRB REPORT ON PARLIAMENTARY PAY AND ALLOWANCES

You will recall that before the Election you discussed with some of us the Top Salary Review Body (TSRB) Report No 20, on Parliamentary Pay and Allowances. It was agreed that recommendations made should be for consideration after the Election, but in announcing that you said:

+ Lord

Chanc

+ Def/Sec

"So far as the proposed salaries for Cabinet Ministers are concerned, Members of the Cabinet take the view that the increases proposed are of a magnitude which they could not possibly accept, and trust that Members of Parliament would take a similar view about recommendations affecting their own salaries."

... A copy of the full text of your announcement is at Annex A.

2. We now need to consider the way forward. There are two aspects:

- i. the timing and method of handling in the House;
- ii. our attitude to the substance of the recommendations.

Timing and handling

3. On timing there are considerable advantages to us in getting this out of the way before the Summer Recess. It would be easier to handle in the House and we should avoid having publicity about MPs' pay at the beginning of the new pay round in the autumn. We are, however, committed to wide consultation in the House and there is little time available to us if we are to get the necessary Motion debated before the Recess.

4. The normal procedure would be to table Government Motions which the House would then debate. I have also considered whether there would be advantage in a two-stage procedure on this occasion. The first step would be a "take note" debate on the TSRB Report in which the Government would express no view apart from repeating the remarks in your statement on 12 May 1983. Members would have the opportunity to express their views and the Government would frame the subsequent Motions for debate in the light of opinion expressed in the House. The purpose of proceeding in this way would be to put more of the responsibility for the content of the Motion on the House rather than the Government. My own view is that this course of action has little to commend it. The speeches made in the debate may be an unreliable guide to the general weight of opinion in the House. Moreover the Government cannot escape the final responsibility for framing the substantive Motion. There is also the difficulty that the extra delay involved in proceeding in this way would make it even more difficult to dispose of the matter before the Recess. I therefore propose that we should follow the normal procedure.

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.../...



5. There is, however, a significant tactical judgement to be made. We can either table Government recommendations which we think have a good chance of being accepted by the House or we may wish to table Resolutions which we think are likely to be rejected by the House, but whose implementation will then be seen to be the moral responsibility of the House rather than of the Government.

Substance of the recommendations

6. The TSRB have proposed that the salary for MPs should be increased from £14,510 to £19,000 - an increase of 31 per cent. In addition, the Report contains detailed proposals on pensions, including a move to a faster accrual rate; and increases in MPs' and Peers' allowances. For Ministers it has proposed a range of increases from 18 per cent to 71 per cent (including where appropriate the Parliamentary salary). The proposed increase in MPs' pay would cost £2.9 million per annum; the increases in allowances, £5.6 million per annum; and the increases for Ministers £0.8 million per annum. The Votes in question are not cash-limited. In the case of Ministers' pay, the Chancellor will presumably expect Departments to absorb the cost within existing cash limits in the same way as the cost of the main Civil Service settlement.

MPs' salaries

7. In the case of MPs, we are in the first year of the new system recommended by the Select Committee. You will recall that last year we specifically rejected an automatic link between MPs' salaries and the earnings index in years when the TSRB did not report. We said that the matter should be looked at each year, in the light of the average change in pay for appropriate public service groups. But we implicitly accepted that the Review Body reports in the fourth year of each Parliament would be the chief means of putting and keeping MPs' pay on a satisfactory basis - though we gave no commitment to implement them in full.

8. If we rule out full and immediate acceptance of the salary recommendations as indicated in your statement on 12 May 1983, there are two main options available to us:

- i. staged implementation of the TSRB recommendations;
- ii. a single increase less than that proposed by the TSRB.

.../...



9. The difficulty about option ii. is that there is no level of increase which the Government could present as obviously right and which would not give considerable presentational difficulty. An increase in the area of 5 per cent, close to the generality of public service settlements this year, would be inconsistent with the Government's acceptance of the view that the TSRB should be asked to examine the level of MPs' salaries this year. Even an arbitrary halving of the increase would still result in percentage figures which are far in excess of the average in this pay round.

10. My own view is that option i. offers the best prospect of keeping the immediate increases at a modest level and at the same time maintaining the principle that it is for an independent body, the TSRB, to make value judgements about the right level of MPs' salaries. There are several variants of staging which could be considered. My own preference would be for implementation over four years by equal stages, combined with annual uprating based on the full notional pay in issue in the light of the average change in pay for appropriate public service groups. This variant, together with other variants is illustrated at Annex B. I recognise that this would mean a succession of increases, year after year, in excess of the average level of settlements. It nevertheless seems to me to be preferable to proceed in this way rather than to have a single very large increase this year and it offers the prospect that, by the end of this Parliament, we should no longer have a major backlog to make up.

#### MPs' allowances and pensions

11. Whatever we decide on salaries, I attach great importance to our being able to accept in full the non-salary recommendations. Although these recommendations actually cost more than the pay recommendations, they are likely to give us less presentational difficulty, and their acceptance will ease our task considerably in the House.

12. There is one matter that needs particular consideration concerning the pension proposals. The TSRB has proposed a new accrual rate of 1/50th - mid-way between the present 1/60th rate and the 1/40th rate which has been advocated by many MPs because of the problem which most Members have in securing sufficient years of service in the scheme. They have combined this with an increase in the contribution rate from 6 per cent to 8 per cent. Others in the public services (for example the police, armed forces and firemen) have a considerably higher contribution rate, and we have a Manifesto commitment to establish "realistic provisions for public sector pension schemes".

.../...



13. I see great advantage in our accepting the new accrual rate of 1/50th. If it could be demonstrated that a higher contribution rate than the 8 per cent proposed by the TSRB would be justified, I would be prepared to recommend it to the House. I am advised however that there is no wholly convincing basis on which the Government could contest the validity of the proposed 8 per cent contribution rate and I would see little alternative to our accepting it.

14. These proposals, if put into effect, would relate only to future pension payments. This is likely to be a major point of criticism in the House where there is wide-spread dissatisfaction with the adequacy of existing pension arrangements. I do not believe we should consider a grant of back-service pension credits, as was done in 1972. But I have asked the Treasury to consider whether a scheme could be devised which would enable Members to self-finance the back purchase of added years, without cost to public funds.

#### Ministerial pay

... 15. You will obviously wish to consider the Government's attitude to the recommendations about Ministerial salaries (listed at Annex C) in the light of whatever decisions are taken about MPs' pay and allowances. If the staging option is adopted for MPs you may wish to consider whether this should apply also to Ministerial salaries. If however the Government decides to go for a single lower figure for MPs' salaries, it will be necessary to decide what the appropriate figures should be for Ministers and other office holders (including for example the Speaker and the Leader of the Opposition). Another solution, which has been adopted in the past, has been to accept the recommendations but only in nominal terms so that individual Ministers would opt to receive a lower salary although the recommended levels count for pension purposes.

#### Recommendations

16. My recommendations are therefore as follows:

- i. that we should try, if at all possible, to deal with the TSRB Report on Parliamentary Pay and Allowances before the Recess;
- ii. that we should handle the matter in the House in the normal way, ie by putting down a Motion for debate;
- iii. that we should accept the TSRB recommendations as a guide to the level of MPs' salaries to be attained over four years and that we should implement the recommendations in four equal stages with annual uprating on the lines envisaged in the last Parliament;

.../...



CONFIDENTIAL

5.

- iv. that we should accept in full the TSRB recommendations on allowances and pensions;
- v. that we should consider our attitude to the recommendations on the salaries of Ministers and other office holders in the light of any decisions we take on MPs' pay.

I am sending copies of this minute to the Lord President, the Chancellor of the Exchequer and the Chief Whip.

WJB

W.J.B.

24 June 1983

CONFIDENTIAL



MR ANTONY BUCK: To ask the Prime Minister, if she will make a statement on the Reports of the Review Bodies on the Pay of the Armed Forces, the Doctors and Dentists and Top Salaries.

THE PRIME MINISTER: The reports of the Armed Forces Pay Review Body, the Doctors' and Dentists' Review Body and the Top Salaries Review Body on certain top salary groups and on Parliamentary pay and allowances have been laid before the House today and will be published as Command Papers shortly. Copies are now available in the Vote Office. The Government is grateful to the members of the review bodies for these reports and for the time and care which they have put into their preparation.

The report of the Armed Forces Pay Review Body recommends new rates of pay for servicemen and women applicable from 1 April 1983 which will add 7.2 per cent to the estimated pay bill for 1983/84.

The Government accepts the report, and the necessary steps to implement the new rates of pay, and inform servicemen of the details of the report, will be taken as soon as possible.

The report of the Doctors' and Dentists' Review Body recommends with effect from 1 April 1983 increases in the pay of doctors and dentists which the Review Body estimates would add 6 per cent to the pay bill over and above the costs of implementing in full their recommendations for 1 April 1982; in addition they recommend changes in certain supplementary payments to take account of the hours worked by junior hospital doctors and dentists, which will add a further 1 per cent to the total pay bill.

The House will recall that since 1981 there has been an abatement of the Review Body's recommendations for doctors and dentists which now amounts to 2.7 per cent of the pay bill. The Review Body has strongly urged that this abatement should now be made good. The Government accepts the recommended increases for this year with effect from 1 April 1983. It proposes to make good the abatement with effect from 1 January 1984.

The scales and rates resulting from these decisions will be promulgated as soon as possible.

The two reports from the Top Salaries Review Body, one dealing with the salaries of the higher civil service, senior officers in the Armed Forces and the judiciary, and the other dealing with the salaries of Members of Parliament and of Ministers and other



Office holders and Parliamentary allowances, will be for consideration after the Election.

So far as the proposed salaries for Cabinet Ministers are concerned, members of the Cabinet take the view that the increases proposed are of a magnitude which they could not possibly accept, and trust that Members of Parliament will take a similar view about recommendations affecting their own salaries. The Government believes that any decisions which are reached in the new Parliament about resettlement arrangements should apply also to Members of the present Parliament in relation to their present salaries. The Government acknowledges the need to consult opinion widely before the House reaches a conclusion on the recommendations.



Examples are :

1. Implementation over 4 years by equal stages

1983-84      7 per cent  
 1984-85      7 per cent plus whatever is given to reflect the average  
                  to  
 1986-87      change in pay for the public services (pa).

2. Implementation over 4 years by uneven stages

1983-84      20 per cent  
 1984-85      3 per cent plus whatever is given to reflect the average  
                  to  
 1986-87      change in pay for the public services (pa).

3. Implementation over 2 years

1983-84      20 per cent  
 1984-85      9.2 per cent plus whatever is given to reflect the  
                  average change in pay for the public services  
 1985-86      Increases linked to average change in pay for the  
                  and  
 1986-87      public services

Note: Para 10 of the covering minute recommends that, in order to avoid a progressive diminution of salary and therefore a larger proposed increase when TSRB next reports, the percentage annual increase paid to reflect the average change in public service pay should be based on the full notional MPs' pay and not the actual staged amount in payment.



## MINISTERS AND OTHER PAID OFFICE HOLDERS

Salaries quoted include Parliamentary salary where asterisked

<u>Office</u>	<u>Current salary</u>	<u>Proposed salary</u>	<u>Increase (%)</u>
Prime Minister	46,660*	65,000*	39.3
Lord Chancellor	52,500	62,000	18.1
Mr Speaker	38,785*	55,000*	41.8
Cabinet Minister (Commons)	37,410*	55,000*	47.0
Cabinet Minister (Lords)	28,950	49,500	71.0
Minister in Charge of a Department but Outside the Cabinet	-	-	-
Minister of State (Commons)	29,035*	38,000*	30.9
Minister of State (Lords)	24,200	32,500	34.3
Parliamentary Secretary (Commons)	24,160*	31,000*	28.3
Parliamentary Secretary (Lords)	19,350	25,500	31.8
Attorney General	39,160*	55,000*	40.4
Solicitor General	33,810*	44,000*	30.1
Lord Advocate (Lords)	29,000	38,500	32.8
Lord Advocate (Commons)*	-	44,000*	-
Solicitor General for Scotland	30,210*	38,500*	25.8
<u>House of Commons</u>			
Leader of the Opposition	35,035*	50,000*	42.7
Parliamentary Secretary to the Treasury (Chief Whip)	32,610*	42,000*	28.8
Deputy Chief Whip	29,035*	38,000*	30.9
Opposition Chief Whip	29,035*	38,000*	30.9
Government Whip	21,735*	28,000*	28.8
Opposition Deputy Chief Whip	21,735*	28,000*	28.8
Chairman, Ways and Means	29,035*	38,000*	30.9
Deputy Chairman, Ways and Means	26,585*	34,500*	29.8
<u>House of Lords</u>			
Chief Whip	24,200	32,500	34.3
Deputy Chief Whip	19,350	25,500	31.8
Government Whip	16,925	22,500	32.9
Leader of the Opposition in the House of Lords	19,350	25,500	31.8
Opposition Chief Whip	16,925	22,500	32.9
Opposition Deputy Chief Whip	-	16,500	-
Chairman of Committees	24,200	32,500	34.3
Principal Deputy Chairman of Committees	21,750	29,000	33.3



Parliament  
Members, MP's Page 1/45

24 JUN 1983





Privy Council Office,  
Whitehall,  
London, SW1A 2AT

*With the Compliments  
of the  
Private Secretary  
to the  
Lord President of the Council*





Prime Minister 2

To see the Lord  
President's remarks  
in the House today  
about MPS pay etc.

PRIVY COUNCIL OFFICE  
WHITEHALL, LONDON SW1A 2AT

9 May 1983

After Peter,

MUS 9/5

MF

MP's PAY

.. I attach, as promised, a copy of the reply on this subject which the Lord President gave this afternoon to Mr Jack Dormand, together with a transcript of the subsequent supplementary exchanges.

I am also sending copies to Michael Scholar (No 10) and to Sir Robert Armstrong's office.

Jan. 1983

12/5/83

D C R Heyhoe  
Private Secretary

P L Gregson Esq  
Room 123  
Cabinet Office  
70 Whitehall  
LONDON SW1





PARLIAMENTARY QUESTION FOR ORAL ANSWER

NO: 27

DATE: MONDAY, 9 MAY 1983

---

MR JACK DORMAN (Easington): To ask Lord President of the Council, if he will make a statement on the Government's proposals on the report of the Top Salaries Review Body.

MR JOHN BIFFEN:

As I explained to the hon member for Newham North West, in my Written Reply of 4 May, the Government have received the Review Body's Report and are <sup>now</sup> considering it.



MR DORMAND: Does the r h G agree that there ~~is~~ <sup>should be</sup> the greatest urgency ~~in~~ <sup>in</sup> improving some aspects of h Ms' conditions, not least ~~these~~ of severance and pension arrangements? Is he aware of the cynicism that exists among some h Ms about the lack of commitment by the Govt to implement recommendations ~~which~~ <sup>that</sup> have been arrived at after hard work and detailed investigation by an independent body? Will he use his influence to see that recommendations are agreed? In view of the urgency of these matters, will he arrange for a debate on the report this week?



Add to 27.

MR. BIFFEN: The value of the work that is undertaken by the Top Salaries Review Body is generally recognised throughout the Hse, particularly in the light of those factors mentioned by the h G, including pension arrangements. Those will all be matters for the Hse to consider at one time or another but sheer practical hard common sense compels me to say that it is unlikely that there will be a debate upon the rpt ~~Committee~~ this week.

SIR PETER EMERY: ~~During the next few days~~ Will my r h F try to obtain a joint agreement on the rpt between the Govt and the Opposition before the Hse is ~~disbanded~~ dissolved so that a commitment is made by this Parlt and we do not have to raise the matter for debate and new commitment in the new Parlt?

MR. BIFFEN: I think that the Hse <sup>will</sup> ~~would~~ appreciate it if I <sup>am</sup> ~~were~~ candid about this. I simply do not see <sup>how</sup> ~~that~~ it ~~will be possible~~ <sup>can</sup> for time ~~to~~ be made available during the next three or four days for the resolution of what is a contentious and complex problem.



Add to 27(2)

MR. JOHN SILKIN: Does the Leader of the Hse share my view that <sup>no</sup>~~any~~ h M should be prejudiced by the fact that there is likely to be a dissolution of Parlt? If so, should not the r h G accept the advice for of his h F the M for Honiton (Sir P. Emery) and perhaps allow some discussions through the usual channels to see whether we can come to some agreement before the next Parlt?

MR. BIFFEN: Those matters are ultimately for the authority of Parlt and not for an agreement between the usual channels <sup>that would</sup> [Interruption.] Yes, ~~they~~ set aside the ultimate authority of Parlt. I am certain that when the recommendations are studied there will be anxiety on whatever point Parlt has to take a view upon. Nothing will be done to prejudice the position of people now serving in this Parlt.

MR. JOHN SILKIN: I am glad to have the r h G's assurance that nobody should be prejudiced by the dissolution of Parlt. Is ~~not~~ the r h G aware that ~~the r h G's~~ <sup>r h and</sup> the lead that he and I may give to our h Fs will have some degree of ~~pursuasiveness~~ <sup>pursuasiveness</sup> even though it may not be conclusive?



Add to 27(3)

[ MR. BIFFEN: Of course I accept that point.

[ SIR KENNETH LEWIS: On what basis can ~~it be putting~~  
into the category  
~~justified that~~ Ms of Parlt ~~come under the heading~~ of those  
receiving top salaries ~~be justified?~~

[ MR. BIFFEN: It was originally the decision of the  
Hse that these matters should be considered by the Top Salaries  
Review Body. Whether that is a matter that falls under the  
Trade descriptions legislation  
~~Misleading Merchandise Act~~ is another ~~qns~~ ~~but~~ It is not  
my fault; it is a decision of the Hse.

F follows



Parliament  
Pay

PRIME MINISTER

MPs' PAY

If it is suggested at tomorrow's meeting that there should be a link between MPs' pay and some point in the Civil Service pay scales, you might find it helpful to have the following tables:

	£	<i>New scales, if agreed - i.e. Apr 1983</i>
<u>Assistant Secretary</u> (including inner London Weighting)	24,409 (maximum) 23,552 22,696 21,800 20,493 (minimum)	
<u>Senior Principal</u> (including inner London Weighting)	-22,044 (maximum) 20,330 18,878 -17,593 (minimum)	
<u>Principal</u> (including inner London Weighting)	17,906 (maximum) 13,900 (minimum)	

The arguments against this suggestion, as I see it, are:

- (i) by choosing a single analogue we would transfer to that analogue all the controversy which at present attaches to Members' pay;
- (ii) if this move were to take the steam out of the debate, it would be necessary to choose a point - say the top of the Principal scale - somewhere near the Review Body's recommendation. Even with a three-year staging, this would mean double figure increases every year - especially if the commitment were to reach the top of the Principal scale, as it then would be, in 1986. *around double*

MLS

4 May 1983



MJ

3 May 1983

Thank you for your letter to Charlotte Stevens about the two Questions down to the Lord President about the TSRB Report on MPs' pay.

The Prime Minister thinks that the answer should be on the following lines:-

"The Government has just received the TSRB Report on Parliamentary Pay and Allowances and will now be considering it in the usual way."

MS

A. Bastian, Esq.  
Lord President's Office.





PRIVY COUNCIL OFFICE  
WHITEHALL, LONDON SW1A 2AT

3 May 1983

*Dear Charlotte,*

PARLIAMENTARY QUESTIONS ON THE TSRB REPORT ON  
PARLIAMENTARY PAY AND ALLOWANCES

The following Parliamentary Questions on the TSRB Report on Parliamentary Pay and Allowances are currently down to the Lord President of the Council:

"Mr Arthur Lewis (Newham North West): To ask the Lord President of the Council, when Her Majesty's Government now expects to receive the report of the committee on salaries of honourable Members; and when he expects to make an announcement in connection with this subject."

"Mr Jack Dormand (Easington): To ask the Lord President of the Council, if he will make a statement on the Government's proposals on the report of the Top Salaries Review Body."

Mr Lewis's Question is for written reply and must be answered not later than tomorrow. The Question tabled by Mr Dormand (who is Chairman of the Parliamentary Labour Party) is for Oral Answer on Monday, 9 May.

The draft Answers and briefing for both Questions have been provided by the Treasury and are contained in the attached folders. The Answers proposed do not seem to us fully to meet the Questions, particularly in the case of Mr Lewis. We propose instead to give answers along the following lines:

Draft Answer to Mr Lewis's Question

"My Rt Hon Friend the Prime Minister received the Report of the Top Salaries Review Body on Parliamentary pay and allowances at the end of last week. When the Government has considered the Review Body's advice it will bring forward proposals to the House."

.../...

Miss Charlotte Stevens  
Parliamentary Clerk  
10 Downing Street  
London SW1



2.  
will consider it  
other  
has recently received  
is now considering  
considered  
may

Draft Answer to Mr Dormand's Question

"The Government is currently considering the advice contained in the TSRB Report on Parliamentary pay and allowances and will bring forward proposals to the House in due course."

I should be grateful if you could let me know whether the Prime Minister is content with these proposed replies, along with the answers to the possible supplementaries to Mr Dormand's Question which Treasury have supplied.

*Yours ever*  
*any*  
A Bastian  
Parliamentary Clerk



SECRET AND PERSONAL



*Stev*

10 DOWNING STREET

*From the Private Secretary*

3 May 1983

*Dear Margaret,*

TSRB REPORT ON MPs' PAY, ETC

I attach a copy of the TSRB's 20th Report.

I should be grateful if you would ensure that its circulation is tightly restricted, so that, outside your Office, it is seen only by Mr. Middleton and Mr. Le Cheminant.

*Yours sincerely,*

*Michael Scholar*

Miss Margaret O'Mara,  
H.M. Treasury.

SECRET AND PERSONAL

*SR*





NBPM  
MMS 22/4

Treasury Chambers, Parliament Street, SW1P 3AG

Private Secretary to  
The Rt Hon Lord Hailsham of  
St Marylebone PC CH FRS DL  
Lord Chancellor  
House of Lords  
LONDON SW1A 0PW

22 April 1983

Dear Mr. Staff,

MOTOR MILEAGE ALLOWANCES FOR JUDGES

You wrote to Ros Dunn on 21 March explaining the Lord Chancellor's concern about the possible adverse consequences for Circuit Judges in the proposed two-tier scheme of motor mileage allowances, and reiterating the disquiet felt by the Council of Circuit Judges about the abolition last year of the "one-third" rule.

The abolition of the one-third rule derived of course from an Inland Revenue ruling that the money paid under it was taxable since it represented a contribution to home-to-work travel - a category of expense which the Revenue does not regard as tax deductible. The Revenue could of course have simply been allowed to tax this element in the motor mileage allowance on the grounds of achieving parity of treatment between taxpayers generally. In the event, however, it was decided to offset the abolition of the one-third rule by enhancing the standard rate of allowance itself by 8½ per cent - that being the estimated percentage of motor mileage costs as a whole accounted for by the one-third rule. Although there is inevitably an element of rough justice in such a solution, it was not thought that civil servants or Judges had any real grounds for complaint.

The proposal to introduce a two-tier mileage allowance is designed to bring the arrangements more closely into line with the realities of motoring costs. The present rate - 24.9p a mile (subject to review from 1 April 1983) is open to criticism in the case of high mileage users because it includes an allowance for depreciation which becomes progressively less defensible as the mileages involved increase. The Minister of State (C) was glad to note from your letter that the Lord Chancellor does not challenge



MANAGEMENT IN CONFIDENCE

the principle of the proposals we are making. A lot obviously turns on the detailed arrangements which emerge - and the arguments for particular levels of cut-off or particular rates for follow-on mileage payments are by no means clearcut. He hopes, however, that the present detailed proposals - essentially for a 10,000 mile cut-off and a 15p per mile follow-on rate - will prove acceptable as a reasonable, and indeed not ungenerous, compromise between the interests of the individual and the need to demonstrate that we are not, by these arrangements, giving uncovenanted tax-free benefits to those concerned. I should add that the Revenue were already beginning to question the defensibility of the old system on these grounds. The Minister hopes that the proposed new arrangements will be both acceptable to them and proof against public challenge.

I am copying this letter to the recipients of yours.

Yours,

Michael Corcoran

M E CORCORAN  
Private Secretary



22 APR 1983

10 11 12  
9 10 11 12  
8 9 10 11 12  
7 8 9 10 11 12



HOUSE OF LORDS,  
SW1A 0PW

NBPM  
MS 22/3

*With the Compliments of the  
Lord Chancellor's  
Private Secretary*





HOUSE OF LORDS,  
SW1A 0PW

21st March, 1983

Mrs. R.M. Dunn,  
Private Secretary to  
Mr. B. Hayhoe, MP  
Minister of State,  
HM Treasury,  
Treasury Chambers,  
Parliament Street,  
London,  
SW1P 3AG.

Dear Mrs. Dunn,

Motor Mileage Allowances for Judges

The Lord Chancellor is concerned about the possible adverse consequences for Judges of the proposed two-tier scheme of mileage allowances mentioned in the paper attached to your letter of 3rd March to Michael Scholar.

Recently the lower judiciary, particularly the Council of Circuit Judges, have made strong representations about the adverse effects of recent changes in mileage allowances; the abolition of the so-called "one third" rule caused considerable upset. As the result of their strength of feeling, officials here recently suggested to the Treasury that in future the civil service rules on mileage allowances, which were first applied to judges in 1971, should be applied rather more leniently. As currently applied, those rules may soon begin to discourage judges from travelling to courts other than their principal courts because they are not always entitled to reimbursement for the full distance travelled. Particularly on the larger Circuits, it is important that judges should travel, in order to use available judicial manpower efficiently.

The proposed two-tier scheme would adversely affect about 30 judges, with a saving to the Exchequer of about £15,000 per annum. But the effect on judicial morale of this further attempt at cost saving would be disproportionately large. The Lord Chancellor supports the principle behind the two-tier scheme (which would adversely affect 400 or so County Court Bailiffs employed by this Department) but hopes that the Minister of State will agree that it need not extend to the Judges.

I understand that in the past the TSRB have not considered questions about judges', as opposed to MPs', allowances to be part of their remit and that it is unlikely that the TSRB will make specific recommendations about judges' mileage allowances on



the basis of the paper attached to your letter of the 3rd March. The Lord Chancellor accepts that the Minister of State may wish to await the TSRB's report, but trusts that a decision will be made soon after the report has been received.

I am copying this letter to the recipients of yours.

*Yours sincerely,*

*D. E. Staff*

D.E. Staff



Parliament  
members, P75  
MP's Day!



22 MAR 1983





10 DOWNING STREET

*From the Private Secretary*

7 March 1983

Thank you for your letters of 3 and 4 March about new motor mileage allowances for civil servants, MPs and judges.

I showed these letters to the Prime Minister over the weekend, who has noted what is proposed.

I am sending copies of this letter to David Heyhoe (Lord President's Office), David Staff (Lord Chancellor's Office) and to Murdo Maclean (Chief Whip's Office).

M. G. SCHOLAR

Mrs. R.M. Dunn,  
HM Treasury.





10 DOWNING STREET

From the Private Secretary

7 March 1983

Dear Michael

Peers' Expenses

The Prime Minister has seen Lady Young's recent minute about the evidence she intends to give to the Top Salaries Review Body on 10 March.

The Prime Minister is content for the Lord Privy Seal to argue against the payment of some sort of remuneration to regular attenders at the House of Lords. However, she does not feel that the Lord Privy Seal should tell the TSRB that the Government would be sympathetic to any proposal to give more favourable treatment to Opposition Front Bench spokesmen in the Lords than to backbench Peers. To do so could have repercussions in the House of Commons where no such system of preference operates at present. The Prime Minister has pointed out that Opposition parties already receive financial assistance to help them carry out their Parliamentary duties, and that there is nothing to stop the Opposition from using more of this assistance to help their spokesmen in the Lords. The Prime Minister would prefer the Lord Privy Seal to take this line, though she has commented that another way of helping Front Bench spokesmen in the Lords while minimising the repercussions in the Commons would be to give them enhanced secretarial and research allowances.

I am copying this letter to John Kerr (HM Treasury), Tony Rawsthorne (Home Office), David Heyhoe (Lord President's Office), and Murdo Maclean (Chief Whip's Office).

Yours ever

Michael Pownall Esq  
Government Whips' Office  
House of Lords.

Willie Rickett

lv





FROM THE LEADER OF THE HOUSE  
HOUSE OF LORDS

Prime Minister

Agree that the Lord  
Privy Seal should take  
this line with the TSB, <sup>TSRB,</sup>  
subject to the views of  
the Chancellor?

PRIME MINISTER

PEERS' EXPENSES

We cannot have  
special arrangements for  
Opp? Front Bench  
spokesmen. We  
don't in the  
House  
See notes  
below  
p. 1

WM  
4/3

I am to give oral evidence to the Top Salaries Review Body next  
Thursday, 10 March. I have not yet received from them a list of  
questions but they are looking in some detail at Parliamentary  
salaries and allowances. I am therefore likely to be asked for  
my views on various aspects of the Peers' expenses.

There are a number of detailed points and anomalies on which I  
shall be able to give my views as Leader of the House and which  
I need not trouble you with. But there are two important points  
which may arise and on which I think it right that you should  
know the sort of response which I propose to make:-

No

1. Should regular attenders at the House of Lords receive  
remuneration of some sort or a salary rather than the current  
reimbursement of expenses incurred?

✓ I would argue in the strongest terms against this. With the  
current composition of the House, any such system would be  
arbitrary and would not necessarily benefit those who make the  
best contribution to the work of the House. It would also be  
difficult to defend from a presentational point of view and would  
probably be strongly criticised in the House of Commons. It  
would represent a major departure from the tradition of an unpaid  
and largely amateur second chamber which, taken on its own, would  
be most undesirable.

2. Should Opposition Front Bench spokesmen in the Lords  
receive more favourable treatment as compared to backbench  
Peers?

They don't  
in the HC





FROM THE LEADER OF THE HOUSE  
HOUSE OF LORDS

This is rather more difficult and I may well be pressed on it. At present only the Opposition Leader and Chief Whip receive salaries as office holders. I have no doubt that a limited number of Opposition Frontbenchers, particularly the principal spokesmen and the Whips, who devote much of their time to the work of the House very often these days until well into the night, find that their actual expenses incurred are far in excess of the limit which can be claimed. It would be possible - and I believe the TSRB may have this in mind - to devise a system enabling a strictly limited number of Opposition spokesmen to claim a rather higher level of reimbursement.

In my view the time has come when something ought to be done about this because one consequence is that many able younger Peers are discouraged from pursuing a political career, and, as the House becomes busier, it is important to have a properly manned and responsible Opposition Front Bench. But we would need strict safe\_guards and any such scheme would have to be carefully presented and explained. It would have to be applied only to the principal Opposition spokesmen and not to the minority parties.

Subject to your agreement, I propose to say that the Government are sympathetic to this problem and that they would give it serious consideration if the TSRB puts forward proposals and if the various practical obstacles, which are undoubtedly present, can be overcome.

I am copying this minute to the Home Secretary, the Lord President of the Council, the Chancellor of the Exchequer and both Chief Whips.

BARONESS YOUNG  
(Agreed by Baroness Young and signed in her absence)

*M. Stowell*

*No. because  
2 expenses  
in the  
Hofc.*

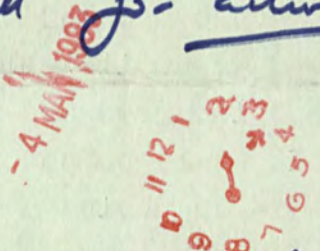
*The payment to Opp: parties should include Opp's  
in the Hofc. The only other possibility, subject to the  
Charter would be to allow expenses for full sustained/research  
all kinds of*





FROM THE LEADER OF THE HOUSE

This would be in line with HofC although  
such allowances apply to all members. I have  
always thought that the Press standard allowances  
are too small for active Press and for those



like the D.H. who take a prominent part in  
public life.





Prime Minister - To note 2

I understand that these changes <sup>may</sup> ~~will~~ mean some MPS losing up to £4,000 a

Treasury Chambers, Parliament Street, SW1P 3AG year!

Michael Scholar Esq  
10 Downing Street  
LONDON SW1

And that the Lord President

4 March 1983

and Chief Whip are content with

passing the matter to the TSB, as proposed

Dear Michael

M/S 4/3

MOTOR MILEAGE ALLOWANCE

... I attach a slightly revised version of the paper on motor mileage allowances which I sent you yesterday. The paper has been revised to include a reference to the Rayner Scrutiny and, following our conversation, to the likely savings involved.

I am copying this to the Private Secretaries to the Lord President and Chief Whip and to the Private Secretary to the Lord Chancellor.

Yours sincerely

Ros Dunn

MRS R M DUNN  
Private Secretary





## MOTOR MILEAGE ALLOWANCE FOR MEMBERS OF PARLIAMENT

The motor mileage allowance payable to Members of Parliament has traditionally been linked to that payable to civil servants using their private cars for official business. But prior to 1975, there was no provision for the allowance payable to MPs to move automatically in line with increases in the allowance paid to civil servants. This was criticised by the Top Salaries Review Body in their Report No 7. Subsequently, a Resolution was passed in the House of Commons on 22 July 1975 stating that in future the mileage allowance payable to MPs should move in line with that paid to civil servants (see extract at Annex A).

2. At the time the Resolution was passed, there were three mileage rates for civil servants depending on the size of car engine. The allowance paid to MPs was always at the highest rate (for cars of 1751 cc and over). In 1981 the three separate rates for civil servants were replaced by a single rate, irrespective of engine size. This was based on the AA's schedule of costs for a car with engine capacity between 1001-1500 cc. The allowance paid to MPs followed suit. The current single rate payable is 24.9 pence per mile.

3. The change to a single rate reflected the desire for greater simplification of the motor mileage arrangements. The single rate is composed of two elements: the standing costs of owning a car, and the running costs. The Civil Service is unusual insofar as it pays a flat rate regardless of the number of miles driven. Most other employers, whether in the public or private sector, pay proportionately less as mileage increases. This reflects the fact that standing costs (car licence, insurance, depreciation, etc) are fixed per annum and thus decline with high use.

4. Following a recommendation of the Rayner Scrutiny of the then CSD's delegation of authority to Departments, the Treasury proposed in 1982 to introduce a two-tier system whereby a lower rate of allowance would be payable after a certain number of miles. Such a move would be in line with practice outside. It would reflect the



fact that after a certain number of miles the whole of the annual standing costs of owning a car have been reimbursed. At the present rate of 24.9 pence per mile, this happens at 9,600 miles in the use of a car with an engine capacity between 1001 and 1500 cc.

5. The actual cut-off point for a new lower mileage rate, and the rate itself, are currently under negotiation with the Civil Service unions. The present proposal is that the cut-off should be 9,000 miles and the rate thereafter 12.7 pence per mile. The Treasury, however, recognises that the Government and the taxpayer benefit substantially from the fact that civil servants are preapred to use their private cars for official business. In the interests of reaching a settlement with the unions, the Treasury has informally indicated a willingness to go to 10,000 miles and a lower rate of 14 pence per mile. Such a formula would strike a reasonable balance between adequate compensation for staff using private cars on official business, and the interests of the taxpayer.

6. The Trade Union Side has argued that the rate of allowance for the high mileage user should make greater allowance for depreciation than does the AA schedule, based as it is on 10,000 miles a year for 8 years. They also argue that where the user drives a large number of miles a year the private car is fully committed to official use and the family often needs to purchase a second car for the officer's spouse.

7. It is estimated that the proposed two-tier system will affect only some 4,500 civil servants out of a total of around half a million (non-industrials). By contrast, the change would be likely to affect some 55 per cent of MPs. The mileage claimed by the latter in 1981/82 was as follows:

<u>Mileage claimed</u>	<u>Nos of MPs</u>
Under 10,000	270
<u>Over 10,000</u>	<u>337</u>



8. In financial terms, the new system is expected to produce savings of at least some £1½ million of the estimated £50 million annual expenditure on motoring costs for the Civil Service. In the case of MPs, it would lead to savings of some £400,000 of the approximately £1.9 million annual expenditure on motoring costs.

9. As noted above, both the present flat rate and the proposed new two-tier system are based on the AA's calculations of costs relating to cars with engine capacity between 1001 and 1500 cc; whereas before 1981, mileage allowance paid to MPs assumed a car engine capacity of 1751 cc or more.

10. In the case of civil servants, the aim was to introduce the new system on 1 April 1983. But it now looks as though it will take longer to complete the negotiations.

11. The Top Salaries Review Body is invited to consider the implications for MPs of the changes proposed in motor mileage allowance for civil servants. Similar considerations apply in the case of Judges, whose motor mileage allowance is also linked to that of civil servants.

HM Treasury



- (6) Provision should be made for any Member of this House who is a Member for a constituency—
- (a) falling wholly or partly within Greater London ; and
  - (b) not being a constituency mentioned in the Schedule to the Resolution of 20th December 1971, as amended by the Resolution of this House of 13th (sic) March 1974,

London Allowance (Members of Parliament).

to receive the allowance mentioned in paragraph (1) of this Resolution in place of any allowance of the kind mentioned in paragraph (2), if he so chooses(a).

22nd July 1975.

B. That, in the opinion of this House, further Provision with respect to allowances, facilities and other payments for Members of this House should be made as follows:—

London allowance (Members of Parliament)—link with Civil Service.

- (1) the rate of the supplementary London allowance (£228 a year under the 1974 Resolution) to be £340 a year in respect of periods beginning on or after 13th June 1975, but as and when thereafter any change is made in the Civil Service rate of Inner London weighting, the rate payable in respect of Members entitled to the allowance to correspond to that Civil Service rate, omitting the element in it which represents the cost of travel to work ;

- (2) the annual limit on the additional cost allowance (£1,050 under the 1974 Resolution) to be—

Overnight expenses (Members of Parliament)—link with Civil Service.

- (a) for the period 1st April 1975 to 31st March 1976, £1,639, and

- (b) for any subsequent period of twelve months ending with 31st March, an amount equal to 144 times the Class A(i) London rate (regular visitors) for a night's subsistence, as obtaining in the Civil Service in that period, and allowing for any change in the rate in the period by taking a weighted average ;

- (4) the car mileage allowance (7.7 pence a mile under the 1974 Resolution) to be 10.2 pence per mile for journeys commenced on or after 13th June 1975, but as from when the corresponding Civil Service rate is next altered thereafter, the allowance for Members of this House to be the same as that corresponding rate (which is the rate for cars over 1,750 cc used for journeys on official business) ;

Mileage allowance—link with Civil Service

- (5) the number of return journeys for which, in accordance with the 1971 Resolution, facilities for free travel are available to the spouses of Members of this House (ten journeys a year under that Resolution) to be fifteen for the period of twelve months ending with 31st December 1975 or any subsequent period of twelve months beginning with 1st January.

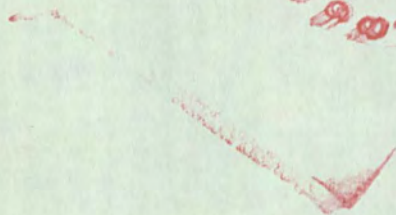
Travel (Members' spouses).

(a) These were the London allowance and the overnight expenses allowances respectively.



Civil Service: Long Term  
Management Pt 12

24 MAR 1983







Prime Minister (2)

To be aware.

MUS 3/3

Treasury Chambers, Parliament Street, SW1P 3AG

Michael Scholar Esq  
10 Downing Street  
LONDON SW1

3 March 1983

Dear Michael

#### MOTOR MILEAGE ALLOWANCES

The Minister of State (C) thought that the Prime Minister should know that MPs and Judges could be adversely affected by new mileage allowances being negotiated for civil servants. These allowances are formally linked.

The new allowances follow the recommendation of the Rayner Scrutiny of the then CSD's delegation of authority to other Government Departments and are expected to produce savings of at least some £1½ million of the estimated £50 million annual expenditure on motoring costs. (If applied to MPs it would reduce present expenditure on mileage allowances by some 25 per cent.)

... The issues are set out in the attached paper which is being sent to the Top Salaries Review Body tomorrow. The Minister of State has discussed this problem with the Chancellor of the Exchequer, and with the Lord President and the Chief Whip, and all are agreed that the proper course of action is to ask the TSRB, who recommended the introduction of the formal link, to look at the problem created for MPs (and for Judges, whose mileage allowance is also linked to the Civil Service) by the proposals. The Lord President and the Chief Whip will be making appropriate arrangements for informing the other parties of the position.

I am copying this letter to the Private Secretaries of the Lord President and the Chief Whip and to the Private Secretary to the Lord Chancellor.

Yours sincerely  
Rosand Dunn

MRS R M DUNN  
Private Secretary





## MOTOR MILEAGE ALLOWANCE FOR MEMBERS OF PARLIAMENT

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London Allowance (Members of Parliament).

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Overnight expenses (Members of Parliament)— link with Civil Service.

- (4) the car mileage allowance (7.7 pence a mile under the 1974 Resolution) to be 10.2 pence per mile for journeys commenced on or after 13th June 1975, but as from when the corresponding Civil Service rate is next altered thereafter, the allowance for Members of this House to be the same as that corresponding rate (which is the rate for cars over 1,750 cc used for journeys on official business) ;
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Mileage allowance— link with Civil Service

Travel (Members' spouses).

(a) These were the London allowance and the overnight expenses allowances respectively.



3 MAR 1983

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10 11 14  
9 8 7 6





H M Treasury

Parliament Street London SW1P 3AG

Switchboard 01-233 3000

Direct Dialling 01-233 .....

Sir Douglas Wass GCB  
Permanent Secretary

W. Rickett Esq.  
10, Downing Street,  
SW1

*Pl. file*

*Dear Willie,*

*Robin Baker*

*WM  
6/12*

I enclose a note by our HOA Division in reply to the questions which you asked me this morning about Peers' allowances. The last paragraph of the note is in answer to your question about an allowance for a Peer who lives out of London, but who spends much of his time here.

*Yours ever,  
Duncan*

D.C.W. Slaughter



## TRAVEL ALLOWANCES

Members of Parliament are allowed 15 free travel vouchers a year for their spouse to accompany them from their constituency to London or from their normal place of residence to London (Resolutions of the House of Commons of 7 April 1971, 20 December 1971 and 22 July 1975). By resolution of the House of Commons on 10 June 1982 it was agreed that the children of the Member who were under age 18 should also be eligible for free travel, but their journeys should count against the entitlement of the spouse so that there were no increases in the total number of journeys.

Ministers who are also Members of the House of Commons are eligible for these travel vouchers by virtue of their standing as Members. Since 1973 the entitlement has been applied by analogy to members of the House of Lords who are Ministers in the Scottish, Welsh or Northern Ireland offices. This is because it was considered that the circumstances of members of the House of Lords who have to live and work outside London in order to perform their official duties in addition to their Parliamentary duties in London were not noticeably less compelling than those of Members.

The concession was not extended to the wives of other Ministers in the Lords because without the requirement of a second place of work it was considered that this would be likely to lead to pressure for the concession to apply to all Peers. Lord Glenarthur does not come within the concession because he is a Lord in Waiting with duties as a Government Whip in the House of Lords and he acts as an additional Government spokesman on Treasury, Industry, Home Office and Employment questions.

The rules on travelling expenses for Government Ministers are entirely at the di<sup>s</sup>cretion of the Prime Minister.



LORDS\_MINISTERS\_EXPENSES

It is the case that Lords Ministers fare worse than their Commons counterparts in the matter of allowances. There can be no disguising this. The TSRB are now looking at all aspects of Parliamentary pay and allowances, and no doubt the points raised [redacted] will be put to them by those who feel aggrieved. It may indeed be worth suggesting that they do this.

Lords Ministers are not entitled to an allowance to cover expenses of the kind described. This is also the case for Lords "Office Holders" (of whom Lord Glenarthur, as a Government Whip in the Lords, is one). Neither group is entitled to claim any element of the Peers' Expenses Allowance, including the £25.40 a night, which is available to backbench Members of the Lords [redacted] who have to pay for overnight accommodation in London in order to attend the House. [redacted]





cc: F.E.R.B.

Willie Rickett  
~~Paul Fletcher~~

10 DOWNING STREET

Could you informally get  
a comment from ~~the Treasury~~ <sup>the Treasury people</sup> ~~or these~~

who deal with MPs allowances <sup>then</sup> 2 points, without telling them why. Just say that they have been raised with the PM. Since I may have to discuss them ~~later~~ on Monday it would be useful if you could get something tomorrow, if necessary by telephone.

2nd December 1982

FERS

2:12

Michael,

As you know, the Prime Minister dined with her Whips in the Lords last evening.

One matter which was discussed was the way in which:-

- (a) travel facilities for the spouses of Ministers in the Lords, similar to those which apply to Ministers in the Commons, do not exist. For example, Simon Glenarthur, who has a wife and two young children in Scotland, receives no travel vouchers for his wife and children.
- (b) no allowance is available for Ministers in the Lords, whose home is out of London, to compensate them for having to live in London during the week. At present, Ministers in the Commons have a London allowance of £852 per annum.

We had a word about this this morning, and I promised to let you have this note.

*one*

IAN GOW

The Rt Hon Michael Jopling MP



MFJ

Parliament Member

*[Handwritten signature]*

15 October 1982

I am writing to thank you on behalf of the Prime Minister for your letter of 6 October with which you enclosed a copy of the letter you have sent to Members of Parliament about the review of remuneration of Members, secretaries and research assistants.

I will put your letter in the Prime Minister's weekend box, and I know she will be glad to have been kept in touch.

MS

The Lord Plowden KCB KBE.

*[Handwritten mark]*



PART pts 4 ends:-

Ld Plowden to pm 1/7/82

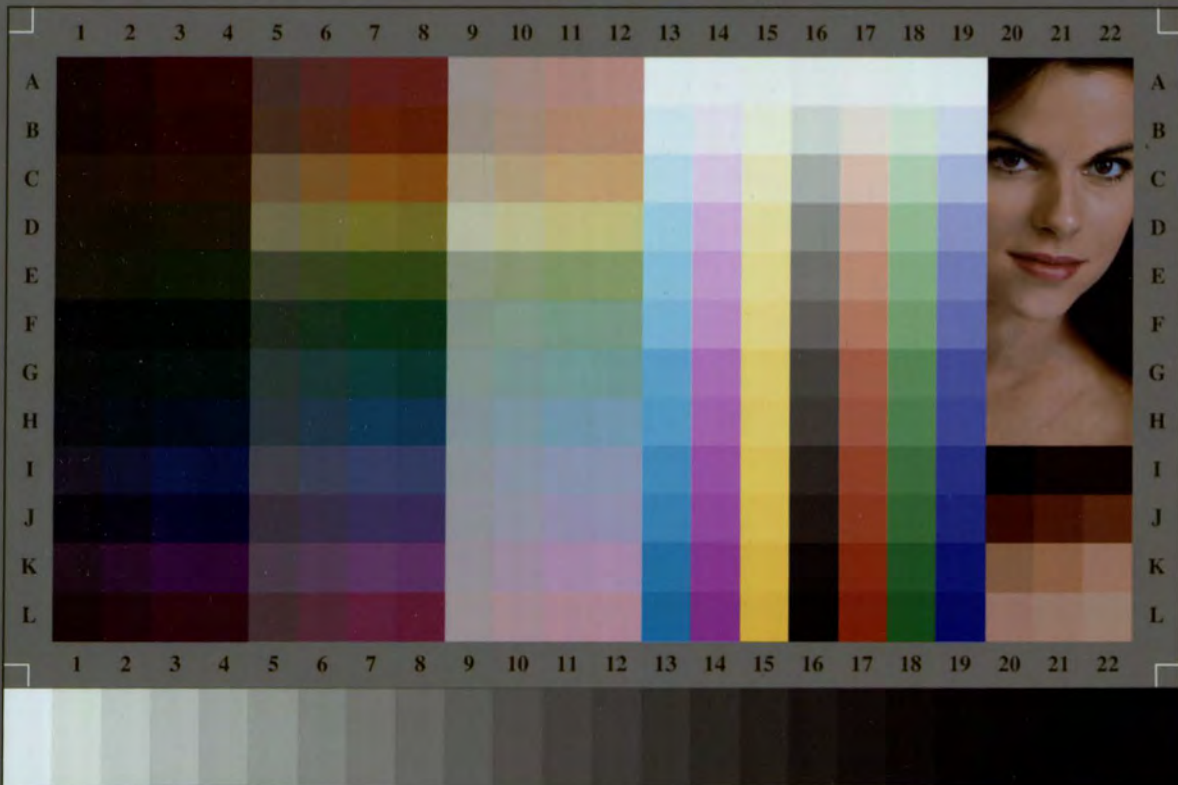
PART 5 begins:-

Ld Plowden to PM 6/10/82



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