



OFFICE OF MANPOWER ECONOMICS

22 KINGSWAY
LONDON WC2B 6JY

Telephone 01-405 5944

*cc Thomas
CSO*

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The Rt Hon Margaret Thatcher MP
10 Downing Street
London S W 1

11 June 1979

Dear Prime Minister,

On 23 October 1978, Mr Callaghan invited us to undertake a review of Parliamentary pay and allowances. For convenience, I enclose a copy of our terms of reference.

It was clear to us from the start that it would take some time satisfactorily to complete a review of this magnitude. It was also clear that some of the items in the terms of reference were more urgently in need of attention than others. Our solution has been to tackle our task in two stages.

Our first report concentrates on the four aspects that we consider to be the most urgent. It includes recommendations on the salary of MPs, the salaries of Ministers (including the Parliamentary salary), the Peers' expenses allowance, and an interim recommendation on the maximum of the Members' secretarial allowance. The remaining four aspects and our final recommendations on the secretarial allowance will be covered in a further report.

Report No 12 explains the reasons that have led to our recommendations. But may I say that, if you would find it helpful, I and one or two of my colleagues would be very willing to come and explain, in greater depth, the thinking behind our recommendations. I have in mind in particular our conclusions on the 'linkage' question, to which we have given a good deal of thought, in the light of the helpful discussion that we had with you in February of this year.

I should like, as on earlier occasions, to express the warm thanks of the Review Body to Miss Orr and her staff at the OME (at every level) for their excellent service at a time of heavy pressure on the Office.

Yours sincerely, Edward Boyle

BOYLE OF HANDSWORTH, CHAIRMAN
REVIEW BODY ON TOP SALARIES

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TERMS OF REFERENCE FOR TSRB REVIEW OF PARLIAMENTARY
PAY AND ALLOWANCES

To review and make recommendations on:-

- included* a. the level of salary of Members of the House of Commons, including the question of a salary linkage;
- b. the arrangements for severance pay for Members of the House of Commons;
- interim* c. the scope and level of the Members' Secretarial allowance, with reference to the question of providing severance pay and pensions for secretaries;
- included* d. the level of salary of Ministers and other office-holders;
- e. the pension position of former Members of the House of Commons who left the House before 2 August 1978;
- included* f. the rates of Peers Expense Allowance;
- g. the scope for and level of an allowance towards the cost of running constituency 'surgeries';
- h. the scope for and level of an allowance for travelling and subsistence for Peers' and Members of the House of Commons' spouses to attend official functions.