

PRIME MINISTER

Members' Pay

We have tonight received the Review Body report on Members' and Ministers' pay. I attach a copy of the summary of its recommendations.

You will see the report recommends that the salary of M.P.s should be increased to £12,000, with a Secretarial allowance of £4,600; that Cabinet Ministers' salaries should be increased to £25,000, Ministers of State to £17,000 and Parliamentary Secretaries to £13,000.

in each  
case +  
£7000  
Parly salary

I have asked Mr. St. John-Stevas, in consultation with Mr. Maude, to put to you immediately advice on the handling of the report. Our Press Office are in touch with Mr. Maude about the presentation of the issue.

As you wished, we have answered Mike Thomas's P.Q. tonight, making it clear that you have now received the report. There will therefore be questions to you about it tomorrow.

11 June 1979

MS



## CHAPTER 6

## SUMMARY OF RECOMMENDATIONS AND CONCLUSION

76. Our recommendations are summarised below:

Members of ParliamentSalary

(i) The salary of Members of Parliament should be increased to £12,000 a year (paragraph 20).

Secretarial allowance

(ii) The maximum of the secretarial allowance should be increased to £4,600 a year pending a full review (paragraph 24).

Ministers and other paid office-holdersParliamentary salary

(iii) Ministers and other paid office holders who are Members of the House of Commons should receive a Parliamentary salary of £7,000 a year (paragraph 23).

Ministerial salaries

(iv) The salaries of Ministers and other paid office holders should be increased as follows:

Office	Recommended salary £	Recommended total salary (a) £
Prime Minister	33,000 <sup>(b)</sup>	40,000 <sup>(b)</sup>
Lord Chancellor	37,000 <sup>(c)</sup>	37,000 <sup>(c)</sup>
Mr Speaker	25,000 <sup>(d)</sup>	32,000 <sup>(d)</sup>
Cabinet Ministers	25,000	32,000
Ministers in charge of a Department but outside the Cabinet	20,000	27,000
Ministers of State	17,000	24,000



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Office	Recommended salary £	Recommended total salary (a) £
Parliamentary Secretaries and Under Secretaries of State	13,000	20,000
Attorney General	26,500	33,500
Solicitor General	21,000	28,000
Lord Advocate	21,000	28,000 <sup>(e)</sup>
Solicitor General for Scotland	18,000	25,000
<u>House of Commons</u>		
Leader of the Opposition	22,000	29,000
Parliamentary Secretary to the Treasury (Chief Whip)	20,000	27,000
Deputy Chief Whip	17,000	24,000
Opposition Chief Whip	17,000	24,000
Government Whips	11,000	18,000
Opposition Deputy Chief Whip	11,000	18,000
Chairman, Ways and Means	17,000	24,000
Deputy Chairman, Ways and Means	15,000	22,000
<u>House of Lords</u>		
Chief Whip	17,000	17,000
Deputy Chief Whip	13,000	13,000
Government Whips	11,000	11,000
Opposition Chief Whip	11,000	11,000
Chairman of Committees	17,000	17,000
Principal Deputy Chairman of Committees	15,000	15,000
Leader of the Opposition in the House of Lords	13,000	13,000

Notes (a) Including, for those Ministers and office holders who are Members of the House of Commons, the recommended Parliamentary salary of £7,000.

(b) Including £8,000 free of tax in recognition of the special expenses of the office.

(c) Including £5,000 to be paid in recognition of the Lord Chancellor's function as Speaker of the House of Lords.

(d) Including £7,000 free of tax in recognition of the special expenses of the office.

(e) The present Lord Advocate is not a Member of Parliament and would not therefore receive a Parliamentary salary.



Peers' expenses allowance

(v) With the exception of Lord Hirshfield, whose note of reservation is recorded on page 25, we recommend the grouping system proposed in Report No 9, but with three groups instead of four (paragraph 60). The maxima that we recommend for each group are:

- (i) Overnight subsistence - £18.50
- (ii) Day subsistence and incidental travel - £9.00
- (iii) Secretarial costs, postage and certain additional expenses - £8.50

Conclusion

77. Our recommendations on the salaries of Members of Parliament and Ministers all involve substantial increases, and attention will inevitably centre on them for that reason. In this situation, we want to bring out two points in particular.

78. Four years have elapsed since these salaries were last subject to independent review. During that period average earnings have risen by some 60 per cent, and the index of retail prices by some 56 per cent. By contrast, a Member of Parliament's salary has risen by an average of 17 per cent and the salary of a Cabinet Minister by 11 per cent. And it is more than seven years since independent recommendations were last implemented in full.

79. The real value of the salaries of MPs and Ministers has continued therefore to be eroded. This situation has been exacerbated by the failure by Parliament and Government to implement the recommendations that resulted from our last review of Parliamentary remuneration on the levels of salary appropriate for July 1975. Current salaries are still substantially below the levels that we recommended as appropriate four years ago. The failure to implement recommendations for increases when those increases were due inevitably means that the increases now recommended are that much larger. Thus, substantial increases cannot be avoided if salaries are to be restored to their proper level - a situation that last existed in 1972.

80. These recommendations are made independently of those that we shall make in our next report, on the allowances available to MPs. Pay and allowances are separate concepts and it is important that their purpose should continue to be clearly differentiated. Allowances are intended to reimburse Members for expenditure that they have incurred. They are not intended to provide a supplement to salary. The possibility that they will be used in that way is



greatest when salary levels are inadequate. This is to us a further important reason why MPs should be paid the appropriate rate for their job.

81. We recognise that the increases in salary now recommended are large and that therefore the Government may consider that their introduction should be accomplished in stages. If this is done, we would urge strongly that it should be accomplished over a limited period, with half of the increases due being paid immediately and the remainder, suitably updated, paid by June 1980 (or November 1980 if some form of updating is adopted on the lines set out in Chapter 5).

82. In reviewing the salaries of Ministers and other office holders we have seen no case for a general revaluation, but we accept that some changes are necessary in respect of individual appointments. We have been impressed by some of the evidence put to us about the weight of responsibility attached to certain of these appointments. The role and responsibilities of the Leader of the Opposition have grown. The business of managing Parliament has become progressively more complex over the last decade. The affairs of the European Economic Community now make greater demands on the time of some office holders than hitherto. We have also taken account of changes in the pattern of Ministerial responsibility which have provided an opportunity to create a clearer Ministerial salary structure based on four main groups. We have also taken the opportunity to modify some of the judgments made in the course of our 1975-76 review of Parliamentary remuneration in the light of developments since then.

83. There remains the question of how the salaries now recommended can be kept up to date. Our own view is that, for Members of Parliament and for Ministers alike, the proper course is regular independent review. We do not consider that any form of link, whether of MPs' or of Ministers' salaries, to the salaries of another group or to an index should be the only determinant. Nor, indeed, do we consider that such a link could yield a satisfactory result in the medium or long term. But we recognise the strength of opinion of those who consider some form of link for the salary of Members of Parliament to be the right solution. Provided that the form of linkage is chosen carefully and provided that the concept is not extended to Ministerial salaries, we see the practical advantage of finding a suitable way of keeping the salary of Members up to date between reviews. We have therefore described in some detail the comparative advantages and disadvantages of some of the different forms of link that have been suggested to us. The difficulties of principle remain, but we believe that they can be contained if the chosen link is used only between independent reviews undertaken every 4-5 years. We consider that



movement by reference to general movements in earnings in an appropriate percentile of the New Earnings Survey (one that is close in annual terms to the recommended salary level for an MP) would fulfil this requirement. In our view, if Parliament decides to introduce a link of this kind for adjusting the salary of MPs between regular independent reviews, the case for biennial review of the salaries of Ministers and other office holders, and for an assurance that the recommendations arising out of such a review would be implemented, will be overwhelming. Without such regular reviews it will not be possible to maintain a satisfactory salary structure for MPs, Ministers and other office holders.

Boyle of Handsworth  
Hans! Archer,

Geoff Lindsay

Ministry

Andrew Lupton

Rosden

Lees