

Parliamentary Members

CONFIDENTIAL

Ref. A01342

PRIME MINISTER

---

Parliamentary Pay and Allowances

(C(80) 10)

BACKGROUND

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

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

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

HANDLING

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

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

---

CONFIDENTIAL

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

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

CONFIDENTIAL

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

CONCLUSIONS

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

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

RA

(Robert Armstrong)

6th February, 1980