

MOST CONFIDENTIAL RECORD

TO CC (81) 15th conclusions MIN 5

THURS 9th APRIL 1987

SUPPLIED
FOR THE
PUBLIC SERVICE



MOST CONFIDENTIAL RECORD
TO
CC(81) 15th CONCLUSIONS, MINUTE 5

Thursday 9 April 1981

PAY OF MPs,
MINISTERS
AND JUNIOR
MINISTERS IN
THE HOUSE
OF LORDS

Previous
References:
CC(81) 2nd
Conclusions,
Minute 7 and
CC(81) 6th
Conclusions,
Minute 1

THE CHANCELLOR OF THE DUCHY OF LANCASTER AND PAYMASTER GENERAL said that the Chairman of the Top Salaries Review Body (TSRB) had recently asked whether the Government still wished the Body to carry out a review of Members' of Parliament (MPs') and Ministers' pay for 1981. The House of Commons would expect there to be such a review in accordance with the Government's undertaking. The best outcome in present circumstances would be for the TSRB not to put forward new salary levels but to recommend, as they had done for other groups and would be willing to do for MPs, the full implementation of their 1980 recommendations as soon as possible. The Review Body should, however, be asked to advise on the updating of Parliamentary allowances. It would then be for the Government to decide what recommendations, if any, to make for MPs' pay this year, bearing in mind that the resolution passed by the House of Commons last year meant that an MP's salary would be increased from £11,750 to £13,150 in June. This would be an increase of 12 per cent but had to be compared with the £13,750 recommended in 1980 by the TSRB for the third stage of the implementation of their recommendations of the previous year. In their memorandum he and the Lord President had set out a number of options. The House of Commons would expect a further increase beyond that due to come into effect in June, and it was his considered judgment, with which the Chief Whip agreed, that the minimum acceptable increase would be a further increase of 6 per cent on the third stage salary of £13,150 already due to come into effect on 13 June, to £13,950. If similar increases were given to Ministers, the resulting salaries would be those described in option D of his paper.

In discussion it was argued, in support of an increase to £13,950, that MPs still believed that they had been unfairly penalised by the decision of the Government in 1979 to implement the recommendations then made by the TSRB in three annual stages. The Government had to be mindful of feelings in the House. They needed the goodwill of their supporters in Parliament, and a further prolonged dispute about MPs' pay, in the course of which the Government might well be defeated, would be very damaging.

On the other hand it was argued that the Government ought not to propose any increase in MPs' pay above the figure of £13,150 already agreed for next June (option B). This would represent an increase of about 12 per cent. To propose any higher figure would be seen to be quite out of line with other pay settlements in both the public and the private sectors. Any early announcement of such a proposed figure would make it more difficult to achieve satisfactory settlements in coming negotiations. If option D were adopted MPs would receive £200 more than the TSRB had recommended in their 1980 report, while the pay of senior civil servants, senior officers in the armed forces and the judiciary, who were likely to receive a further increase of only about 6 per cent, would remain well below the figure recommended by the TSRB for 1980. The Government should not be seen to envisage worse treatment for its own employees than for MPs. Option B had the additional advantages of not requiring any overt action by the Government and not producing figures exactly corresponding, as option C would have done, with those recommended by the TSRB.

In further discussion, it was suggested that, before the Cabinet took a final decision, some informal and confidential soundings should be made of opinion in the House of Commons. It was objected to this that to do so might lead to a renewed campaign for much higher increases of the scale illustrated in option E, and any indication that MPs might receive increases of between 15 per cent and 20 per cent would be a grave embarrassment to Government in current negotiations. It might therefore be better for the Government to announce its decision, without consultation, at the appropriate time.

THE PRIME MINISTER summing up this part of the discussion, said that the Cabinet agreed that the TSRB should be invited to produce a new report on the pay of MPs and Ministers on the basis suggested in C(81) 13. The Cabinet had had a useful preliminary discussion of the difficult problem of the pay of MPs for 1981, and recognised the importance of not being defeated in the House of Commons on the issue. The Cabinet were not yet in a position to reach any decision and, since the matter could be deferred until some current negotiations had been completed, they agreed that they would resume their discussion at a later date. They could not usefully give further consideration to the pay of Ministers for 1981 until they had reached decisions on the pay of MPs.

THE LORD PRESIDENT OF THE COUNCIL said that the Cabinet had previously decided that an increase of about £3,500 should be made in the remuneration of Junior Ministers in the House of Lords, who did not receive any Parliamentary salary, and some of whom were in considerable financial difficulties. In their memorandum he and the Chancellor of the Duchy had been able to make proposals for achieving the Cabinet's objective which, unlike earlier proposals, did not require primary legislation. The Ministerial and Other Salaries Act 1975 gave the Prime Minister discretion to fix the salaries of certain Ministers, including Ministers of State, within a range. It was now proposed that all Ministers of State should in future be paid at the top of the range, while Ministers of State in the Commons should receive a figure at the bottom of the range. The rates of salary presented in the 1975 Act were maxima, and the Act allowed for the payment of salaries lower than the maxima specified in the Act; it was therefore proposed that in future the maximum salary for Parliamentary Secretaries would be fixed at the level considered appropriate for those in the Lords, with Parliamentary Secretaries in the Commons being paid £3,500 less. He proposed that these changes should be made when other Ministerial salaries were next increased. Parallel increases would be given by Order in Council to office-holders and Whips in the Lords.

THE PRIME MINISTER, summing up a brief discussion, said that the Cabinet were glad to note that a way had been found to make the agreed increases for Junior Ministers in the Lords without primary legislation and agreed the proposals in paragraph 13 of C(81) 13. Care should be taken that this decision remained confidential until decisions had been taken about Ministerial salaries generally.

The Cabinet -

1. Took note that the Prime Minister would arrange for the Chairman of the Top Salaries Review Body to be informed that the Government would be content for the Review Body to report on the pay of Members of Parliament and Ministers in 1981 without recommending new salary rates, but to urge instead full implementation of their earlier recommendations as soon as possible. The Review Body would however be asked to advise on the up-dating of Parliamentary allowances in the usual way.
2. Agreed to resume their discussion of the pay of Members of Parliament and Ministers at a future meeting.



3. Approved the proposals in paragraph 13 of C(81) 13 on the methods for giving effect to their earlier decisions in principle to increase the remuneration of Ministers of State and Parliamentary Secretaries in the House of Lords, as a basis for proceeding when next there was a general increase in Ministerial salaries.

Cabinet Office

10 April 1981