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NOTE OF A MEETING ON THE PAY OF MEMBERS OF PARLIAMENT AND
MINISTERS HELD IN THE PRIME MINISTER'S ROOM IN THE HOUSE OF
COMMONS ON WEDNESDAY 20 JUNE 1979 AT 1515 HOURS

Present:

Prime Minister The Rt. Hon. James Callaghan MP
Mr. C. A. Whitmore

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The Prime Minister said that the Cabinet had considered the Boyle Report on the pay of Members of Parliament and Ministers at their meeting that morning and had reached a number of decisions. They had concluded that the Boyle recommendations on the salary of Members of Parliament and on the remuneration of Ministers and other office-holders should be accepted in full as being "the rate for the job". The increases were, however, very large and the Cabinet had decided that they would have to be staged. Boyle had proposed that any staging should be completed, if updating were applied, by November 1980. The Government's view, however, was that Members of Parliament should not treat themselves more generously with respect to staging than had been the case with the 1978 settlements for senior Civil Servants, judges, etc. and for dentists and doctors. This meant that the staging of MPs' pay should be spread over two years, with three equal stages being paid in June 1979, June 1980 and June 1981. The Government had decided to leave open the question of updating for inflation at the second and third stages: this was consistent with what the Labour Government had done with regard to the top salaries settlement of 1978. In order to safeguard the position of widows, the full rates of pay recommended by Boyle would be adopted immediately for pensions purposes. The recommended increases in allowances, including Peers' allowances and the interim increase in secretarial allowances for MPs would also be paid in full immediately. The question of linkage between MPs' pay and outside analogues was a difficult one. Both sides of the House were likely to want some form of linkage, but Boyle's proposal of a link with the New Earnings Survey could lead

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to other groups demanding a similar link. If there was to be a link at all, it might more appropriately be with a particular job. The Government had not reached a view so far on this question and had left it open for further consultations with Backbenchers. There was a particular problem with Ministers and office-holders in the House of Lords who at present received no secretarial or expense allowances, and the Cabinet had decided to ask Boyle to consider this issue as part of his forthcoming report on secretarial allowances. Finally, she and the Lord Chancellor felt strongly that they should not receive in full the recommended increases for their offices, and they had both decided therefore that they would not accept that part of the new rate which would keep their pay above that of other Cabinet Ministers.

The Prime Minister added that because of the risk of leaks, a number of which had already occurred, an announcement of the Government's decisions would be made as soon as possible. Statements would therefore be made by the Leaders of both Houses on Thursday, 21 June.

Mr. Callaghan said that many MPs felt that they had been badly treated over their pay and that they had fallen a long way behind other groups. Many of them were facing financial difficulties. He believed therefore that there would be a good deal of disappointment on both sides of the House with the Government's conclusion on staging. There had recently been a number of settlements in which the staging had been shorter than that which had been applied in 1978 to the doctors and dentists and to the group covered by the Top Salaries Report, and some MPs were arguing that their staging should not be worse than that of the settlements for the police and the Services. There were even those who thought that they should move straight to the recommended salary of £12,000. In his view, it might well make for trouble if staging went beyond November 1980, as recommended by Boyle.

The Prime Minister said that she accepted that the present salary for MPs was very tight. Nonetheless, the increases were

/very large

very large, and it was already clear that their treatment in the Press would be hostile. Public presentation would be all the more difficult if Members were seen to be treating themselves more favourably over staging than other groups covered in recent public services' settlements. Moreover, a number of MPs who had just come into the House were very young and it was unlikely that they would be able to command outside the level of salary which they would be receiving as a result of Boyle, even with staging.

Mr. Callaghan said that the House of Commons was always reluctant to press publicly its own case on pay, but he repeated his view that there would be widespread disappointment over staging spread over as long as two years. If the Prime Minister had felt able to accept the Boyle recommendation on staging, he would have been ready to say publicly that this was a reasonable thing to do. He added that the Prime Minister's decision to draw less than the recommended rate for her office might have personal implications for him, since a former Prime Minister's pension was calculated on the basis of the salary of the Prime Minister of the day. There might also be an effect on the Speaker's pension.

The Prime Minister said that she would see that the point about a former Prime Minister's pension was explored, but she wanted to make it clear that she accepted that the rate for the Prime Minister's office was that recommended by Boyle and she thought that the Prime Minister should get the full rate after the next General Election. As regards staging, she did not feel able to shorten the period which the Government had decided upon.