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Chancellor of the Duchy of Lancaster

PRIME MINISTER

PRIVY COUNCIL OFFICE  
WHITEHALL, LONDON SW1A 2AT

I am unhappy about any  
analysis which takes the

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analogue argument too  
far; but are you content  
for the CDL to help

I don't like the  
linkage recipe's chosen.

Yes Nick Mr du Cann in this way? - Yes

MJS 4/xii

Mr Edward du Cann mentioned to the Chancellor of the Duchy that he had undertaken to appear before the Top Salaries Review Body on 6 December to give them his views about the question of a linkage for MPs' pay. Mr Edward du Cann told the Chancellor, quite frankly, that neither he nor his colleagues on the executive of the 1922 Committee had any positive ideas about the best way to proceed, and accordingly he asked whether the Chancellor could give him written or oral briefing which would assist generally when he appeared before the TSRB.

The Chancellor of the Duchy sees some advantage in being helpful to Mr du Cann, although he recognises the difficulties in that there has been no recent collective discussion with colleagues about linkage.

... I attach a note which the CSD has prepared which, subject to there being no objection, the Chancellor could use as a basis for an entirely informal briefing of Mr du Cann. As you will see, in its final paragraph the note does give a steer in a particular direction, albeit without commitment.

Time is now of the essence because Mr du Cann is due to see the TSRB on 6 December, and I shall be most grateful for any comments you may have as quickly as possible.

I am copying this letter to Murdo MacLean (Chief Whip's Office).

J W STEVENS  
Private Secretary

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Private Secretary  
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## MP's PAY: PROFESSIONAL LINK

1. This note looks at the present position on an analogue for Members pay and suggests a couple of options for possible consideration.

2. The TSRB have looked at the question of linkage for Members pay on a number of occasions and have rejected a direct link on each occasion on the grounds that it would be inappropriate for three reasons:

a. there was no directly comparable job

b. the sensitivity currently attached to MP's pay might simply be transferred to the analogue

c. a link with general indices would provide guaranteed salary inflation-proofing which the majority of constituents would not have.

3. However, in looking at the issue again in its last report, the Review Body said that it recognised to a large extent the force of the arguments which had been put forward from various quarters for some form of automatic updating, and recommended that Member's pay be linked to the New Earnings Survey between substantive TSRB reviews. The Government initially reserved its position on this until it had the opportunity to take the views of the House, and subsequently the Prime Minister invited the Review Body to consider further some mechanism to establish one or more analogues in the professional field. This arose from a suggestion from the 1922 Committee.

4. These revised proposals on Parliamentary pay were, because of Parliamentary timetable pressures, carried through without detailed discussion of the precise mechanics of a professional analogue link and the Government's announced position in the House was that consideration will be given to a linkage between the (Substantive) reviews according to the recommendations made by the Boyle Committee. However, it can be said now that the Government



would see grave disadvantages in the use of a general index of earnings which would be too broad for this purpose, or in linking, directly or in percentage terms, to hierarchical, and incremental, salary scales, such as that of the Assistant Secretary in the Civil Service. Among factors, such a step might create a precedent too easily copied by other public service groups. These views would seem to rule out a return either to a link with the New Earnings Survey, which has considerable attraction otherwise from an administrative point of view, or to a link with Assistant Secretaries, which the House sought in 1975. Moreover, of course, the Government has subsequently said in its published evidence to the Clegg Standing Commission on Pay Comparability that "indexation is not a satisfactory means of determining pay".

5. Of course, one of the principal purposes in having a link is to establish some mechanism which will enable Members to escape the necessity of an annual debate on their own salaries. This will entail a Resolution to operate the link, the wording of which would need careful consideration so that there could be no doubt as to the appropriate increase.

6. There are a number of other factors which will need to be considered in deriving an analogue, such as whether there are advantages in a "composite" rather than a "single" link, the types of professional disciplines to be used, and where reliable statistics on professional earnings can be obtained. A link with any single profession could well be unwelcome by its members because of the focussing of public attention on it. Additionally, such a narrow-based link could result in unreasonable distortions and fluctuations if earnings in that particular discipline were particularly high or low in certain years for whatever reason. The use of a number of professions might perhaps serve to disperse attention and also iron out irregularities in income changes. The choice of professions is also important since unfavourable public reaction could be caused if MPs were linked to a group traditionally having associated with it unreasonably high levels of pay. Additionally, it is notoriously difficult to obtain reliable



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