



PRIME MINISTER

ANNUAL REVIEW OF MPs' PAY AND SECRETARIAL ALLOWANCE

When we discussed MPs' pay in Cabinet on 1 and 3 July, there were two issues which we did not resolve: (i) whether to confirm our earlier decision to ask the Top Salaries Review Body to undertake annual reviews of parliamentary pay, and (ii) whether to ask them in addition to review the secretarial allowance annually.

I very much hope that you and other members of Cabinet can agree to these two steps. It would help us in securing support for the salary level of MPs of £11,750 that we are urging in the House if I could make a positive announcement on annual reviews in my speech at the beginning of the forthcoming debate. In the case of annual reviews of pay, we decided in February that these should take place and I told the House so on 4 March (a copy of the relevant extract from Hansard, cols 266/7 is attached). It would therefore only be a matter of confirming that this was still our view. Not to do so would, I fear, mean considerable pressure on this point from Members, and our position in the debate would be made needlessly difficult. No previous announcement has been made about annual reviews by TSRB of the secretarial allowance but as this allowance has in fact been increased annually since 1974, asking TSRB to examine it each year would merely regularise the position.

I should of course make it clear in my speech that (as we said in March) any recommendations by Boyle would be implemented save only in the most exceptional circumstances.

As the debate on MPs' pay is on Monday, 21 July, I would be very grateful for the views of colleagues by Friday, 18 July.

I am copying this letter to members of Cabinet, Norman Fowler and Sir Robert Armstrong.

*NStJS*

14 July 1980

N St J S

EXTRACT FROM HOUSE OF COMMONS HANSHRD

4 MARCH 1980 COLS 266-7

Furthermore, we propose that the review body undertake annual reviews of parliamentary salaries from next year onwards. It is the Government's firm intention, save in the most exceptional circumstances, that any recommendations made by the review body will be implemented. I believe that this method rather than indexing is the right way to approach the problem. In the prevailing economic situation, I do not believe that the indexing of Members' salaries is a viable political option.



PRIME MINISTER

MEMBERS' AND MINISTERS' PAY AND ALLOWANCES

The necessary draft Order and draft Resolutions to give effect to the Government's decisions on the pay and allowances of Ministers and Members have now been laid in the Commons (they will be laid in the Lords tomorrow), and the debate will take place in the Commons at 10.00 pm on Monday, 21 July. I expect that the Lords will take them on either 22 or 23 July. Assuming that the Order is safely passed by both Houses, this will then be brought into effect by the Privy Council on 28 July. As I think you know, this is the date of the next regular meeting of the Privy Council; we considered whether it might be possible to hold a special meeting of the Privy Council a few days before 28 July, but this might have presented difficulties for the Palace, and I understand that in any event you did not wish to press the case for an early special meeting.

*NStJS.*

14 July 1980

N St J S