

Prime Minister

①



This proposal is for discussion  
at your meeting on Tuesday.

Should we also invite Norman  
Tebbit?

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

PRIME MINISTER

Yes not

MUS 2/4

MPs' PAY

~~Norman Tebbit~~

I have seen a copy of Francis Pym's minute to you about our response to the Report of the Select Committee on MPs' pay. There is one point on which I would like to comment immediately as I think we should make a very early move. It concerns the recommendation that between periodic reviews the pay of Members should be increased automatically each year "by reference to increases in the nearest percentile in the Department of Employment's New Earnings Survey". When the Select Committee was set up Ministers were prepared to contemplate linking MPs' pay to "a designated group of outside occupations" - (just as the pay of Prison Officers is linked to movements in the pay of certain designated grades of civil servants). But by choosing the New Earnings Survey the Select Committee have opted for just about the most expensive solution - as we have found with the Police who enjoy a similar linkage.

2. My worry is that if we leave this particular element of the recommendations unrefuted every public service group currently negotiating its pay with its employers, or preparing its case for arbitration, will say "Me too". If this is to be avoided the sooner we can get a public disclaimer on the record, the better.
3. If we can do this we can then consider the other issues which arise on MPs' and Ministers' pay this year at slightly more leisure, as Francis suggests.
4. I am copying this minute to members of Cabinet, the Chief Whip and Sir Robert Armstrong.

D.B.

(Approved by the Chancellor & P (G.H.)  
Signed in his presence) 31 March 1982





*Parliament  
members*

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

1 April 1982

M. Scholar, Esq.,  
Private Secretary,  
10, Downing Street

*Dear Michael*

*✓* MP's PAY

Would you please amend your copy of the Chancellor's minute to the Prime Minister about MP's Pay as follows:

Paragraph 1, line 8.

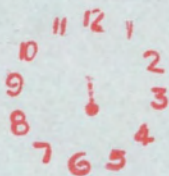
After "Select Committee" insert "was set up  
Ministers were prepared to contemplate  
linking MPs' ....."

I am copying this letter to the private secretaries to members of Cabinet, the Chief Whip and Sir Robert Armstrong.

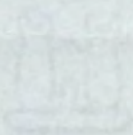
*Yours sincerely  
David Gault*

D.J. BARTON

1 APR 1982



COMMISSION





10 DOWNING STREET

①

Prime Minister

MPs pay

The question is whether to leave unchallenged until the end of April a report which recommends the indexation of MPs pay: there must be some risk of this weakening our case before the Civil Service and Teachers arbitrators.

Agree that discussion of the report, together with the 1982 pay issue for MPs and Ministers, should be postponed until after the Review Bodies reports and



The Civil Service arbitration?

Agree that, meanwhile, the Lord  
President should go as far as he  
can, without antagonising backbenchers,  
to ruling out indexation - i.e. a  
somewhat higher profile than at X?

Or would you like an early  
discussion, with Francis Pym, the  
Chancellor and the Chief Whip  
and with the Whittles  
on the whole issue? <sup>at least</sup>  
R. Calverley

Would prefer to  
discuss in the smaller group  
MCS 29/3

Judy Joon  
mb



100 JV



PRIME MINISTER

SELECT COMMITTEE ON MEMBERS' SALARIES

As you know, the report of the Select Committee on Members' Salaries was published on 23 March. The report recommends that:-

- (i) The Top Salaries Review Body should conduct a review of Members' salaries once during the fourth year of each Parliament with a view to that Parliament taking a decision on the recommendations. When shortened Parliaments make this impossible the TSRB should conduct a new review not more than four years after the salary derived from the previous review became payable.
- (ii) Between TSRB reviews there should be automatic annual adjustment of Members' salaries by reference to increases in the nearest percentile in the Department of Employment's New Earnings Survey. The House should agree to these automatic interim adjustments at the same time as it takes its decision on the TSRB's recommendations. The adjustments would take place in November when the New Earnings Survey is published.

The report also mentions the idea, though it makes no recommendation, that the House of Commons Commission should take the responsibility for presenting the Vote for Members' pay and allowances (para 25); the intention of such a change would be to remove Members' pay from Government control.

*- but the taxpayer has to find us no new*

The report expresses the view that Members' salaries should be somewhat higher than they are now (para 16), but it does not recommend a specific figure, nor does it discuss salary increases in 1982. We will, however, need to consider this question. Subject to your views, and those of colleagues, I believe that we should consider the 1982 increase at the same time as our response to the Select Committee. Some of the options for this year could depend to some extent on the view we take on the future arrangements. I also think that we will not be in a good position to decide about MPs' pay this year until we have seen and thought about the TSRB's recommendations on the judiciary, the higher Civil Service and senior officers of the armed forces, and until we know the outcome of a number of the other public service pay claims still under consideration, notably the arbitration case for the majority of the Civil Service.

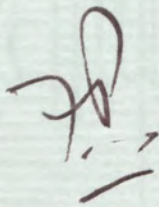
.../...



With this in mind, I would propose to submit to Cabinet a paper dealing with both the 1982 increase for MPs (and Ministers) and the Select Committee's recommendations when these other issues are clearer, perhaps in late April. In the meantime I propose that we should answer questions about the report by saying that we are considering its recommendations carefully and will put proposals to the House in due course. The suggested link with the New Earnings Survey is likely to give us particular difficulties and we must therefore take care not to give Members grounds for optimism.

When we have reached decisions, I suggest that we move fairly quickly to a debate in the House on both the 1982 increase and the future arrangements.

I am copying this minute to other members of the Cabinet and to Sir Robert Armstrong.



FP

29 March 1982



29 MAR 1982

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4 5 6 7 8 9 0

CONTROL



CONFIDENTIAL

MR. SCHOLAR

PJ  
c. Mr. Pattison

REPORT OF THE SELECT COMMITTEE ON MPs PAY

The Select Committee's Report is unhelpful to the Government's public sector pay policy. Inevitably, given their terms of reference and the history of this issue, the Committee has come up with a combination of a four yearly review by the TSRB, and indexation in the interim in line with the new earnings survey - almost precisely the formula which is causing us so much trouble with the police (a high proportion of MPs comparators would be in that part of the private sector with larger than average pay rises, and the survey looks at earnings which are invariably higher than reported settlements). They also show many signs of thinking that MPs' pay can somehow be taken out of the political arena by being settled by the House of Commons Commission, and by having the indexation authorised by a single resolution at the beginning of each Parliament, although those are lesser issues.

I hope that this Report will not go unchallenged for long. The Government should lose no time in making it clear to the House that, whatever arrangements will be made henceforward for MPs' pay, they are not going to include indexation in any form. Otherwise, we risk weakening our case before the Civil Service arbitrator, and also - if we get there - the teachers' arbitrator. I note that the Leader of the House, in his evidence dated 8 July 1981, said that he thought Members' salaries have reached the point at which they are reasonably remunerated. Nine months having passed, that may no longer be true: but it would be helpful if Mr. Pym could be encouraged to make an early statement ruling out any link to the new earnings survey.

That will leave open the question of what, if any, pay increase MPs will receive this year - and, more interestingly, how that will be determined. There are this year no arrangements for MPs pay, because the TSRB was not asked to report on it (nor, indeed, on Ministers' pay). So there will be no basis for discussion of increases in MPs' pay or allowances. Nor is there any fixed timetable: last year's increase - the final stage of the 1980 TSRB report, cut down to 6% by Cabinet on 7 May - came into effect on 13 June.

/The Prime Minister

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- 2 -

The Prime Minister may feel that these two issues, the immediate handling of the Select Committee's Report, and how to arrive at any increase in MPs' pay this year, need to be discussed rather soon with her colleagues immediately concerned.



25 March 1982

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MR. PATTISON

MRP

cc Mr. Scholar  
Mr. Hoskyns

Report of the Select Committee on MPs Pay

The Select Committee's Report is unhelpful to the Government's public sector pay policy. Inevitably, given their terms of reference and the history of this issue, the Committee has come up with a combination of a four yearly review by the TSRB, and indexation in the interim in line with the new earnings survey - almost precisely the formula which is causing us so much trouble with the police. They also show many signs of thinking that MPs pay can somehow be taken out of the political arena by being settled by the House of Commons Commission, and by having the indexation authorised by a single resolution at the beginning of each Parliament, although those are lesser issues.

I hope that this Report will not go unchallenged for long. The Government should lose no time in making it clear to the House that, whatever arrangements will be made henceforward for MPs pay, they are not going to include indexation in any form. Otherwise, we risk weakening our case before the Civil Service arbitrator, and also - if we get there - the teachers' arbitrator. I note that the Leader of the House, in his evidence dated 8 July 1981, said that he thought Members' salaries have reached the point at which they are reasonably remunerated; it would be helpful if he could be encouraged to say that again, and before the Easter Recess.

J.

24 March 1982

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Parliament member (2)



Prime Minister

Ms 19/1

Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

19 January 1982

M MacLean Esq.  
Private Secretary  
12 Downing Street  
LONDON  
SW1

ms

Dear Paulo,

MPs' PAY

will request if required

You sent the Chancellor a manuscript note dated 13 January about the proceedings of the Select Committee on the pay of Members of Parliament.

The Chancellor is worried that the report of this Committee could be embarrassing to Government as to content and timing, and would be most grateful if the Chief Whip could take such steps as are open to him to find out the broad lines of the recommendations they are likely to make. Obviously the sooner the better, since we need to decide what action if any we need to take.

I am copying this letter to Michael Scholar at No 10 and to David Hayhoe in the Lord President's Office.

Yours ever,  
J Kerr

J O KERR



9 JAN 1982

