

SECRET

Home Minister.

8

If you accept paragraphs 6 below, I imagine that you would prefer to do Y below (i.e. to give Ministers in the Lords £150 (a more than Ministers in the Commons) rather than X).

Ref. A02532

PRIME MINISTER

Junior Ministers in the Lords

AM  
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You will see that I have put in square brackets in the draft statement for Monday the sentence about the proposal to allow Ministers of State and Parliamentary Secretaries in the House of Lords to claim the Peers' expenses allowance in full.

2. There is no technical difficulty about this proposal, but I think that there is some political difficulty. It was only in March 1980 that the Acting Leader of the House of Lords moved and the House of Lords approved a proposal that Ministers and other officer holders in the House of Lords, who had up to then been eligible for a maximum of £700 a year of Peers' expenses allowances, should no longer be eligible for those allowances, but should receive a secretarial allowance not exceeding £1,000. This motion was putting into effect an earlier recommendation of the Top Salaries Review Body, who had argued that it was inappropriate for Ministers to claim the Peers' expenses allowance, and did not feel able to recommend an allowance which would enable office holders in the House of Lords to meet the costs of maintaining a home outside London.

3. I am sorry that this information was not available to you and the Cabinet when you considered the matter on 3rd July.

4. It had already been suggested to me that some Members of the House of Commons might be critical of the Government's proposal, as giving Ministers in the House of Lords a concealed salary, and might argue that, if Ministers in the House of Lords were to be given higher salaries than Ministers in the House of Commons, this ought to be done openly and by legislation. It would obviously be additional grist for such an argument to be able to quote back to the motion in the House of Lords of 6th March 1980 and the words Lord Ferrers used in moving it.

5. The only other course, short of legislation, to give effect to the Cabinet's wishes in this matter, would be to revert to the proposal in paragraphs 2 and 3 of my memorandum of 2nd July (C(80) 37). That was to prescribe new rates for all

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Ministers of State and Parliamentary Secretaries at the levels proposed for Ministers of State and Parliamentary Secretaries in the Lords, ensuring that salaries were paid to Ministers of State and Parliamentary Secretaries in the Commons at lower levels by administrative action and the Vote control. This proposal did not seem to appeal to the Cabinet.

6. I am afraid that I am driven to conclude that it would be better not to deal with this matter in Monday's statement, and to wait until new legislation on Ministerial salaries gives an opportunity of dealing with it sensibly. I fear that that means that we should not be able to give effect to the Cabinet's wishes for the present. ?

7. If you decide not to proceed in that matter, you will wish to consider what salary levels should be set for Ministers of State and Parliamentary Secretaries in the Lords. The Top Salaries Review Body, having recommended that they should receive the secretarial allowance of £1,000, has gone on to recommend that they should lose the small differential (about £140) which they now enjoy over Ministers of State and Parliamentary Secretaries in the Commons. The schedules attached to the draft statement show the Lords Ministers at the same proposed salary levels as the Commons Ministers and thus as receiving increases a percentage point lower than their colleagues in the Commons. The amounts are no doubt unimportant - only £150 at the new levels - but you may wish to consider whether it makes sense to inflict this small additional injury on Ministers in the Lords or whether to give them increases of the same percentage as their colleagues in the Commons. The figures that would result are shown in brackets on the schedules attached to the draft statement.

X  
No - they  
must have  
had 9.6%  
over  
over  
y |

8. I am sending copies of this minute to the Lord Chancellor, the Lord President and the Chancellor of the Duchy of Lancaster.

Should not quote Lords  
Junior Ministers to receive  
attendance etc. classes.  
ROBERT ARMSTRONG

4th July, 1980

Please check

Lord Ferrers speech on Mon. morning.

Prime Minister.  
Cabinet with X?  
JWW  
5 mi

Ref. A02535

PRIME MINISTER

Yes not

Salaries of the Law Officers

I have discussed with the Attorney General and the Solicitor General how yesterday's Cabinet decisions on Ministerial salaries should be implemented for them.

The Attorney General's salary is some £1500 higher than that of a Cabinet Minister. He has agreed that it would be appropriate for him to receive the same 5 per cent increase as Cabinet Ministers. He would like this fact to be on record in your Statement in the House on Monday. He has asked me to say that, while this increase maintains his differential with Cabinet Ministers, it will reduce it with the other Law Officers; and it will further diminish the attractions of appointment as a Law Officer to barristers in the House of Commons who are able to attract high earnings at the Bar. He may wish to revert to this matter next time Ministerial salaries are reviewed.

X | The Solicitor General is paid a salary mid-way between that of a Cabinet Minister and a Minister of State. He is paid the same salary as the Lord Advocate (who is of course not a Member of the House of Commons). It seems appropriate, therefore, that the Solicitor General, the Lord Advocate and the Solicitor General for Scotland should all receive increases of 9.6 per cent, like other non-Cabinet Ministers, and I have agreed accordingly with the Solicitor General and with the Scottish Office.

I am sending a copy of this minute to the Attorney General.

RWA

4 July 1980

Original on:

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See 1 Report by  
Linn

Ref. A02530

PRIME MINISTER

I attach a draft of the statement which you are to make on Monday, 7th July, about the Top Salaries Review Body Reports. This draft has been gone over with the Departments concerned.

2. I am afraid that it is very long, but I find it difficult to see how we can escape from that. You will need to deal, as briefly as possible, with the complications of staging for those concerned. You ~~were~~ bound to give a very brief account of what the Review Body has recommended. You said that you would like to have a short piece about the economic background to the Government's decisions. And you will need to set out the Government's decisions, particularly on Members of Parliament and Ministers.

3. I also attach copies of the schedules which would be circulated in the Official Report. There are only two outstanding points on these schedules to which I need draw your attention. One relates to the salary for Ministers of State and Parliamentary Secretaries in the Lords, on which I am sending you a separate submission. The other is that, on the assumption that you will agree with the proposals made by the Minister of Transport in his minute of 3rd July on the National Freight Corporation, we are deleting the National Freight Corporation both from these schedules and from the detailed material that will be placed in the Library.

4. There is a point of detail on the pension entitlement of MPs. The Cabinet agreed that the pension entitlement should continue to be calculated on the basis of the notional third stage salary of £12,000. It is proposed, however, to update the third stage salary from £12,000 to £13,025. Somebody may say that it would be logical to increase the notional salary for pension purposes to that level. The statement is drafted in terms of the Cabinet decision, but you may wish to consider whether it would make the reduction in salary slightly more acceptable to Members of Parliament if the higher figure of £13,025 was taken as the notional salary for pension purposes.

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5. The statement does not include any reference to the proposed increase of the secretarial allowance for Ministerial Members of the House of Lords (on which I am making a separate submission).

6. Nor does it include any references to the future of the Review Bodies; or to the refusal of arbitration for Assistant Secretaries and Senior Principals. Both of those points will be covered in supplementaries.

7. Neither the draft statement nor the schedules refer to the medical Major General and equivalent; or to certain judicial officers, for whom increases substantially higher than the average are envisaged. I am minuting you separately on both these points.

8. The Lord President is preparing to report your statement in the House of Lords.

9. I am sending copies of this minute and of the draft statement and schedules to the Home Secretary, the Lord Chancellor, the Chancellor of the Exchequer, the Secretaries of State for Industry and Defence, the Lord President of the Council, the Secretaries of State for the Environment and Scotland, the Chancellor of the Duchy of Lancaster, the Secretaries of State for Trade and Energy, the Paymaster General, the Minister of Transport and the Chief Whip.

**ROBERT ARMSTRONG**

**ROBERT ARMSTRONG**

4th July, 1980

**SECRET**