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Prime Minister

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Ref. A083/2049

PRIME MINISTER

I will resubmit when
we have your colleagues' views.

Ministerial Salaries

MCS 11/7

In summing up the Cabinet's discussion on Ministerial salaries last Thursday (CC(83) 22nd Conclusions, Minute 6), you said that the increase should be at the same level as that for MPs, ie 4 per cent, but that you would consider further, in consultation with the Lord President, the Chancellor of the Exchequer and the Lord Privy Seal, whether a somewhat higher increase might be possible for junior Ministers in the Lords, perhaps by giving them the same absolute increase in salary as a Commons junior Minister.

2. I attach at Table A a schedule of salaries of Ministers and other office holders constructed on the principle that each salary should be increased by 4 per cent rounded to the nearest £10. The rounding has been upwards in the case of those currently earning less than £25,000 per annum and downwards for the rest. The weighted average increase is exactly 4 per cent and the individual increases range from 3.97 to 4.05 per cent.

3. I also attach at Table B a schedule which illustrates how the proposal referred to in your summing up might be put into effect to benefit Parliamentary Secretaries in the Lords and other Lords office holders whose salaries are at the same or a lower level. The figures are the same as those in Table A except that these lower paid offices in the Lords have their salaries increased by the same absolute amount as their Commons equivalent or approximate equivalent. The overall increase in the salary bill becomes 4.07 per cent. The salary increases of those who benefit range from 5.01 per cent to 5.17 per cent.

X

4. You will wish to consider, in the light of comments from the Lord President and others, whether the advantage of being able to pay a little more to Parliamentary Secretaries and the lower paid office holders in the Lords outweighs the disadvantage that the overall salary increase for Ministers and other office holders would be marginally greater than that proposed for MPs.

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5. I am also attaching for your information Annex C which the Treasury has prepared showing the combined effect of the 4 per cent salary increase and of the increase in the pension contribution to 8 per cent. You will wish to note that, because of the way the arithmetic works, the net salary increase for MPs is 1.78 per cent. For Ministers the net increase is smaller because the pension contribution in respect of the Ministerial scheme is at present only 5 per cent whereas for MPs it is 6 per cent. Thus the net increase for a Commons Cabinet Minister will be only 1.40 per cent and that for a Lords Cabinet Minister (where the 3 per cent increase in pension contribution applies to the whole of his salary) will be 0.69 per cent.

6. I am sending copies of this minute to the Lord President of the Council, the Chancellor of the Exchequer, the Lord Privy Seal and the Chief Whip.

RTA

ROBERT ARMSTRONG

11 July 1983

SECRET

4% increase on total salary

<u>Office</u>	<u>No. of Office Holders</u>	<u>Current⁽¹⁾ Salary</u>	<u>TSRB⁽²⁾ recom- mended Salary</u>	<u>% Increase</u>	<u>Proposed⁽³⁾ salary</u>	<u>% Increase</u>
Prime Minister	1	46,660	65,000	39.3	48,520	3.99
Lord Chancellor	1	52,500	62,000	18.1	54,600	4.00
Mr Speaker	1	38,785	55,000	41.8	40,330	3.98
Cabinet Minister (Commons)	17	37,410	55,000	47.0	38,900	3.98
Cabinet Minister (Lords)	2	28,950	49,500	71.0	30,100	3.97
Minister of State (Commons)	22	29,035	38,000	30.9	30,190	3.98
Minister of State (Lords)	6	24,200	32,500	34.3	25,170	4.01
Parliamentary Secretary (Commons)	25	24,160	31,000	28.3	25,130	4.01
Parliamentary Secretary (Lords)	4	19,350	25,500	31.8	20,130	4.03
Attorney General	1	39,160	55,000	40.4	40,720	3.98
Solicitor General	1	33,810	44,000	30.1	35,160	3.99
Lord Advocate (Lords)	1	29,000	38,500	32.8	30,160	4.00
Lord Advocate (Commons) ⁽⁴⁾	-	-	44,000	-	35,160	-
Solicitor General for Scotland	1	30,210	38,500	25.8	31,410	3.97
<u>House of Commons</u>						
Leader of the Opposition	1	35,035	50,000	42.7	36,430	3.98
Chief Whip	1	32,610	42,000	28.8	33,910	3.99
Deputy Chief Whip	1	29,035	38,000	30.9	30,190	3.98
Opposition Chief Whip	1	29,035	38,000	30.9	30,190	3.98
Government Whip	12	21,735	28,000	28.8	22,610	4.03
Assistant Opposition Whip	2	21,735	28,000	28.8	22,610	4.03
Chairman, Ways and Means	1	29,035	38,000	30.9	30,190	3.98
Deputy Chairman, Ways and Means	1	26,585	34,500	29.8	27,640	3.97
<u>House of Lords</u>						
Chief Whip	1	24,200	32,500	34.3	25,170	4.01
Deputy Chief Whip	1	19,350	25,500	31.8	20,130	4.03
Government Whip	5	16,925	22,500	32.9	17,610	4.05
Leader of the Opposition in the House of Lords	1	19,350	25,500	31.8	20,130	4.03
Opposition Chief Whip ⁽⁵⁾	1	16,925	22,500	32.9	17,610	4.05
Opposition Deputy Chief Whip ⁽⁵⁾	1	-	16,500	-	12,920	-
Chairman of Committees	1	24,200	32,500	34.3	25,170	4.01
Principal Deputy Chairman of Committees	1	21,750	29,000	33.3	22,620	4.00
TOTAL SALARY BILL		3,125,390	4,212,500 ⁽⁶⁾	34.8 ⁽⁷⁾	3,250,340 ⁽⁶⁾	4.00 ⁽⁷⁾

Notes

- (1) Includes Parliamentary salary of £8,460 where appropriate
(2) Includes Parliamentary salary of £11,000 where appropriate
(3) Includes Parliamentary salary of £ 8,800 where appropriate
(4) Aligned with Solicitor General
(5) Currently not paid. Proposed salary maintains TSRB relationship with Opposition Chief Whip
(6) Excludes Opposition Deputy Chief Whip (currently not paid) and Lord Advocate (Commons)
(7) Weighted by number of office holders

MINISTERS AND OFFICE HOLDERS

4% increase on total salary except Junior Lords Ministers and office holders who receive the same % increase as equivalent Commons Ministers and office holders

Office	No. of Office Holders	Current ⁽¹⁾ Salary	TSRB ⁽²⁾		Proposed ⁽³⁾ salary	% Increase
			recom- mended Salary	% Increase		
Prime Minister	1	46,660	65,000	39.3	48,520	3.99
Lord Chancellor	1	52,500	62,000	18.1	54,600	4.00
Mr Speaker	1	38,785	55,000	41.8	40,330	3.98
Cabinet Minister (Commons)	17	37,410	55,000	47.0	38,900	3.98
Cabinet Minister (Lords)	2	28,950	49,500	71.0	30,100	3.97
Minister of State (Commons)	22	29,035	38,000	30.9	30,190	3.98
Minister of State (Lords)	6	24,200	32,500	34.3	25,170	4.01
Parliamentary Secretary (Commons)	25	24,160	31,000	28.3	25,130	4.01
Parliamentary Secretary (Lords)	4	19,350	25,500	31.8	20,320	5.01
Attorney General	1	39,160	55,000	40.4	40,720	3.98
Solicitor General	1	33,810	44,000	30.1	35,160	3.99
Lord Advocate (Lords)	1	29,000	38,500	32.8	30,160	4.00
Lord Advocate (Commons) ⁽⁴⁾	-	-	44,000	-	35,160	-
Solicitor General for Scotland	1	30,210	38,500	25.8	31,410	3.97
<u>House of Commons</u>						
Leader of the Opposition	1	35,035	50,000	42.7	36,430	3.98
Chief Whip	1	32,610	42,000	28.8	33,910	3.99
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Government Whip	5	16,925	22,500	32.9	17,800	5.17
Leader of the Opposition in the House of Lords	1	19,350	25,500	31.8	20,320	5.01
Opposition Chief Whip	1	16,925	22,500	32.9	17,800	5.17
Opposition Deputy Chief Whip ⁽⁵⁾	1	-	16,500	-	13,060	-
Chairman of Committees	1	24,200	32,500	34.3	25,170	4.01
Principal Deputy Chairman of Committees	1	21,750	29,000	33.3	22,620	4.00
TOTAL SALARY BILL		3,125,390	4,212,500 ⁽⁶⁾	34.8 ⁽⁷⁾	3,252,620 ⁽⁶⁾	4.07 ⁽⁷⁾

Notes

- (1) Includes Parliamentary salary of £8,460 where appropriate
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- (4) Aligned with Solicitor General
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- (6) Excludes Opposition Deputy Chief Whip (currently not paid) and Lord Advocate (Commons)
- (7) Weighted by number of office holders

MPs' AND MINISTERS' PAY AND PENSION

TABLE C

Illustrative effects of proposals :-

- a. to increase gross pay by 4 per cent
- b. to increase MPs' pension contribution from 6 per cent to 8 per cent and Ministers' contribution to supplementary schemes from 5 per cent to 8 per cent (both as recommended by TSRB).

I <u>Backbench MP</u>	<u>Gross</u>	<u>Pension</u>	<u>Net</u>
Current (£)	14,510	(6%) 870	13,640
Proposed (£)	15,090	(8%) 1207	13,883
Increase (£)	580	337	243
Increase (%)	4.00		1.78

II <u>Cabinet Minister (Commons)</u>			
Current (£)	37,410	(x) 2016	35,394
Proposed (£)	38,900	(8%) 3112	35,888
Increase (£)	1,490	1096	494
Increase (%)	3.98		1.40

(x) 6 per cent on £14,510, 5 per cent on balance

III <u>Cabinet Minister (Lords)</u>			
Current (£)	28,950	(5%) 1448	27,502
Proposed (£)	30,100	(8%) 2408	27,692
Increase (£)	1,150	960	190
Increase (%)	3.97		0.69

Parliament.
MP's pay, p. 5