

MR. BUTLER

Prime Minister .

This is good in terms of Lord Avon. But it does not provide a case for taking up the issue. FERB

I have checked with Pay Division. The TSRB recommended a severance grant for House of Lords Ministers and other paid office holders in the House of Lords. The legislation which put this into effect was the Parliamentary Pensions Act 1984 Section 13(1).

- The person concerned must meet three criteria:
- 1) he should not have attained the age of 65
 - 2) He should have held a relevant ministerial or other paid office in the House of Lords (whether the same office or a succession of different offices) for a period of at least two years.
 - 3) he should not be re-appointed to a relevant ministerial or other paid office in the House of Lords within 3 weeks of his leaving

The grant is equivalent to a quarter of his annual salary and is paid by the Department but not until 3 weeks has elapsed.

26.3.85

MB



file

(71)

SM

Subject

10 DOWNING STREET

cc Master

From the Principal Private Secretary

25 March 1985

MINISTERS' AND MPs' PAY

The Prime Minister had a word with the Lord President, the Lord Privy Seal, the Chief Whip and the Paymaster General this morning about the figures of Ministers' and MPs pay, which were attached to your letter of 22 March.

In discussion, it was noted that between now and 1 January 1988 the pay of an MP overtook the ministerial salary of a Parliamentary Secretary and the differential between an MP and a Parliamentary Secretary was greatly diminished. A similar reduction of differentials was expected to take place in relation to other ministerial salaries.

Summing up the discussion, the Prime Minister said that there was a strong case for looking at this relationship again and also for reviewing the possibility that a Minister on leaving office might have similar arrangements for a terminal payment to those now applied to a Member of Parliament. However, the timing of the next Ministerial and Other Salaries Order would have to be given very careful consideration.

I am copying this letter to Janet Lewis-Jones (Lord President's Office), Rachel Lomax (H M Treasury), Murdo Maclean (Chief Whip's Office), and Alex Galloway (Paymaster General's Office).

E. E. R. BUTLER

SMH

David Morris Esq
Lord Privy Seal's Office



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

22 March 1985

Dear Min,

Last Monday the Lord Privy Seal undertook to provide the Prime Minister with comparative figures for the pay of Members of Parliament and Parliamentary Under Secretaries during the period 1983-88. I enclose a note explaining the position. The Lord Privy Seal would be happy to discuss the figures with the Prime Minister before the lunch on Monday 25 March or at some other convenient time.

I am copying this letter to Janet Lewis-Jones and Murdo Maclean.

*Yours sincerely,
David Morris*

D R MORRIS
Private Secretary

R Butler Esq
Private Secretary to the
Prime Minister
10 Downing Street

The comparative position is as follows:

Date	MPs Salary £	Parliamentary Under Secretary (Commons) £	Reduced MPs Salary £	Total Salary £	Parliamentary Secretary's total Salary as a % of an MP's Salary %
27.7.83	15,308	15,917	9,543	25,460	166.32
1.1.84	16,106	16,154	10,626	26,780	156.27
1.1.85	16,904	16,411	11,709	28,120	156.35
1.1.86	17,702	16,648	12,792	29,440	166.31
1.1.87	18,500	16,885	13,875	30,760	156.27
1.1.88	22,176 ^(a)	17,645 ^(b)	16,694 ^(c)	34,339	154.85

min

23,904

52.4

34,637

For a Parliamentary Under Secretary (Commons) to keep in 1988 the same differential that he enjoyed vis a vis an MP in 1983, the figure of £17645 would need to be increased by 14.4% to £20,189.

The following notes apply to the figures for 1.1.88:

- (a) The Resolution of the House dated 26 July 1983 provides that after 1 January 1988 MPs pay should be 89 per cent of the maximum point of the Senior Principal pay scale. The current maximum is £21,834 and we have assumed an increase of 4.5% in Civil Service pay from 1 April 1985, 1986 and 1987. On this assumption, the maximum at 1 January 1988 will be £24,917.
- (b) Assumes an increase in the salary of a Parliamentary Under Secretary (House of Commons) of 4.5% on 1 January 1988. Increases in Ministerial salaries up to 1 January 1987 are provided for in the Ministerial and other Salaries Order 1983. There is currently no provision for increases beyond 1 January 1987.

(c) The Resolution of the House of 26 July 1983 provides that after 1 January 1988 the reduced Parliamentary salary of Ministers should be 67 per cent of the maximum point of the Senior Principal scale. Same assumption used in note (a) above ie maximum at 1 January 1988 of £24,917.

22 MAR 1957



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