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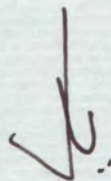
cc Mr. Mount

PA
MR. SCHOLAR

MPs' allowances

I think the Prime Minister should have no illusions about what the Lord President is proposing. When MPs ask for their allowances to be reviewed, what they really mean is increased. It is clearly their, and the Lord President's, expectation that the TSRB would recommend increases in severance pay and secretarial allowances, and improved pensions arrangements.

We think that this Government has been quite generous enough to MPs already. Our recent commitment to the regular TSRB reviews of pay, supplemented by indexation to the public service pay basket, should be more than sufficient to keep MPs ahead. Further concessions will merely reinforce an impression of weakness over pay.



John Vereker

25 June 1982

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PRIME MINISTER

You will recall that Cabinet agreed in May that, subject to the views of the House of Commons, Members of Parliament should receive an increase of pay this year of 4 per cent and that the TSRB should carry out a review of MPs' pay and allowances in the fourth year of each Parliament with interim annual adjustments in pay to be made in the light of the average change in rates of pay of appropriate groups in the public sector. The necessary Motions were debated and agreed by the House of Commons on 10 June.

The views expressed in this debate confirmed the need for the TSRB to look at several related matters. Both the 1922 Committee and the Parliamentary Labour Party have made representations to me to express concern about existing pensions and severance pay arrangements, and a widespread wish for a fresh examination of these questions was evident in the course of the debate. I am sure a review by the TSRB is now required. A further subject of concern was the appropriate level of the MPs' secretarial allowance. A number of MPs, as well as representatives of secretaries themselves, have sought meetings to express their anxiety on this score and the issue figured prominently in the debate. Again, the guidance of the TSRB will be of material assistance.

I understand that the Review Body are now anxious to set in hand preliminary work as soon as possible and I therefore recommend that you write formally to Lord Plowden in order to get the Review underway. I attach a draft letter to this end.

I am copying this minute to the Chancellor of the Exchequer and to Sir Robert Armstrong.

W J B

JB

24 June 1982