



Prime Minister.  
*[Signature]*

Deputy Clerk  
11/7

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

PRIME MINISTER

①. We shall with the Annual Review point at which. There will be a review next year of stage 3 - we do not need to commit ourselves beyond that.

ANNUAL REVIEW OF MPs' PAY AND SECRETARIAL ALLOWANCE

② On para 2 - Agree with the Chancellor.

I have seen Norman St John Stevas' minute to you of 14 July. As I explained at yesterday's Cabinet, the timing is very difficult, since the debate is next Monday, whilst we are discussing pay, including our attitude to the Review Bodies, in E Committee next Wednesday. My present view, in line with the overall strategy of dethroning comparability, is that we shall need to retain the TSRB or something like it. On this basis, I do not think we need object to Norman confirming that MPs' pay should be reviewed annually by TSRB, and that the review be extended to the secretarial allowance.

2. I am quite sure, however, that Norman must be circumspect in what he says about the Government's commitment to implement. The form of words in his minute appears to go beyond the normal position that the Government will implement unless there are "clear and compelling reasons" to the contrary. In fact, if there is to be any move, it needs to be in the opposite direction. I therefore suggest that Norman might stick to the normal phraseology, but make it clear that this most certainly

CONFIDENTIAL



includes the possibility that we will again take action similar to that taken this year if it is justified by wider circumstances, including broad economic considerations.

I am sending copies of this minute to Cabinet Colleagues, Norman Fowler, and Sir Robert Armstrong.

*Orlidge*

for (G.H.)

18 July 1980

(Approved by the Chancellor  
and signed in his absence)

CONFIDENTIAL