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Prime Minister (2)

P.01056

PRIME MINISTER

Brief for Tuesday's meeting. See also Fewie Mount's note (attached).  
Mcs 1/7

TSRB REPORTS

MB  
BF  
on Tuesday

The purposes of the next meeting of your small group will be:

- i. to reconsider the Government's position on MPs' pay in the light of the Cabinet's discussion on 30 June and the subsequent Parliamentary soundings;
- ii. to consider proposals on the salaries of Ministers and other office holders in the light of i.;
- iii. to consider proposals for the top salary groups;
- iv. to decide on the next steps.

MPs' pay

2. You will wish to have a report from the Chief Whip and to guide the discussion in the light of that.

Salaries of Ministers and other office holders

3. If the decision in respect of MPs is to go for a small increase (say of 4 per cent), the simplest course may be to apply the same flat rate increase to the salaries of Ministers and other office holders, as was done last year. Bearing in mind the proposed offsetting increase in the pension contributions of 3 per cent, it would scarcely seem worthwhile to try and weight such a small increase in net remuneration in favour of junior Ministers.

4. If the decision relating to MPs' pay is for a larger increase, say something in the range of 7-15 or 16 per cent, a choice will need to be made between the following two main options:



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i. adopting the same overall increase for Ministers and other office holders;

ii. adopting a lower increase of say 4 per cent for Ministers and other office holders on the grounds that this was the basis of the Government's soundings of backbenchers about MPs' pay.

5. If it is thought reasonable to have an increase for Ministers of a size which permits some worthwhile weighting in favour of junior Ministers, the meeting will need to consider how best to do this. Because of the problems about timing referred to later in this brief, precise proposals will need to be devised as quickly as possible. Examples of how the weighting might be achieved, on various assumptions about the desired overall increase, have been worked out by the Treasury and are attached as an Annex to this brief.

6. One main approach is to increase the proportion of MPs' pay which is received by Commons Ministers as Parliamentary salary from its present level of 58 per cent (£8,460 in relation to MPs' pay of £14,510). This approach is illustrated in variant I to produce an overall increase of 16.5 per cent and in variant III to produce an overall increase of 4.9 per cent.

7. The other main approach is to achieve the weighting in a more straightforward way by giving a higher percentage increase to the lower paid Ministers and other office holders, at the expense of those at more senior levels. This approach is illustrated in variant II to produce an overall increase of 14.8 per cent and in Table A for a range of different levels of overall increases.

8. The advantage of the variants which involve manipulating the Parliamentary salary is that it would enable Commons Ministers to claim that they were receiving no increase at all in their salaries qua Ministers. It is however doubtful whether this has much merit. It may be argued that Ministers are trying to give themselves a pay increase by a more devious route. It is not clear what grounds could be advanced for increasing the proportion of MPs' pay claimed by Ministers, bearing in mind that the TSRB Report recommended that the proportion should remain unchanged. There is also the difficulty that some arbitrary increase has to be included for Lords Ministers. It may therefore



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be felt that it would be preferable to go for more straightforward weighting of the kind illustrated in variant II and Table A.

Top salary groups

Plan D  
Plan E  
9. You are familiar with the arguments about the TSRB Report on the top salary groups. The Chancellor of the Exchequer in his minute of 29 June said that he would be reluctantly prepared to accept the proposal previously considered by the Cabinet on 10 May (CC(83)17th Conclusions, Minute 2) providing for an increase of 6.9 per cent from 1st April 1983 and a restoration of the 5 per cent abatement from 1st January 1984. The average increase in 1983/84 would be 8.1 per cent. You have said this is your preferred option, and it would have the advantage of getting rid of the backlog before the next TSRB Report on top salaries in April 1984.

Next steps

10. Unless the Cabinet reaches final decisions on 7 July it will be difficult to have the debate on MPs' pay before the Summer Recess. The main timing constraint arises from the draft Order in Council on Ministerial salaries. This has to be submitted in draft to the Joint Committee on Statutory Instruments eight days before it is tabled and some further time has to elapse between this tabling and the debate. Since it will no doubt be thought desirable to have one debate covering both Ministerial salaries and MPs' pay, there is in practice a time lag of about a fortnight or more between the Cabinet's final decisions on Ministerial salaries and that debate.

11. You will also wish to consider when the Government's decisions should be made known. The proposals relating to Ministerial salaries are bound to become public knowledge when the draft Order in Council is put to the Joint Committee on Statutory Instruments which cannot be postponed later than around Tuesday of next week. You may feel that, if the Cabinet is able to take final decisions on the various issues on 7 July, it will be best to make them publicly known as quickly as possible thereafter.



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12. You will wish to consider whether any papers should be circulated to the Cabinet in advance of the meeting on 7 July and, if not, whether any documents should be available for handing round at the meeting. If the proposals relating to Ministers are to be at all complicated, it would be difficult for the Cabinet to discuss them without having something on paper.

CONCLUSIONS

13. You will wish to reach conclusions on the matters listed in paragraph 1 of this brief.

*PLG*

P L GREGSON

1 July 1983

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Options relating to Ministerial salaries

(submitted by the Treasury only to the  
Chancellor of the Exchequer and the Cabinet Office)

- Variant I      Weighting in favour of Junior Ministers achieved by increasing Parliamentary salary.  
Overall increase 16.5 per cent.
- Variant II     Weighting in favour of Junior Ministers achieved by higher increase for those earning below £25,000 at the expense of the others.  
Overall increase 14.8 per cent.
- Variant III    As Variant I but overall increase 4.9 per cent.
- Table A       Illustrates the differential increases for those earning more or less than £25,000 for given levels of overall increase between 4 and 15 per cent.

NB In variants II and III and Table A the Treasury have chosen the hypothetical assumption that to maintain the differential between the Lord Chief Justice and Lord Chancellor proposed by the TSRB, the nominal salary for the Lord Chancellor would be that recommended by the TSRB. It is also assumed that the Prime Minister would receive the same percentage increase as the Lord Chancellor (18.1 per cent). It is not however necessary to make these assumptions. The Prime Minister and Lord Chancellor might, as now, elect to receive the same salary as other Cabinet Ministers.

Office	No. of Office Holders	Current Salary <sup>(1)</sup> £	Proposed Salary <sup>(2)</sup> £	% Increase	TSRB Recommended % Increase
Prime Minister	1	46,660	51,600	10.6	39.3
Lord Chancellor	1	52,500	55,500	5.7	18.1
Mr Speaker	1	38,785	43,725	12.7	41.8
Cabinet Minister (Commons)	17	37,410	42,350	13.2	47.0
Cabinet Minister (Lords)	2	28,950	31,950	10.4	71.0
Minister of State (Commons)	22	29,035	33,975	17.0	30.9
Minister of State (Lords)	6	24,200	27,200	12.4	34.3
Parliamentary Secretary (Commons)	25	24,160	29,100	20.4	28.3
Parliamentary Secretary (Lords)	4	19,350	22,350	15.5	31.8
Attorney General	1	39,160	44,100	12.6	40.4
Solicitor General	1	33,810	38,750	14.6	30.1
Lord Advocate (Lords) <sup>(3)</sup>	1	29,000	32,000	10.3	32.8
Solicitor General for Scotland	1	30,210	35,150	16.4	25.8
<u>House of Commons</u>					
Leader of the Opposition	1	35,035	39,975	14.1	42.7
Parliamentary Secretary to the Treasury (Chief Whip)	1	32,610	37,550	15.1	28.8
Deputy Chief Whip	1	29,035	33,975	17.0	30.9
Opposition Chief Whip	1	29,035	33,975	17.0	30.9
Government Whip <sup>(6)</sup>	12	21,735	26,675	22.7	28.8
Assistant Opposition Whip <sup>(6)</sup>	2	21,735	26,675	22.7	28.8
Chairman, Ways and Means	1	29,035	33,975	17.0	30.9
Deputy Chairman, Ways and Means	1	26,585	31,525	18.6	29.8
<u>House of Lords</u>					
Chief Whip	1	24,200	27,200	12.4	34.3
Deputy Chief Whip	1	19,350	22,350	15.5	31.8
Government Whip <sup>(6)</sup>	5	16,925	19,925	17.7	32.9
Leader of the Opposition in the House of Lords	1	19,350	22,350	15.5	31.8
Opposition Chief Whip	1	16,925	19,925	17.7	32.9
Opposition Deputy Chief Whip <sup>(4)</sup>	1	-	15,400	-	-
Chairman of Committees	1	24,200	27,200	12.4	34.3
Principal Deputy Chairman of Committees	1	21,750	24,750	13.8	33.3
TOTAL SALARY BILL		3,125,390	3,639,600 <sup>(7)</sup>	16.5 <sup>(5)</sup>	34.8

(1) Includes £8,460 Parliamentary salary where appropriate

(2) Includes £13,400 " " " "

(3) Lord Advocate (Commons) would be paid differently

(4) Not currently paid at all

(5) Weighted (excluding posts currently not paid)

(6) Figures in column 1 relate to paid office holders

(7) Excludes Opposition Deputy Chief Whip (currently not paid)

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12.5 per cent increase for those earning over £25,000 in total  
 17.5 per cent increase for those earning under £25,000 in total

<u>Office</u>	<u>No. of Office Holders</u>	<u>Current Salary<sup>(2)</sup> £</u>	<u>Proposed Salary<sup>(3)</sup> £</u>	<u>% Increase</u>	<u>TSRB Recommended % Increase</u>
Prime Minister	1	46,660	55,100 <sup>(1)</sup>	18.1	39.3
Lord Chancellor	1	52,500	62,000 <sup>(1)</sup>	18.1	18.1
Mr Speaker	1	38,785	43,625	12.5	41.8
Cabinet Minister (Commons)	17	37,410	42,075	12.5	47.0
Cabinet Minister (Lords)	2	28,950	32,575	12.5	71.0
Minister of State (Commons)	22	29,035	32,675	12.5	30.9
Minister of State (Lords)	6	24,200	28,425	17.5	34.3
Parliamentary Secretary (Commons)	25	24,160	28,400	17.5	28.3
Parliamentary Secretary (Lords)	4	19,350	22,725	17.4	31.8
Attorney General	1	39,160	44,050	12.5	40.4
Solicitor General	1	33,810	38,025	12.5	30.1
Lord Advocate (Lords) <sup>(4)</sup>	1	29,000	32,625	12.5	32.8
Solicitor General for Scotland	1	30,210	33,975	12.5	25.8
<u>House of Commons</u>					
Leader of the Opposition	1	35,035	39,425	12.5	42.7
Parliamentary Secretary to the Treasury (Chief Whip)	1	32,610	36,675	12.5	28.8
Deputy Chief Whip	1	29,035	32,675	12.5	30.9
Opposition Chief Whip	1	29,035	32,675	12.5	30.9
Government Whip <sup>(7)</sup>	12	21,735	25,550	17.6	28.8
Assistant Opposition Whip <sup>(7)</sup>	2	21,735	25,550	17.6	28.8
Chairman, Ways and Means	1	29,035	32,675	12.5	30.9
Deputy Chairman, Ways and Means	1	26,585	29,900	12.5	29.8
<u>House of Lords</u>					
Chief Whip	1	24,200	28,425	17.5	34.3
Deputy Chief Whip	1	19,350	22,725	17.4	31.8
Government Whip <sup>(7)</sup>	5	16,925	19,875	17.4	32.9
Leader of the Opposition in the House of Lords	1	19,350	22,725	17.4	31.8
Opposition Chief Whip	1	16,925	19,875	17.4	32.9
Opposition Deputy Chief Whip <sup>(5)</sup>	1	-	14,575	-	-
Chairman of Committees	1	24,200	28,425	17.5	34.3
Principal Deputy Chairman of Committees	1	21,750	25,550	17.5	33.3
<b>TOTAL SALARY BILL</b>		<u>3,125,390</u>	<u>3,588,950<sup>(8)</sup></u>	<u>14.8<sup>(6)</sup></u>	<u>34.8</u>

(1) Increase for Lord Chancellor necessary to establish notional lead over Chief Justice. For illustrative purposes, pro rata increase for Prime Minister

(2) Includes £8,460 Parliamentary Salary where appropriate.

(3) Deemed to include Parliamentary Salary of £10,000 where appropriate (58% of £16,750 rounded)

(4) Lord Advocate (Commons) would be paid differently

(5) Not currently paid at all

(6) Weighted (excluding posts currently not paid)

(7) Figures in column 1 relate to paid office holders

(8) Excludes Opposition Deputy Chief Whip (currently not paid)

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Ministers get Parliamentary Salary abated by 35%  
Lords get £700 increase

Office	No. of Office Holders	Current Salary £ <sup>(2)</sup>	Proposed Salary £ <sup>(3)</sup>	% Increase	TSRB Recommended % Increase
Prime Minister	1	46,660	55,100 <sup>(1)</sup>	18.1	39.3
Lord Chancellor	1	52,500	62,000 <sup>(1)</sup>	18.1	18.1
Mr Speaker	1	38,785	40,140	3.5	41.8
Cabinet Minister (Commons)	17	37,410	38,765	3.6	47.0
Cabinet Minister (Lords)	2	28,950	29,650	2.4	71.0
Minister of State (Commons)	22	29,035	30,390	4.7	30.9
Minister of State (Lords)	6	24,200	24,900	2.9	34.3
Parliamentary Secretary (Commons)	25	24,160	25,515	5.6	28.3
Parliamentary Secretary (Lords)	4	19,350	20,050	3.6	31.8
Attorney General	1	39,160	40,515	3.5	40.4
Solicitor General	1	33,810	35,165	4.0	30.1
Lord Advocate (Lords) <sup>(4)</sup>	1	29,000	29,700	2.4	32.8
Solicitor General for Scotland	1	30,210	31,565	4.5	25.8
<u>House of Commons</u>					
Leader of the Opposition	1	35,035	36,390	3.9	42.7
Parliamentary Secretary to the Treasury (Chief Whip)	1	32,610	33,965	4.2	28.8
Deputy Chief Whip	1	29,035	30,390	4.7	30.9
Opposition Chief Whip	1	29,035	30,390	4.7	30.9
Government Whip <sup>(7)</sup>	12	21,735	23,090	6.2	28.8
Assistant Opposition Whip <sup>(7)</sup>	2	21,735	23,090	6.2	28.8
Chairman, Ways and Means	1	29,035	30,390	4.7	30.9
Deputy Chairman, Ways and Means	1	26,585	27,940	5.1	29.8
<u>House of Lords</u>					
Chief Whip	1	24,200	24,900	2.9	34.3
Deputy Chief Whip	1	19,350	20,050	3.6	31.8
Government Whip <sup>(7)</sup>	5	16,925	17,625	4.1	32.9
Leader of the Opposition in the House of Lords	1	19,350	20,050	3.6	31.8
Opposition Chief Whip	1	16,925	17,625	4.1	32.9
Opposition Deputy Chief Whip <sup>(5)</sup>	1	-	13,100	-	-
Chairman of Committees	1	24,200	24,900	2.9	34.3
Principal Deputy Chairman of Committees	1	21,750	22,450	3.2	33.3
TOTAL SALARY BILL		<u>3,125,390</u>	<u>3,279,370<sup>(8)</sup></u>	<u>4.9<sup>(6)</sup></u>	<u>34.8</u>

(1) Increase for Lord Chancellor necessary to establish notional lead over Chief Justice. For illustrative purposes, pro rata increase for Prime Minister

(2) Includes £8,460 Parliamentary Salary where appropriate.

(3) Includes Parliamentary Salary of £9815 (ie 65% of £14,510 + 4%) where appropriate

(4) Lord Advocate (Commons) would be paid differently

(5) Not currently paid at all

(6) Weighted (excluding posts currently not paid)

(7) Figures in column 1 relate to paid office holders

(8) Excludes Opposition Deputy Chief Whip (currently not paid)



TABLE A

Option                      Differential % Increases in Ministers' total salaries

<u>% Increase for those earning over £25,000 in total but under £40,000 in total</u>	<u>% Increase for those earning less than £25,000 in total</u>	<u>Weighted Average % Increase</u> (1)
12.5	17.5	14.8
11.0	15.0	12.9
10.0	14.0	12.0
9.0	12.5	10.8
8.0	11.5	9.8
7.0	10.5	8.9
6.0	9.5	7.9
5.5	8.0	7.0
4.0	7.5	5.9
3.0	6.5	5.0
3.0	5.0	4.3
3.0	4.5	4.1

(1) Includes 18.1% increases for Prime Minister and Lord Chancellor