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The Rt Hon Margaret Thatcher MP
10 Downing Street
London SW1

20 June 1980

Dear Prime Minister,

REVIEW BODY ON TOP SALARIES

When I wrote to you on 12 June enclosing our Report No 14 on Top Salaries I said that we hoped to submit our further report on Parliamentary and Ministerial pay, bringing up to date the 'second stage' payment, before the end of the month.

I am pleased to say that we have now completed this Report, which I enclose.

Yours sincerely

Edmund Boyle

BOYLE OF HANDSWORTH, CHAIRMAN
REVIEW BODY ON TOP SALARIES

We do understand your difficulties, and the urgency of the present situation, but we are convinced these recommendations are reasonable and right.
E.B.

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REVIEW BODY ON TOP SALARIES

REPORT NO 15

MINISTERS OF THE CROWN
AND MEMBERS OF PARLIAMENT
AND THE PEERS' EXPENSES

ALLOWANCE

Chairman:

THE RT HON LORD BOYLE OF HANDSWORTH

Presented to Parliament by the Prime Minister
by Command of Her Majesty
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REVIEW BODY ON TOP SALARIES

On 30 July 1979, the Review Body on Top Salaries was invited by the Prime Minister to bring up to date the second stage payment due to be paid to Members of Parliament and to Ministers and other paid office holders as part of the process of implementation of the 1979 salaries recommended in Report No 12. We were asked to do so "by the usual Review Body process".

The members of the Review Body are:

The Rt Hon Lord Boyle of Handsworth, Chairman

Sir Harold Atcherley¹

Sir George Coldstream, KCB, KCVO, QC

Lord Hirshfield

Andrew Leggatt, QC

Lord Plowden, KCB, KBE

Baroness Seear

The Secretariat is provided by the Office of Manpower Economics.

¹ Also Chairman of the Review Body on Armed Forces Pay.

Introduction

1. In 1979 we carried out our third review of the remuneration of Members of Parliament and Ministers and other paid office holders. Report No 12¹ contained our recommendations on the salary of Members and the salaries of Ministers and other office holders, and our views on the closely related issue of salary 'linkage'. It also covered the Peers' expenses allowance and included an interim recommendation on the amount against which claims could be made against the MP's secretarial allowance. In Report No 13² we completed our review of the maximum of the secretarial allowance and dealt with a number of other allowances and facilities, including the maximum of the allowance for research assistance and the Parliamentary pension scheme.

2. The levels of the salaries and allowances recommended in Report No 12 were accepted by the Government as appropriate at 13 June 1979, but the salaries (Appendix A) are being introduced in three stages: one half of the increase was implemented with effect from 13 June 1979 and the remainder in two equal instalments, the first from 13 June 1980 and the second from 13 June 1981³. The other recommendations were accepted, but in some cases in a significantly modified form. Report No 13 had recommended two allowances with separate maxima to enable Members to employ both full-time secretarial assistance and part-time research assistance. These maxima have been combined to provide an allowance with a single maximum, against which claims may be made for expenditure incurred on secretarial assistance and on research assistance. Parliament decided that a further amount should be made available to Members for payments into an approved scheme to provide pensions for secretaries and research assistants. Another departure from our recommendations affected the severance payments for MPs. We recommended a scale of payments designed to assist the older and longer-serving Member; in the event, the payments that we recommended have been doubled. These changes were made by resolution of the House when Report No 13 was debated on Tuesday 4 March 1980⁴.

¹Review Body on Top Salaries, Report No 12: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I - Cmnd 7598.

²Review Body on Top Salaries, Report No 13: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II - Cmnd 7825.

³One half of the increase recommended for Ministers and other paid office holders was paid from 26 July 1979, the date when the requisite Order in Council was made. When the two remaining instalments, due in 1980 and 1981, are to be paid has not yet been decided.

⁴Hansard, 4 March 1980, Columns 265-382.

The current review

3. On this occasion we have been asked to bring up to date by the usual Review Body process the second stage payment of our 1979 recommendations on the salaries of Members, Ministers and other paid office holders. We have not been asked specifically to bring up to date any of the Parliamentary allowances but we consider some adjustments are desirable. Although the recommendations in Report No 13 on the maxima of the secretarial and research allowances were put forward in January of this year, they were calculated in June 1979 terms. In passing, we would explain that the maximum recommended for the research assistance allowance was intended to provide part-time assistance. We always envisaged that both would need to be brought up to date in future reviews and we have in consequence considered it right now to review again what is now the single maximum for secretarial and research assistance. We have also brought up to date the maxima of the elements within the Peers' expenses allowance and the maximum of the allowance for secretarial expenses available to Ministers and other paid office holders in the House of Lords.

The salary of Members of Parliament

4. We have given a great deal of thought to the level of salary that would be appropriate to Members of Parliament in the light of developments since our last review. In Report No 12 we recommended a salary of £12,000. The second stage salary actually being paid is £10,725. The question we have to answer is by how much the figure of £12,000 should now be increased, as the basis of calculation for the revised salary that would be appropriate with effect from 13 June 1980.

5. During the period June 1979 to June 1980, the Retail Price Index has risen by over 20 per cent. We have not, however, seen our task in terms of any form of direct index link. Our evidence of the increases in salaries in the relevant range is that they have also risen during this period by about 20 per cent. But it does not seem to us that increases in MPs' remuneration should necessarily follow salary increases generally, bearing in mind (as we have remarked in earlier reports¹) the lack of any real correspondence between the work of an MP and any job outside.

¹ Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament - Cmnd 4836 (paragraph 35).
Review Body on Top Salaries, Report No 7: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I - Cmnd 6136 (paragraph 26).
Review Body on Top Salaries, Report No 12: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I - Cmnd 7598 (paragraph 67).

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6. However we would urge that it would be equally mistaken to set the present increase too low, and to lay up fresh problems for the future. In our judgment, after taking all relevant factors into account, the salary appropriate at 13 June 1980 is £13,750, and on this basis the second stage salary would be £12,300 with effect from that date. The figure of £13,750 represents an increase of 14.6 per cent above our 1979 recommendation of £12,000; an increase substantially below both the increase in the RPI and in relevant salaries elsewhere.

The Parliamentary salary of Ministers and paid office holders in the House of Commons

7. Ministers and other office holders in the House of Commons receive a Parliamentary salary in recognition of their responsibility to their constituents as distinct from their Ministerial or other responsibilities. In Report No 12, we recommended that it should be increased to £7,000. We now recommend that the Parliamentary salary appropriate at 13 June 1980 should be £8,000 and that it should again be brought up to date on 13 June 1981. Because of the way in which previous increases have been implemented, there are currently three different levels in payment: £6,130, £6,325 and £6,410. We recommend that, with effect from 13 June 1980, the Parliamentary salary for all Ministers in the House of Commons should be £7,325.

Secretarial allowance and research assistance allowance

8. We recommended in Report No 12 that the maximum for the secretarial allowance should be increased to £5,500 to enable those Members who need to employ a full-time secretary to do so. We also recommended a separate maximum for an allowance to provide for the employment of a part-time research assistant. On the initiative of Parliament these recommended maxima have since been combined to provide a single maximum sum, at present £6,750, which is available for both secretarial and research costs, together with general office expenses. This combined maximum is in our view no longer enough to provide both for the employment of a full-time secretary, including the national insurance contributions payable by the Member, and also the employment of a part-time research assistant. On the assumption that Parliament wishes to continue to provide a single maximum we recommend that this should be increased to £8,000.

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The remuneration of Ministers and other office holders

9. The Prime Minister invited us (30 July 1979) to "undertake an updating review of the salaries of Ministers and office holders for next summer". We have thought it right in this report to update these salaries so as to maintain their present relationship with the salary of Members of Parliament, and the details of the salaries that we now recommend as appropriate are set out below, together with the corresponding 'second stage' salaries due to be paid in 1980. We have not, as has been our practice in previous reports, indicated the proportion of the salaries of the Prime Minister and Mr Speaker that, in our view, should be free of tax. We understand that, in recent years this has been established direct with the Board of Inland Revenue.

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Office	Recommended salaries			
	Fully updated as at 13 June 1980		Second stage due to be paid in 1980	
	Excluding Parliamentary salary	Including Parliamentary salary(a)	Excluding Parliamentary salary	Including Parliamentary salary(a)
	£	£	£	£
Prime Minister	38,000	46,000	34,825	42,150
Lord Chancellor(b)	43,000	43,000	38,700	38,700
Mr Speaker	28,500	36,500	25,450	32,775
Cabinet Ministers	28,500	36,500	25,450	32,775
Ministers in charge of a Department but outside the Cabinet	23,000	31,000	20,250	27,575
Ministers of State	19,500	27,500	17,000	24,325
Parliamentary Secretaries and Under Secretaries of State	15,000	23,000	13,000	20,325
Attorney General	30,500	38,500	27,475	34,800
Solicitor General	24,000	32,000	21,450	28,775
Lord Advocate(c)	24,000	32,000	21,450	28,775
Solicitor General for Scotland	20,500	28,500	17,800	25,125
<u>House of Commons</u>				
Leader of the Opposition	25,000	33,000	21,725	29,050
Parliamentary Secretary to the Treasury (Chief Whip)	23,000	31,000	20,250	27,575
Deputy Chief Whip	19,500	27,500	16,200	23,525
Opposition Chief Whip	19,500	27,500	17,000	24,325
Government Whips	12,500	20,500	10,625	17,950
Opposition Deputy Chief Whip	12,500	20,500	10,625	17,950
Chairman, Ways and Means	19,500	27,500	16,750	24,075
Deputy Chairman, Ways and Means	17,000	25,000	14,475	21,800
<u>House of Lords</u>				
Chief Whip	19,500	19,500	16,850	16,850
Deputy Chief Whip	15,000	15,000	13,000	13,000
Government Whips	12,500	12,500	10,950	10,950
Opposition Chief Whip	12,500	12,500	10,300	10,300
Chairman of Committees	19,500	19,500	16,925	16,925
Principal Deputy Chairman of Committees	17,000	17,000	14,625	14,625
Leader of the Opposition in the House of Lords	15,000	15,000	12,525	12,525

- (a) Including for those Ministers and office holders who are Members of the House of Commons, the recommended Parliamentary salary of £8,000 for fully updated salaries and £7,325 for second stage salaries.
- (b) Including £5,750 in the fully up to date salary and £5,100 in the second stage salary to be paid in recognition of the Lord Chancellor's function as Speaker of the House of Lords. The salary figure has been slightly revised upwards to preserve parity with the Lord Chief Justice.
- (c) The present Lord Advocate is not a Member of Parliament and therefore does not receive a Parliamentary salary.

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10. As a result of the impact of past restraint measures, in many cases the salaries of Ministers in the House of Lords and in the House of Commons differ marginally. We recommend that this anomaly should be removed in 1980 by the payment to all Ministers of the 'second stage' salaries recommended in this report.

Peers' expenses allowance

11. In Report No 12¹ we recommended that the Peers' expenses allowance should cover three main categories of expenditure, each with an individual daily maximum: overnight subsistence, £18.50; day subsistence and incidental travel, £9.00; secretarial costs, postage and certain additional expenses², £8.50. We do not propose any change in this system but, having regard to increases in the relevant costs since our last review, we recommend that the individual daily maximum for each group should now be:

- (i) Overnight subsistence - £23.00
- (ii) Day subsistence and incidental travel - £11.00
- (iii) Secretarial costs, postage and certain additional expenses - £10.00

Ministers and other paid office holders in the House of Lords - allowance for secretarial expenses

12. In Report No 13³ we recommended that Ministers and other paid office holders in the House of Lords should be able to claim up to £1,000 a year for secretarial expenses unconnected with departmental correspondence subject to production of evidence of expenditure. We recommend that this maximum should be increased to £1,175 with effect from 13 June 1980.

¹Review Body on Top Salaries, Report No 12: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I - Cmnd 7598 (paragraph 60).

²Broadly, expenditure on personal briefing and on additional domestic costs - for example, where a Peer sets aside part of the house as an office for Parliamentary purposes. (Review Body on Top Salaries, Report No 9: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part III - Cmnd 6749 (paragraph 33).)

³Review Body on Top Salaries, Report No 13: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II - Cmnd 7825 (paragraphs 82-89).

Conclusion

13. We were asked by the Prime Minister to bring up to date "by the usual Review Body process" the second stage of the increases that we recommended last year. We are aware that it has been argued publicly that Ministers and Members of Parliament should set an example in the battle against inflation by accepting increases in single figures in percentage terms, or possibly by forgoing any further increases at present. We have always recognised the political sensitivity of increases in MPs' and Ministers' salaries, but it is our function to recommend appropriate salaries bearing in mind the nature and responsibility of the work. In making these recommendations we have had in mind the same considerations as in previous Parliamentary reviews. To go further would in our view be unjustified in itself, would extend well beyond our terms of reference and indeed would encroach upon the prerogative of Government and Parliament.

Boyle of Handsworth
Head Army

Gen'l Curran

Ministry

Andrew Lewis

Rowden

Leed.

APPENDIX A
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LEVELS OF SALARY RECOMMENDED IN REPORT NO 12
AND SECOND STAGE SALARIES DUE IN 1980

A. Members of Parliament

Salary recommended in Report No 12: £12,000

Salary now in payment: £10,725

B. Ministers and other paid office holders

Office	Salaries recommended as appropriate at 13 June 1979		Second stage salaries due in 1980	
	Excluding Parliamentary salary	Including Parliamentary salary (a)	Excluding Parliamentary salary	Including Parliamentary salary (b)
	£	£	£	£
Prime Minister	33,000	40,000	(30,250) (c)	(36,380) (c)
Lord Chancellor	37,000 (d)	37,000 (d)	(33,307) (c)	(33,307) (c)
Mr Speaker	25,000	32,000	22,325	28,650
Cabinet Ministers	25,000	32,000	22,325 (e)	28,455
Ministers in charge of a Department but outside the Cabinet	20,000	27,000	17,612	23,937
Ministers of State	17,000	24,000	14,812 (f)(g)	21,137 (h)
Parliamentary Secretaries and Under Secretaries of State	13,000	20,000	11,262 (i)	17,587
Attorney General	26,500	33,500	23,862	30,187
Solicitor General	21,000	28,000	18,775	25,100
Lord Advocate	21,000	28,000 (j)	18,775	25,100 (j)
Solicitor General for Scotland	18,000	25,000	15,631	21,956
<u>House of Commons</u>				
Leader of the Opposition	22,000	29,000	19,112	25,437
Parliamentary Secretary to the Treasury (Chief Whip)	20,000	27,000	17,612	23,937
Deputy Chief Whip	17,000	24,000	14,125	20,535
Opposition Chief Whip	17,000	24,000	14,812	21,137
Government Whips	11,000	18,000	9,350	15,675
Opposition Deputy Chief Whip	11,000	18,000	9,350	15,675
Chairman, Ways and Means	17,000	24,000	14,606	20,931
Deputy Chairman, Ways and Means	15,000	22,000	12,762	19,087
<u>House of Lords (k)</u>				
Chief Whip	17,000	17,000	14,680	14,680
Deputy Chief Whip	13,000	13,000	11,268	11,268
Government Whips	11,000	11,000	9,630	9,630
Opposition Chief Whip	11,000	11,000	9,062	9,062
Chairman of Committees	17,000	17,000	14,749	14,749
Principal Deputy Chairman of Committees	15,000	15,000	12,905	12,905
Leader of the Opposition in the House of Lords	13,000	13,000	10,850	10,850

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Notes:

- (a) The Parliamentary salary recommended in Report No 12 was £7,000.
- (b) There are currently three different levels of Parliamentary salary in payment: £6,130, £6,325 and £6,410.
- (c) The salaries shown are notional. The Prime Minister and the Lord Chancellor decided to forgo an increase in Ministerial salary in 1979. The salaries actually in payment are £22,000 and £22,228 respectively.
- (d) Including £5,000 in recognition of the Lord Chancellor's function as Speaker of the House of Lords.
- (e) £22,382 in the case of the Lord President of the Council and the Leader of the House of Lords.
- (f) £14,955 for those who are Members of the House of Lords.
- (g) £15,362 for those paid at the maximum of the former range for Ministers of State.
- (h) £21,687 for those paid at the maximum of the former range for Ministers of State.
- (i) £11,405 for those who are Members of the House of Lords.
- (j) The present Lord Advocate is not a Member of Parliament and does not therefore receive a Parliamentary salary.
- (k) No Parliamentary salaries paid.