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From the Principal Private Secretary

28 April 1981

Dear David,

HOUSE OF LORDS

When the Prime Minister saw the Chancellor of the Duchy of Lancaster this morning, she told him that she would be grateful if he would take the chair of a new sub-committee of H Committee on the House of Lords. She believed that it would be difficult to consider the membership of the Lords without looking at their powers as well and she thought therefore that the terms of reference should be on the following lines:-

"To consider and report on possible options for reforming the composition and powers of the House of Lords".

Nonetheless, she doubted whether the House of Commons would be ready to give up powers to another chamber and she thought that the outcome of any study of the future of the Lords would be no change in their powers and only minor changes in composition. Even so, the future of the House of Lords was likely to be an issue at the next general election, and it was timely to begin to give thought to the matter now. One possibility as regards membership of the Lords might be to introduce two kinds of life peerage: one would carry with it the right to sit in the Lords and the other would simply be an honour in recognition of outstanding service but not carrying membership of the Lords.

Mr Pym said that he agreed that the future of the Lords would be an issue at the next election. He saw the proposed study essentially as a defensive exercise. The Government would probably not want to do anything that changed the House of Lords in anything except a minor way but they would need to have a clearly thought out position on the matter. If the Labour Party came out either for the total abolition of the Lords or for its radical reform, the Government would need to be ready to capitalise on the feeling which undoubtedly existed in the country at large that the Lords on the whole fulfilled a very useful role and should continue essentially in its present form. Against that background, he was content with the proposed terms of reference of the sub-committee of H which he was to chair.

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The discussion then turned to the sub-committee's membership, and the Prime Minister and Mr Pym agreed provisionally that it should be as follows:-

The Lord President
The Secretary of State for Scotland
The Attorney-General
The Parliamentary Secretary, Treasury
The Minister of State for the Arts (Mr Channon)
The Minister of State, Department of Employment
(Lord Gowrie)
The Parliamentary Under-Secretary of State, Home Office
(Lord Belstead)

/the / The Prime Minister invited Mr Pym to consider further/membership of his sub-committee and to let her know as soon as possible whether there were any further changes he wished to suggest.

I am sending a copy of this letter to David Wright (Cabinet Office).

Yours ever,

Alfred Watkins.

David Heyhoe Esq.,
Office of the Chancellor of the Duchy of Lancaster.

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10 DOWNING STREET

Prime Minister.

Your meeting at 1000
tomorrow with Mr. Lyne — postponed
from before Easter — is to ask
him to take the chair of the
new sub-committee of H on the
House of Lords.

You will want to show
him the proposed terms of
reference and membership of
the sub-committee. They are in
my minute letter to Sir
Robert Armstrong.

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