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10 DOWNING STREET

THE PRIME MINISTER

20<sup>th</sup> June 1979.

Dear Edward,

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

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

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

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

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

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

Yours ever  
Margaret

The Right Honourable Lord Boyle of Handsworth