P. R.

I agree. x1 is clearly right.
FEB
6.7

1. MR. BUTLER
2. PRIME MINISTER

MPs' pay: Parliamentary handling

The attached brief suggests that you may have to make an oral statement tomorrow. I think this is unnecessary. Linked with the Chancellor's statement, I think it would be presentationally unwise, to say the least. Despite the risk of a leak from Cabinet, I would have thought we could get away with simply tabling the necessary Motions on MPs' pay early next week, and a written statement on top salaries.

x1

CM

6 July 1983

MPs

In financial year 1982/83 the average gross pay plus secretarial allowance for an MP was something over £22,000. In addition, MPs receive allowances, to cover, for example, the costs incurred staying both in London and their constituencies, travel between the two, etc. The amounts claimed on this basis clearly vary very widely.

5 July 1983

10 DOWNING STREET

Prime Minister

I have told Sir Robert that you will probably want to take public expenditure before MPs etc. pay.

FERB

6.7.

SECRET

~~cc SUBJECT: PARLIAMENT~~
~~Members' MPs' Pay Pt 5~~

Top Copy: Econ Pol
TSRB Pt 5

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Ref. A083/1991

PRIME MINISTER

Top Salaries Review Body Reports

The Cabinet needs to take decisions on the following matters arising from reports by the Top Salaries Review Body (TSRB):

(i) Report No 20 relating to:

(a) pay, pensions and allowances of Members of Parliament;

(b) salaries of Ministers and other office holders;

(ii) Report No 19 relating to top salary groups, ie senior civil servants, senior armed forces officers, and the judiciary.

2. The Cabinet previously discussed these matters on Tuesday 10 May (CC(83) 17th Conclusions, Minute 2) and on Thursday 30 June (CC(83) 21st Conclusions).

HANDLING

3. The discussion can be taken in three separate sections, dealing first with MPs, then with Ministers, and finally with the top salary groups. Speaking notes are attached on each of these three items, summarising the proposals agreed by your meeting of Ministers on Tuesday 5 July. There are also tables giving the exact proposed salary figures; spare copies of these are available for handing round if necessary.

MPs' Pay

4. On MPs' pay I suggest that, after drawing on the speaking note to open the discussion, you call on the Lord Privy Seal and the Chief Whip to deploy the Parliamentary arguments in favour of the latest proposals.

5. The precise figure envisaged for the MPs' salary is £16,000, an increase of 10.27 per cent (10 per cent exactly would give a salary of £15,961). The net increase, after allowing for the increase in pension contribution, is actually less than 7 per cent - 6.74 per cent as the following table shows.

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Salary	Gross	Pension	Net
Current (£)	14,510	(6%) 870	13,640
Proposed (£)	16,000	(9%) 1,440	14,560
Increase (£)	1,490	570	920
Increase (%)	10.27		6.74

Nevertheless it is not far off the mark to talk of a net increase of around 7 per cent, since the salary increase will take effect from 13 June and the increased pension contribution will not take effect until later this year when the legislation has been enacted.

Ministerial Salaries

6. On Ministerial salaries the handling of the discussion will depend on whether the Cabinet approves the proposed increase for MPs of around 10 per cent gross. If so you will be able to set out the proposal for an equivalent across-the-board increase for Ministers and other office holders. The detailed salary figures are set out in table 2. The Treasury has rounded the figures to the nearest £100, but has taken the opportunity to round upwards for Parliamentary Secretaries and others currently earning less than £25,000 and to round downwards for the rest. The weighted average increase is 10 per cent.

7. In the discussion on 5 July there was some concern about the position of Parliamentary Secretaries, but it was eventually decided not to skew the distribution more than marginally in their favour. The resulting figure still leaves the Parliamentary Secretary's salary (if he is in the Commons) over £10,000 ahead of that of the backbench MP.

8. If the Cabinet opts for a lower increase than around 10 per cent gross for MPs, you will probably wish to seek the Cabinet's agreement to an across-the-board increase for Ministers and other office holders at the same level, with similar arrangements for rounding.

Top Salary Groups

9. On the top salary groups the handling of the discussion will depend on the decision reached on MPs and Ministers. If the proposals for an increase of around 10 per cent for both MPs and Ministers are

approved, you will be able to introduce the proposals approved at your meeting of Ministers on Tuesday 5 July, that there should be an increase of 6.9 per cent from 1 April 1983 and a further increase of just under 5 per cent (restoration of the abatement) from 1 January 1984, making an increase for 1983-84 of 8.1 per cent. The details are set out in table 1.

10. In case the question is raised because of the discussion on public expenditure, you can say that the cost of the proposed increases for the top salary groups in 1983-84 is small: about £4 million in all (£2.5 million for senior civil servants; £0.5 million for senior armed forces officers and £1.1 million for the judiciary). This compares with the saving of £100 million net which is being sought by the Chancellor of the Exchequer on pay and general administration.

11. If the Cabinet were to opt for a very substantially lower figure for MPs' pay (say 4 per cent gross), it would be for consideration whether the increase for the top salary groups should be lower (say the 6.9 per cent instalment from 1 April 1983 only). In logic there is no reason why a decision on the top salary groups which is desirable on management grounds should be affected. The main arguments for an increase as low as 4 per cent gross for MPs would be that most MPs have other sources of income and should not expect service as an elected representative to be treated as a remunerative career. These arguments do not apply to the top salary groups. On the other hand the Chief Whip might judge that his task of carrying the Government's motion for an increase as low as 4 per cent gross would be made more difficult if the increase for top salary groups was 8.1 per cent.

Timing of Announcements

12. Once the necessary decisions have been taken you will wish to consider carefully the timing of announcements. The main considerations affecting the various items are as follows:

(a) MPs' pay: Further consultations may be thought desirable before the decision is announced; the most likely date for a debate would be 19 July, and the motion would need to be tabled some days before that - say 14 July.

(b) Ministerial salaries: It is not now thought necessary to submit the draft Order in Council to the Joint Committee on Statutory Instruments which will not be meeting until 20 July; the draft Order in Council can therefore be tabled at the same time as the motion on MPs' pay.

(c) Top salary groups: The Government will wish to make its intentions clear before the debate on MPs' and Ministerial salaries.

13. The simplest course may be for the Government to make its intentions clear about all these matters simultaneously, as soon as any further consultations about MPs' pay have taken place. I think that this will call for an oral statement by you: either in the afternoon of 7 July, if you wish to give an immediate lead, or on Tuesday 12 July, or perhaps at the time when the motion and draft Order in Council are tabled on 14 July or thereabouts.

CONCLUSIONS

14. You will wish to reach conclusions on the following matters:

(i) in relation to MPs:

(a) whether the non-pay recommendations of the TSRB should be accepted, subject to an increase in the pension contribution of 3 per cent rather than 2 per cent;

(b) whether MPs' pay should be increased from £14,510 to £16,000 (around 10 per cent gross);

(ii) whether the salaries of Ministers and other office holders should be increased by 10 per cent across the board on the lines set out in table 2;

(iii) whether the salaries of top salary groups should be increased by 6.9 per cent from 1 April 1983 and just under 5 per cent from 1 January 1984 (8.1 per cent for 1983-84), as set out in table 1;

(iv) when and how the Government's decisions should be announced.

ROBERT ARMSTRONG

6 July 1983

Top Salaries Review Body Reports

Speaking Note

MPs' Pay

When the Cabinet discussed MPs' pay last week, it was agreed that the Chief Whip should take soundings of opinion amongst Government supporters on the following basis:

- the TSRB's non-pay recommendations would be accepted including the improvement in the pension accrual rate from 1/60th to 1/50th;
- the pension contribution would be increased from 6 per cent to 9 per cent rather than 8 per cent as recommended by the TSRB;
- MPs' pay should be increased by 4 per cent gross.

2. The Chief Whip has already reported on the results of his soundings to a small group of Ministers. He considers that, even allowing for the pay roll vote, the Government could probably not carry a motion for a pay increase of only 4 per cent. A substantial number of the Government's supporters would vote against such a motion, and they would be likely to be joined by members of the Opposition parties who would see advantage in embarrassing the Government.

3. In the face of this there are two options open to the Government. One is to press ahead with a motion for a 4 per cent increase and risk defeat. There might then be a Parliamentary majority for full implementation of the TSRB Report, an increase of 31 per cent. The argument for that course of action is that the Government would have made its position clear and the responsibility would be seen to rest with the House. The argument against is that such a vote would be seen as a defeat for the Government, that the Government's authority would be weakened not only in relation to the pay round but also in the House more generally, and that the public at large would (because of the large Government majority) tend to associate the Government with the House's decision. The small group of Ministers therefore came down against this option.

4. The other option is to put down a Government motion proposing an increase very much less than that recommended by the TSRB (and therefore in line with a statement which I made in the House on 12 May) which the Chief Whip believes could be carried. The Chief Whip considers that the lowest figure which would safely meet this requirement is an increase of around 10 per cent gross, which could be presented as less than 7 per cent net allowing for the increase in the pension contribution. An MP's salary would thus be increased from £14,510 to £16,000, compared with the figure of £19,000 recommended by the TSRB. The Government would be able to say that the percentage increase was only one-third of that (31 per cent) proposed by the TSRB.

Salaries of Ministers and Other Office Holders

5. If the Cabinet accepts the proposal for an increase of around 10 per cent gross in MPs' pay, it is necessary to consider what increases should be proposed for Ministers and other office holders (including the Speaker and the Leader of the Opposition). It is usual for the draft Order in Council on these salaries to be tabled for debate at the same time as the motion on MPs' pay.

6. There is an argument for a higher percentage increase for junior Ministers than MPs because of the financial sacrifices which they make in joining the Government. The small group of Ministers therefore considered whether to propose a larger percentage increase for junior Ministers, offset by a smaller percentage increase for more senior Ministers, within the 10 per cent overall figure. The conclusion was that this would complicate handling in the House and public presentation. The Parliamentary Secretary would still be getting a gross salary over £10,000 more than that of a backbench Member of Parliament.

7. It is therefore proposed that there should be an increase of 10 per cent across the board, although the percentage figure will in some cases be fractionally higher and in other cases fractionally lower because of rounding. In the case of Commons

Cabinet Ministers the proposal is for an increase from £37,410 to £41,400. This is a percentage increase of 9.9 per cent compared with the 47 per cent recommended by the TSRB.

Top Salary Groups

8. We deferred consideration of the TSRB Report on top salary groups (senior civil servants, senior armed forces officers and the judiciary) because of the Election.

9. In my statement last year about the salaries of those groups I said that there were sound management reasons for bringing them up to date quickly and for keeping them up to date in the future. We were not in fact able to bring them up to date last year, but abated the proposed increases by one-third to maintain consistency with the treatment of last year's report of the Doctors and Dentists Review Body (DDRB).

10. This year the TSRB has proposed an increase of 11.9 per cent, of which 6.9 per cent is the increase for the current year and just under 5 per cent is for making good the previous abatement. In the case of the DDRB this year where we had a similar abatement problem we implemented the current year increase (7 per cent) from 1st April 1983 and restored the abatement (in their case 2.7 per cent) from 1st January 1984. It is therefore proposed that we should follow the same pattern for the TSRB groups, ie an increase of 6.9 per cent from 1st April 1983 and restoration of the abatement from 1st January 1984. This would have the advantage that in next year's review the TSRB could have no backlog to take into account (for the first time for many years). The increase for 1983-84 would be 8.1 per cent.

SECRET

SEN[redacted] PUBLIC SERVANTS

	Salaries currently in payment	Salary wef 1 4 83	Salary wef 1 1 84	Numbers in post at 1 1 83
Senior Grades of the Higher Civil Service				
Secretary of the Cabinet Permanent Secretary to the Treasury	42,000	45,000	48,000	2
Permanent Secretary	37,750	40,500	42,750	22
Second Permanent Secretary	35,000	37,500	39,500	11
Deputy Secretary	30,250	32,500	34,250	133
Under Secretary	25,000	26,750	27,750	490
Senior Officers of the Armed Forces				
Admiral of the Fleet Field Marshal Marshal of the Royal Air Force	42,000	45,000	48,000	1
Admiral General Air Chief Marshal	37,750	40,500	42,750	20
Vice-Admiral Lieutenant General Air Marshal	30,250	32,500	34,250	38
Rear Admiral Major General Air Vice-Marshal	25,000	26,750	27,750	158
Judiciary				
Lord Chief Justice	52,500	56,500	60,000	1
Master of the Rolls Lord of Appeal Lord President of the Court of Session (Scotland)	48,250	51,750	55,000	11
Lord Chief Justice (Northern Ireland) President of the Family Division	47,000	50,500	53,500	2
Vice Chancellor Lord Justice of Appeal Lord Justice Clerk (Scotland) Lord Justice of Appeal (Northern Ireland)	45,500	49,000	52,000	23
High Court Judge Judge of the Court of Session (Scotland) Puisne Judge (Northern Ireland)	42,500	45,500	48,000	97

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	Salaries currently in payment	Salary wef 1 4 83	Salary wef 1 1 84	Numbers in post at 1 1 83
President, Lands Tribunal (England and Wales) President, Transport Tribunal Chief Social Security Commissioner (England and Wales and Scotland) President, Industrial Tribunals (England and Wales)	30,000	32,250	33,750	4
President, Industrial Tribunals (Scotland) Sheriff Principal (Scotland) Chairman, Scottish Land Court President, Lands Tribunal (Scotland) Official Referee (London) Vice-Chancellor of the County Palatine of Lancaster Recorder of Liverpool Recorder of Manchester Senior Circuit Judge (Newington Causeway) Recorder of Belfast (Northern Ireland) President of the Lands Tribunal (Northern Ireland) Chief Social Security Commissioner (Northern Ireland)	29,000	31,250	32,750	21
Circuit Judge Chief Metropolitan Magistrate Member, Lands Tribunal (England and Wales and Scotland) Social Security Commissioner (England and Wales and Scotland) Judge Advocate General Sheriffs A and B (Scotland) County Court Judge (Northern Ireland) Master of the Court of Protection Senior and Chief Masters and Registrars of the Supreme Court Registrar of Criminal Appeals President, Industrial Tribunal (Northern Ireland) Member, Lands Tribunal (Northern Ireland) Social Security Commissioner (Northern Ireland)	27,750	29,750	31,000	440
Regional Chairmen, Industrial Tribunals (England and Wales and Scotland) Chairman, Foreign Compensation Commission Vice-Judge Advocate General	25,750	27,750	29,000	19

	Salaries currently in payment	Salary wef 1 4 83	Salary wef 1 1 84	Numbers in post at 1 1 83
Masters and Registrars of the Supreme Court Metropolitan Magistrate Chairmen, Industrial Tribunals (England, and Wales and Scotland) Provincial Stipendiary Magistrate Resident Magistrate (Northern Ireland) Chairman, Industrial Tribunal (Northern Ireland) Master, Supreme Court (Northern Ireland) County Court Registrars and District Registrars of the High Court	24,000	25,750	26,750	339

TSRB No 20 - MINISTERS

Office	Current Salary(1)	TSRB recommended salary(2)	% Increase	Proposed Salary(3)	% Increase
Prime Minister	46,660	65,000	39.3	51,300	9.9
Lord Chancellor	52,500	62,000	18.1	57,700	9.9
Mr Speaker	38,785	55,000	41.8	42,600	9.8
Cabinet Minister (Commons)	37,410	55,000	47.0	41,100	9.9
Cabinet Minister (Lords)	28,950	49,500	71.0	31,800	9.8
Minister of State (Commons)	29,035	38,000	30.9	31,900	9.9
Minister of State (Lords)	24,200	32,500	34.3	26,700	10.3
Parliamentary Secretary (Commons)	24,160	31,000	28.3	26,600	10.1
Parliamentary Secretary (Lords)	19,350	25,500	31.8	21,300	10.1
Attorney General	39,160	55,000	40.4	43,000	9.8
Solicitor General	33,810	44,000	30.1	37,100	9.7
Lord Advocate (Lords)	29,000	38,500	32.8	31,900	10.0
Lord Advocate (Commons)(4)	-	44,000	-	37,100	-
Solicitor General for Scotland	30,210	38,500	25.8	33,200	9.9
House of Commons					
Leader of the Opposition	35,035	50,000	42.7	38,500	9.9
Chief Whip	32,610	42,000	28.8	35,800	9.8
Deputy Chief Whip	29,035	38,000	30.9	31,900	9.9
Opposition Chief Whip	29,035	38,000	30.9	31,900	9.9
Government Whip	21,735	28,000	28.8	24,000	10.4
Opposition Deputy Chief Whip	21,735	28,000	28.8	24,000	10.4
Chairman, Ways and Means	29,035	38,000	30.9	31,900	9.9
Deputy Chairman, Ways and Means	26,585	34,500	29.8	29,200	9.8
House of Lords					
Chief Whip	24,200	32,500	34.3	26,700	10.3
Deputy Chief Whip	19,350	25,500	31.8	21,300	10.1
Government Whip	16,925	22,500	32.9	18,700	10.5
Leader of the Opposition in the House of Lords	19,350	25,500	31.8	21,300	10.1
Opposition Chief Whip	16,925	22,500	32.9	18,700	10.5
Opposition Deputy Chief Whip(5)	-	16,500	-	13,800	-
Chairman of Committees	24,200	32,500	34.3	26,700	10.3
Principal Deputy Chairman of Committees	21,750	29,000	33.3	24,000	10.3
TOTAL SALARY BILL	3,125,390	4,212,500(6)	34.8(7)	3,438,700(6)	10.0(7)

Notes

(1) Includes Parliamentary salary of £8,460 where appropriate
(2) Includes Parliamentary salary of £11,000 where appropriate
(3) Includes Parliamentary salary of £9,300 where appropriate
(4) Aligned with Solicitor General
(5) Currently not paid. Proposed salary maintains TSRB relationship with Opposition/ Chief Whip
(6) Excludes Opposition Deputy Chief Whip (currently not paid) & Lord Advocate (Commons)
(7) Weighted by number of office holders