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August.

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PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

Chancellor of the Duchy of Lancaster

11 February 1981

Nick Sanders Esq,
10 Downing Street SW1.

Dear Nick,

MOTIONS ON MPS' PAY AND PENSIONS

(C)

You will recall that I wrote to you on 9 December with the text of three motions which we had it in mind to table for the outstanding debate on MPs' pay and pensions. Subsequently Mr Pym has undertaken a number of consultations with various Parliamentary interests which have confirmed him in the view that it would be right to proceed with motions (i) and (iii) as set out in my previous letter. In relation to motion (ii) (linkage) he is now disposed to recommend consideration of a framework of reviews by an independent body once every Parliament rather than once every five years, in the following terms:

That in the opinion of this House, a select committee should be appointed to give further consideration to the desirability and possible method of conducting reviews of Members' salaries by an independent body once during each Parliament and of adjusting such salaries during the periods between such reviews by reference to increases in the remuneration of a designated group of outside occupations, and to make recommendations to the House.

He proposes that the motions should be taken in a debate on Thursday evening of next week after 10pm and following completion of all stages of the House of Commons Members' Fund and Parliamentary Pensions Bill.

He aims to complete consultations quickly with Mr Silkin and Mr Cunningham on Mr Cunningham's objection to motion (i) which is founded on the claim that Mr St John Stevas' words to Parliament on 7 August (extract from Hansard attached) implied that Parliament would have an opportunity to vote on an amendable motion before taking the unamendable motion proposed. He proposes to resist Mr Cunningham's suggestion that we should proceed accordingly. The Chancellor proposes, if the Government were defeated on motion (i) to use the statement annexed to my letter to you of 10 December. (D) Together with the proposed motions, this approach was, you will recall, approved by Cabinet on 11 December. If, despite all efforts, motion (i) were defeated (reference CC(80) 44th conclusions, item 1). I am sending copies of this letter to Murdo Maclean, David Wright and Wilfrid Hyde in Cabinet Office and Alan Williams and Dick Saunders in the Civil Service Department.

Yours ever,

Robin

R.A. Birch

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as well as to give an appropriate increase
in salary.

Mr. St. John-Stevas: I am afraid that
I cannot agree with my hon. Friend. The
allowances in this House are reimburs-
able allowances for expenses actually in-
curred. The fact that there is a combined
secretarial allowance and research allow-
ance of £8,000 does not mean that every
hon. Member is entitled to it. If an hon.
Member spends that money he can claim
it back; if he does not, of course he
would not apply for it.

Mr. Alexander: May I seek further
clarification on the problem of secretarial
pensions? My right hon. Friend used
the phrase "approved pension schemes".
Will the mechanics of the system be that
hon. Members should get their own
quotations and present them either to
the Fees Office or to himself for
approval? If so, when that is done
who gives the final approval? Has
my right hon. Friend considered
the possibility of the problems aris-
ing over secretarial pensions, presuma-
bly paid by their employers, when those
employers lose their jobs, as some of us
unfortunately do at election time, with
the danger of insurance premiums laps-
ing?

Mr. St. John-Stevas: Those are tech-
nical questions. If I may, I will write to
my hon. Friend on his second point.
As for pension proposals being referred
to myself, I feel rather as my right hon.
Friend the Home Secretary felt about
taxation proposals being submitted to
him. I would feel sorry for any hon.
Member who submitted a pension pro-

posal to me. He would have to be a
person of great faith—and of hope and
charity as well.

It is intended that any proposals should
be submitted to the Fees Office. It will
be possible for hon. Members to have
a model scheme with an insurance com-
pany, which the Fees Office will make
available, or, if arrangements are made
by hon. Members themselves for secre-
taries, they can submit a receipted claim
for money expended on the scheme, and
that will be reimbursed. Those are alter-
natives that hon. Members may pursue.

Mr. George Cunningham: When the
substantive motion comes before us after
the recess, will it be in terms of the
motion that the Government tabled be-
fore with regard to pensionable salary, or
in the terms of the amendment carried
by the House? Does the right hon. Gen-
tleman appreciate the importance of this?
If he tables a motion in accordance with
the figure that the Government want,
because it will be an effective motion
it will not be open to any non-ministerial
Member to move for an increase in the
figure. Therefore, there will be no oppor-
tunity to take again the decision that
was taken a week or two ago. How
does the right hon. Gentleman propose
to get around that difficulty?

Mr. St. John-Stevas: It is quite clear
that what I am proposing is that quite a
lot of information will be made available
to the House about the implications of
this change. The House will have an
opportunity of voting for the motion in
the terms in which hon. Members have
already voted. It is similar to that.

Early

SIR ROBERT ARMSTRONG

I have shown the Prime Minister your minute AO4415 of 9 March 1981 with which you sent a copy of a letter you had received from Lord Plowden about this year's review of the pay of MPs and Ministers.

The Prime Minister is content with the action you have set in hand with Sir Ian Bancroft and she is ready to hold a meeting with a few senior colleagues in due course, as you suggest.

CLIVE WHITMORE

10 March 1981

C

*Copies to Mr Wolfson
Mr Hodgkiss
Mr Verker.*

1. Prime Minister.

*Consent for us to
proceed as at x/1/81?*

Ref. A04415

MR. WHITMORE ✓

Yes

MW

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I enclose a copy of a letter which I have received from Lord Plowden about this year's review of the pay of MPs and Ministers.

2. I have sent a copy of the letter to Sir Ian Bancroft with the suggestion that he should arrange for the preparation of a factual note and a study of options, which could then form the basis of a meeting between the Prime Minister and a few senior colleagues.

X

mb

RA

ROBERT ARMSTRONG

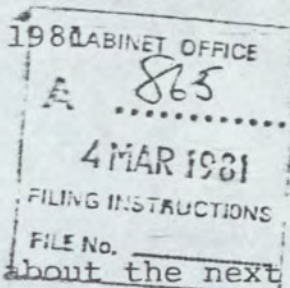
9th March, 1981



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22 KINGSWAY
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Telephone 01-405 5944

2nd March 1981



Sir Robert,

In the light of our recent exchanges about the next report of the TSRB, I think it would be helpful if we could also now clarify the position with regard to our reporting on the pay of MPs and Ministers.

I understand that following the recent debate in the House of Commons, the question of forming a link between MPs' pay and that of a grade or grades in the civil service is to be referred to a Select Committee. Meanwhile, presumably the present arrangements are intended to continue. These are set out in the Prime Minister's letter to Lord Boyle of 8 August 1980, in which she said: "You have previously indicated that the Review Body would be willing to review MPs' and Ministers' pay on an annual basis and I would now like to ask you formally to undertake such a review for 1981." She went on also to ask the Review Body at the same time to review MPs' secretarial allowance, Peers' expenses allowance and the secretarial allowance of Ministers in the Lords.

That correspondence took place some considerable time ago. We wonder whether in the light of developments since then it remains the Prime Minister's wish that we should proceed with the review of these matters. As we see the position at present, it is most unlikely that we would wish to put forward new salary levels for MPs and Ministers, given that we were not doing so for the groups within our standing remit. In these circumstances, it seems doubtful whether it would be worthwhile for us to go to the length of producing a report this year.

I should be grateful, however, if you could let me know whether the Prime Minister nevertheless wishes us to proceed on the lines set out in her letter of 8 August. If it were decided that it would not be appropriate for the Review Body to report on the pay of MPs and Ministers in 1981, it would of course still be possible for us to provide advice, if desired, on the updating of the allowances. That, I think, is something that could be done quite briefly in the form of a letter from me to the Prime Minister on behalf of the Review Body rather than issuing a report.

John H. ...
John H. ...

Sir Robert Armstrong KCB CVO

PRIME MINISTER

cf/Up-rating of
Social Sec
benefits: Pt 2

Parl
Members

Parliamentary Affairs

1. Next Week's Business

You will see that the Opposition are likely to nominate Linwood as one of the subjects for their Supply Day on Tuesday. As I have said elsewhere, I am sure that we shall come under a lot of pressure on this.

* On Thursday, we shall return to the topic of Members' pay and pensions. Mr. Pym has been having consultations in the light of the Cabinet's earlier decisions, and his office will be letting us have a note of what he now proposes later tonight.

Below
(Duty Clerk 11/2/81)

2. Sickness Pay

The only other major topic to be discussed is the decision reached earlier today on the Social Security Bill. A minute from Mr. Pym and a Cabinet Office brief are attached.

MJS

* In the light of discussions with George Cunningham last night, the CDL now was to go after all for the "Cunningham formula" - so giving the House a chance to amend the figure after all. Mr St John Stevens' promise at flag A is too firm to go back on without a row, in Mr Pym's view.

11 February 1981

The business has been arranged in such a way that the Opposition ought to be away at the end of next week (they are expected to be on a 1-line whip on Wednesday and Thursday); we should, therefore, win!

MJS