



10 DOWNING STREET

From the Private Secretary

Prime Minister ⁽¹⁾

These proposals have been produced after consultation with the Treasury and Chief Whip. The Treasury believe the changes suggested are a satisfactory response to the pressures, and do not concede any major point of principle (except possibly for the right to buy back earlier years, though even here I am told there are precedents).

What you have to consider is whether this, in conjunction with the pay deal and the new system of allowances, might spark off public reaction.

If you are satisfied, the proposals will be put to Mr Du Cann and Mr Shore next week.

Are you content?

I think the staying of increases in contributors' looks bad considering the enormous increase in benefits. no AT 5/4



NBPM AT 16/4

PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

13 April 1984

Dear John

PARLIAMENTARY PENSION SCHEME

Thank you for your letter of 2 April setting out your proposals for changes to the Parliamentary Pension Scheme, which would be implemented in this Session's Parliamentary Pensions Bill.

I have since then seen the comments from Keith Joseph, Patrick Jenkin, Peter Rees and Rhodes Boyson and from John Wakeham, and I discussed the staging of increased contributions with the Prime Minister on Monday. Clearly there is some concern that the proposals will be seen as generous, but equally we recognize that there are special circumstances associated with the nature and duration of MPs' tenure of office and more particularly the fact that their pay increases are already subject to staging. You may therefore take it that you have the approval of H Committee for your proposals.

I am sending copies of this letter to the Prime Minister, to members of H Committee and to Sir Robert Armstrong.

Yours
Walter

The Rt Hon John Biffen MP

PARLIAMENT: MP's pay P15

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16 APR 1984

Home Secretary spoke to LPS
and subsequently withdrew
his reservations.



AT

13/4

NBPM

CC NO

AT 1014

QUEEN ANNE'S GATE LONDON SW1H 9AT

9 April 1984

2 Jim,

PARLIAMENTARY PENSION SCHEME

I appreciate the work that has gone into the package set out in your letter of 2 April and I do not want to upset the balance. I am however concerned about the proposal to allow Members to convert back service from a 60th to a 50th accrual rate at 40% of the actuarial cost. I would have thought a charge of 50% of the cost more appropriate, for what is a very valuable retrospective concession. Such a charge would be more easily defended in relation to the police and fire schemes, for which I am responsible. When, in 1972, members of these schemes were allowed to buy in back service to count towards a widow's pension at half the rate of the husband's pension they were required to pay half the actuarial cost of this concession. The proportion of total scheme benefits met by the normal contribution rate was treated as irrelevant to the sharing of cost of converting back service, otherwise policemen and firemen would have paid less than half.

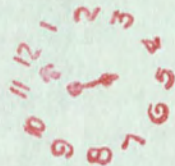
I am copying this to the recipients of your letter.

ew,
em

The Rt Hon John Biffen, MP

Pchint Members: " MP's Pay Pt 5

10 APR 1984





NBPM
AF 10/4

CCNO

DEPARTMENT OF HEALTH AND SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

G.T.N. 2915

From the Minister of State for Social Security

The Rt Hon John Biffen MP
Privy Council Office
Whitehall
LONDON
SW1A 2AT

9 April 1984

Dear John

PARLIAMENTARY PENSION SCHEME

You wrote to the Lord President of the Council on 12 April about your proposal to offer some further improvements to Members' pensions in a new Bill. Norman Fowler is currently in the USA and has asked me to reply on his behalf.

will request if required

Broadly, the Departmental policy until recently has been to welcome improvements in occupational pension provision, where this has been in prospect or achieved. As you know, however, our current Inquiry into Provision for Retirement will be looking, among other things, at the question whether provision for retirement income has been growing so fast, and whether rights are accruing to such an extent that future generations of contributors and tax payers may be facing a total pension burden beyond what it would be reasonable to ask the earning population to bear. While our Inquiry is still proceeding - that is until probably this autumn - there is a potential risk of embarrassment if the Government is seen to be encouraging, let alone legislating for, markedly higher standards of pension provision in any particular occupational pension scheme.

We recognise that there are a number of special considerations in the question of Members' pensions. I hope however you will bear in mind our anxieties about future costs of pensions while our Inquiry is still proceeding, and will avoid, so far as possible, changes which could be attacked as being unduly generous, or as setting a generous precedent.

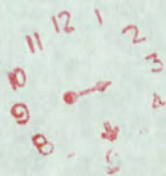
I am copying this letter to the Prime Minister, to Willie Whitelaw and the other members of H Committee, and to Sir Robert Armstrong.

*All good wishes
Yr ever
R. B.*

DR RHODES BOYSON

PARL : MP's pay and pensions : PLS.

110 APR 1984





NBPM

9/4

DEPARTMENT OF EDUCATION AND SCIENCE

ELIZABETH HOUSE, YORK ROAD, LONDON SE1 7PH

TELEPHONE 01-928 9222

FROM THE SECRETARY OF STATE

The Rt Hon John Biffen MP
Lord Privy Seal
Privy Council Office
Whitehall
London SW1A 2AT

9 April 1984

John Biffen

PARLIAMENTARY PENSION SCHEME

I have seen a copy of your letter of 2 April 1984 to Willie Whitelaw. If we decide to proceed as proposed we should do so recognising that concessions of this kind will make it all the more difficult to resist similar improvements elsewhere. If in due course we decide to seek to increase employees' contributions to normal accrual public service schemes from 6% to say 8%, but also concede improvements to benefits like those proposed, we could find that the potential gains were cut by up to one half - in the case of teachers for example, automatic widowers' pensions alone would be worth 0.5% of salary.

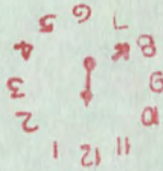
I am sending copies of this letter to the Prime Minister, to other members of H Committee, and to Sir Robert Armstrong.

Eric Kew

Attachment Pt 5

2

MP's pay + business



9 APR 1984

NBPM 1984



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:
Your ref:

6 April 1984

Dear John,

Thank you for sending me a copy of your letter of 2 April to Willie Whitelaw about the Parliamentary Pension Scheme and the improvements you propose.

We can expect there to be pressure for improvements agreed for the Parliamentary Pensions Scheme to be extended to other public service pension schemes. I am pleased that you are standing firm against those requests which have been put to you which would clearly have undesirable repercussions on these other schemes. I should however comment on two of the improvements you propose.

We will be considering further the question of realistic pension contributions for the civil service, NHS, teachers and local government schemes when we have the report of the Official Committee on Public Sector Pensions. That consideration will have to include the question how soon we may have to provide for widowers' pensions more generally in public service pension schemes. I should have thought that before such provision is made we would need to be satisfied that employees will be paying, or will effectively be paying, realistic pension contributions and that there would not be undue public expenditure costs. Where the interests concerned in particular schemes want this improvement and these conditions are met it would be difficult not to agree and that would seem to be the position on the Parliamentary Pension Scheme.

I would see problems in extending into the Local Government Superannuation Scheme the improvements you propose on early retirement. But I assume that the basis for defending them for the Parliamentary Pension Scheme would be the inherent uncertainties of a Parliamentary career. The TSRB, in its 1983 Report (paragraph 70), was of course concerned about proposals for full pension on early retirement which would place MPs in a more favourable position than others in occupational schemes who were likely to face an actuarially based reduction in similar circumstances. The gap between the benefits in private sector and public sector pension schemes will no doubt be raised in Norman Fowler's Inquiry into Retirement Provision and he will no doubt comment on whether the improvements you propose would be an embarrassment in that context.

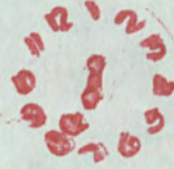
I am copying this letter to the recipients of yours.

Patrick Jenkin
PATRICK JENKIN

The Rt Hon John Biffen MP

Part Members : MP's pay A5

6 APR 1994





NBPM
HT 614

Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Viscount Whitelaw CH MC
Lord President of the Council
Privy Council Office
Whitehall
LONDON
SW1A 2AT

6 April 1984

Dear Lord President,

PARLIAMENTARY PENSION SCHEME

John Biffen sent me a copy of his letter of 2 April about the Parliamentary Pension Scheme.

As the letter says, Barney Hayhoe has been closely involved at all stages, and I am writing to confirm that the proposals have the support of Treasury Ministers.

I am sending copies of this letter to the Prime Minister, to other members of H Committee, and to Sir Robert Armstrong.

Yours Sincerely,
Peter Rees
PETER REES
(Approved by the Chief Secretary and signed in his absence)

PAUL MONTAG

6 APR 1984

