



Members' pay and expenses – current rates and a review of developments since 2009

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Following the passage of the *Parliamentary Standards Act 2009*, in the wake of the expenses scandal, the responsibility for determining a scheme for and reimbursing Members' expenses was transferred to the Independent Parliamentary Standards Authority (IPSA). Its first MPs' Expenses Scheme came into force on the day after the 2010 General Election.

In its review of Members' allowances the Committee on Standards in Public Life recommended that IPSA should also have responsibility for determining Members' pay. Provisions to give this effect were passed in 2010 and the *Parliamentary Standards Act 2009* was amended. IPSA took on this responsibility in May 2011. In February 2012, it announced that the pay freeze agreed by Members in March 2011 would continue for a further year and that it would review how Members should be remunerated. Its review was launched in May 2012.

Richard Kelly

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Summary

Following the expenses scandal in May 2009, the party leaders agreed to establish an independent body to pay Members' salaries; to determine a scheme for Members' allowances and to pay allowances; and to regulate the allowances regime. The *Parliamentary Standards Act 2009*, which created the Independent Parliamentary Standards Authority (IPSA), received Royal Assent in July 2009.

The Committee on Standards in Public Life (CSPL) inquiry on Members' allowances which had been launched before the expenses scandal broke, reported in November 2009. Its final report included 60 recommendations on salaries and allowances. Most recommendations were referred to IPSA but some required legislation to implement. The 2009 Act was amended by the *Constitutional Reform and Governance Act 2010* to give IPSA responsibility for determining Members' pay.

Parliamentary Pay

In 2008, 2009 and 2010, increases in Members' salaries were determined in accordance with the formula adopted by the House in July 2008, following the Baker Review.¹

However, in 2011 the formula would have led to an increase in salary for Members, despite a Government policy that had introduced a two-year pay freeze for most civil servants. In March 2011, the Government asked the House to approve a motion to freeze Members' salaries for up to two years. The House agreed the motion on 21 March 2011, without a division. The House also rescinded the 2008 resolution that had determined Members' salaries, since the Baker Review.

Responsibility for determining Members' pay was transferred to IPSA in May 2011; and in February 2012, IPSA announced that Members' salaries would remain frozen at £65,738 for the year 2012/13. IPSA also announced that it would consult on increasing Members' salaries by one per cent in both 2013 and 2014; and complete a review of Members' pay and pensions by the end of 2013.

Ministerial salaries

Arrangements for ministerial salaries in the *Ministerial and other Salaries Act 1997* continued to operate until the *Ministerial and other Salaries Act 1975 (Amendment) Order 2011* came into effect in July 2011. However, from April 2008, Labour ministers voluntarily refused increases in ministerial salaries; and in May 2010, the Coalition Cabinet announced that ministerial salaries (Member's salary and ministerial pay, combined) would be reduced to levels that were five per cent below those received by their Labour counterparts. The *Ministerial and other Salaries Act 1975 (Amendment) Order 2011* legislated for ministerial salaries at this level.

Members' allowances/expenses

Revisions to the Green Book agreed by the House of Commons, in January 2009, came into effect on 1 April 2009. The rules on second home expenses were changed in May 2009, in response to the expenses scandal. They then continued to operate until the 2010 General Election.

In devising its MPs' Expenses Scheme, IPSA accepted many recommendations from the CSPL. However, it rejected two key recommendations:

¹ The background to and outcome of the Baker Review of Members' Pay are described in the House of Commons Library Research Paper, [Members' pay and the independent review process](#), RP 09/29, 31 March 2009

- IPSA will continue to fund mortgage interest payments (until August 2012) for Members of the 2005 Parliament who were returned in 2010 – CSPL recommended that only rents should be reimbursed; and
- IPSA has not imposed an absolute bar on Members employing other family members, as the CSPL recommended.

IPSA's initial scheme was heavily criticised by Members after the general election in May 2010. In June, IPSA consulted on changes. Some changes were introduced in July 2010 but backdated to May 2010.

Members continued to criticise the scheme and following a number of debates provided by the Backbench Business Committee, the House agreed to re-establish the Committee on Members Allowances to undertake a review of the operation of the *Parliamentary Standards Act 2009*. The Committee reported in December 2010, and the House agreed a motion that requested that IPSA take the report into account in its second annual review of the Scheme.

The Fourth Edition of the Scheme, which was retitled *MPs' Scheme of Business Costs and Expenses* (Fourth Edition) came into effect on 1 April 2012. The main expense budgets provided in IPSA's scheme and the maximum amounts that Members can claim in 2012/13 are set out below:

Accommodation Expenses	
London are (rent)	£20,000
Mortgage interest (transition*)	£8,850
Caring responsibility	£2,425
London Area Living Payment	£3,760
London Area Living Payment (addition)	£1,330
Staffing Expenditure**	
London Area MPs	£144,000
non-London Area MPs	£137,200
Office Costs Expenditure	
London Area MPs	£24,750
non-London Area MPs	£22,200
Start-up Expenses	£6,000
Winding-up Expenditure	
London Area MPs	£56,250
non-London Area MPs	£53,150

* Transition period ends 31 August 2012

** Subject to approval of IPSA's Estimate

1 Introduction

Following the expenses scandal in May 2009, the party leaders agreed to establish an independent body to

... revise and update the codes of practice for Members of this House, investigate complaints where a Member of this House is alleged to have breached the code of conduct, take forward the implementation of the recommendations of the Committee on Standards in Public Life on allowances and take responsibility for authorising claims for payment under the new allowance system. It would be able not only to disallow claims, but to require payback of claims wrongly paid out and to impose financial penalties.²

Legislation was introduced on 23 June 2009 and the *Parliamentary Standards Act 2009* received Royal Assent on 21 July 2009.

The Act originally created the Independent Parliamentary Standards Authority (IPSA) to pay Members' salaries in accordance with resolutions of the House of Commons; to determine a scheme for Members' allowances and to pay allowances; and to regulate the allowances regime.

The Act was amended following the Committee on Standards in Public Life (CSPL) inquiry on Members' allowances, which had been launched before the expenses scandal broke. The CSPL recommended that IPSA should take responsibility for determining Members' pay and also recommended changes to IPSA's regulatory powers. The 2009 Act was amended by the *Constitutional Reform and Governance Act 2010* and IPSA was given responsibility for determining Members' pay in May 2011.

2 Parliamentary pay

2.1 Background

In 2007, the Senior Salaries Review Body undertook a regular review of Members' pay, pensions and allowances. The Government delayed publication of the review until January 2008.³ It then rejected the SSRB's proposals for increases in Members' and ministerial salaries.

In January 2008, the House of Commons agreed a resolution that in the words of Harriet Harman, then Leader of the House of Commons, would mean that "like everyone else, we should not decide on our own pay and should not vote on our pay increases".⁴

Having rejected the SSRB recommendations on Members' pay, the Government asked Sir John Baker, the retiring chairman of the SSRB, to undertake a further review in order to devise a mechanism that would no longer require Members to vote on their own salary increases. In June 2008, Sir John Baker's review was published. His main recommendations were that any future changes to Members' salaries should be based on its level at the end of 2007/08; that it should increase in line with the Public Sector Average Earnings Index; that additional increases should be paid in 2008, 2009 and 2010; that salaries should be reviewed by the SSRB; and that the results of its reviews should be conveyed to the Speaker for implementation.⁵ The Government argued that the increase in

² HC Deb 20 May 2009 c1506

³ Review Body on Senior Salaries, *Review of parliamentary pay, pensions and allowances 2007*, Report No 64, Cm 7270, January 2008

⁴ HC Deb 24 January 2008 c1654

⁵ Sir John Baker, *Review of Parliamentary Pay and Pensions*, June 2008, Cm 7416

Members' salaries should be linked to the changes in the salary of fifteen groups of public sector workers and rejected the proposal for additional increases in 2008 to 2010.⁶

The House considered Sir John Baker's report and the Government response on 3 July 2008. The House agreed with the Government's response.⁷

Fuller details of the changes made to Members' salaries as a result of the decisions of the House in 2008 and a brief review of the history of Members' pay are given in the Library Research Paper *Members' pay and the independent review process* of March 2009.⁸

2.2 Members' salaries: 2008 to 2010

Since the House agreed the Government's version of the Baker Review on 3 July 2008, Members' pay increased in line with SSRB's calculations. In accordance with the procedure set out in the resolution of 3 July 2008, the SSRB was required to notify the Speaker of the change in Members' salaries that should take place from 1 April 2008 (see Appendix 1 for the text of the Resolution). The formula in the resolution provided for automatic annual increases – determined by changes in the salaries of the following 15 groups of public service workers:

senior military,
holders of judicial office,
very senior NHS managers,
doctors and dentists,
the Prison Service,
NHS staff,
school teachers,
the Armed Forces,
police officers,
Local Government;
non-Senior Civil Service staff in each of the
Department for Work and Pensions,
Her Majesty's Revenue and Customs,
the Ministry of Defence and
the Home Office;
and the Senior Civil Service.⁹

In accordance with the Resolution, Bill Cockburn CBE TD, the Chairman of the SSRB, wrote to the Speaker in September 2008. His letter was laid before the House on 6 October 2008,¹⁰ and Members' salaries increased by 2.38 per cent from £61,820 (at the end of 2007/08) to £63,291, with effect from 1 April 2008.¹¹

Bill Cockburn wrote to the Speaker again in March 2009, informing him that the SSRB had completed the annual exercise to determine the increase in Members' salaries to apply from 1 April 2009. He noted that two groups had been excluded from the calculation because "settlements for the groups ... were not finalised and implemented in 2008", and a further group had been excluded because "it involved a complicated package of pay restructuring and we were unable to identify a single percentage increase in pay scales". He reported that

⁶ HC Deb 17 June 2008 c46WS

⁷ HC Deb 3 July 2008 cc1088-1089

⁸ House of Commons Library Research Paper RP 09/29, *Members' pay and the independent review process*, 31 March 2009

⁹ HC Deb 3 July 2008 cc1088-1089

¹⁰ House of Commons, *Commons Journal 2007-08*, 6 October 2008, Item 159.

¹¹ House of Commons Unprinted Paper 1425, 2007-08

Members salaries should increase by 2.33 per cent from £63,291 to £64,766, with effect from 1 April 2009.¹²

Members' salaries increased on 1 April 2010 from £64,766 to £65,738, in line with the calculation performed by the SSRB in accordance with the resolution of 3 July 2008. Bill Cockburn, the chairman of the SSRB, wrote to the Speaker on 26 February 2010, confirming that the increase in salaries from 1 April 2010 should be 1.5 per cent.¹³ The letter was laid before the House of Commons by the Speaker on 5 March 2010.¹⁴

Table 1, in section 2.5, reports the level of Members' salaries from 1997 to 2012.

2.3 Pay freeze 2011

2.3.1 Letter from SSRB to Speaker, January 2011

On 19 January 2011, in accordance with the Resolution of 3 July 2008, the Chairman of the SSRB wrote to the Speaker to inform him of the determination of the increase in Members' salaries that should take effect from 1 April 2011:

As you know, the Resolution on Members' Salaries (No. 2) [Money] passed by the House on 3 July 2008 requires the Senior Salaries Review Body (SSRB) to determine the annual increase in Members' salaries according to a method set out in the Resolution.

We have now collected all the data necessary to make the determination. We calculated the increase due this year according to the formula to be 1 per cent. I attach a note explaining the calculation.

I should emphasise that the SSRB has no discretion in making this determination but simply applies the formula set out in the Resolution. We were not consulted when the Resolution was drawn up. The resulting figure is not what the SSRB would have recommended had we been able to have regard to all the circumstances including, this year, the Government's pay freeze for public sector workers paid more than £21,000 a year.

The Resolution also requires the SSRB to conduct a review of Members' salaries in the first year of each new Parliament unless such a review has taken place in the preceding two years. I shall be in touch separately about the arrangements, although I note that, since the Resolution was passed, Parliament has legislated for the Independent Parliamentary Standards Authority to review Members' pay again next year.

I am sending a copy of this letter to the Leader of the House of Commons.¹⁵

2.3.2 Pay freeze proposals

On 20 January 2011, the Leader of the House of Commons, Sir George Young, issued a written ministerial statement in response to the SSRB determination. He proposed that the House should agree a resolution to freeze Members' pay instead of the increase being automatically implemented:

¹² Review Body on Senior Salaries, [Salary Increase for Members of the House of Commons](#), 27 March 2009

¹³ Senior Salaries Review Body, [SSRB determination of MPs' salary increase for 2010](#), [Letter] 26 February 2010

¹⁴ House of Commons, *Votes and Proceedings*, 5 March 2010, Appendix, Item 12

¹⁵ Report of the Senior Salaries Review Body on Calculation of the MPs' Pay Uprating Mechanism for 2011; the Report was laid before the House by the Speaker on 19 January 2011, House of Commons, *Votes and Proceedings*, 19 January 2011, Appendix Item 7

Leader of the House of Commons and Lord Privy Seal (Rt. Hon Sir George Young Bt MP): On 3 July 2008, the House of Commons passed a resolution linking future annual increases in Members' salary to the median pay increase received by a basket of 15 public sector workforce groups in the preceding year. The correct figure for this increase is determined each year by the Senior Salaries Review Body (SSRB) and takes effect automatically at the beginning of the relevant financial year, having been notified to the House by the SSRB, through the Speaker. I am grateful to the SSRB for undertaking this work on behalf of the House.

The Chairman of the SSRB has written to the Speaker and the letter has been laid before the House. The increase for 2011-12 is one per cent, according to the formula. In the absence of a further review by the SSRB to specify a different formula (for which provision was made in the 2008 resolution), only a further decision of the House can stop the increase from taking effect from 1 April 2011.

The Government supports the independent determination of Members' remuneration. However, in light of the decision to impose a two-year pay freeze on all public sector workers earning more than £21,000 per annum, a motion will be brought forward to invite the House to rescind the 2008 resolution, so that the one per cent pay increase will not take effect.

The 2008 resolution also requires the SSRB to conduct a review of Members' salaries in the first year of each new Parliament. By rescinding the resolution in its entirety, the motion removes the requirement for the SSRB to conduct such a review this year. The review of Members' salaries will instead take place following the commencement of the relevant sections of the Constitutional Reform and Governance Act 2010, which provides for the future independent determination of Members' salaries.¹⁶

The motion was subsequently tabled and appeared among the Remaining Orders and Notices on 10 March 2011. The motion, as debated and agreed, is set out in Appendix 2.

The motion provided for the freezing of Members' salaries and the additional salaries payable to select committee and general committee chairs at their current levels (April 2010-March 2011) until the earlier of 31 March 2013 or "the day before the day on which the first determination of Members' salaries by the Independent Parliamentary Standards Authority comes into effect" (see paragraph 2 of the motion).

It also provided for the rescinding of the Resolution of 3 July 2008 in two stages. First, the requirement for the SSRB to conduct a review of Members' salaries in the first year of each new Parliament was rescinded with immediate effect. Second, the mechanism that automatically implemented salary increases determined by the SSRB and the formula for determining them, would be rescinded with effect from 1 April 2011, once the pay freeze had taken effect.

An Explanatory Memorandum to accompany the motion noted that the *Constitutional Reform and Governance Act 2010* specified that the first salary determination by IPSA did not have to take come into effect before 1 April 2012. It stated that "the Government expects that IPSA will take responsibility for setting the level of Members' salaries from that date".¹⁷

¹⁶ HC Deb 20 January 2011 cc52-53WS

¹⁷ *Members' Salaries*, Explanatory Memorandum relating to the Motion in the name of the Leader of the House, 21 March 2011

2.3.3 Debate on the motion to freeze Members' salaries

In opening the debate on the motion to freeze Members' salaries, on 21 March 2011, Sir George Young noted that the Government had imposed a two-year pay freeze on public sector workers earning over £21,000 and said:

... Hon. Members must now decide whether their constituents would welcome Parliament exempting itself from that policy and thus insulating itself from decisions that are affecting households throughout the country, or whether, as I believe, the public expect their elected representatives to be in step with what is being required of other public servants. I believe that it is right for us, as Members of Parliament, to forgo the pay increase that the current formula would have produced.¹⁸

When he was asked about the previous decisions of the House not to vote on Members' pay again, he argued that:

... the system that was introduced in 2008 provided an objective mechanism for determining our pay, but it was a long way from being independent. The formula was devised by the previous Government and endorsed by the House, and in no sense could it be said to be independent.¹⁹

He then noted that in his letter informing the Speaker of the increase due from April 2011, under the 2008 Resolution, Sir Bill Cockburn, the chairman of the SSRB, said that:

The resulting figure is not what the SSRB would have recommended had we been able to have regard to all the circumstances including, this year, the Government's pay freeze for public sector workers paid more than £21,000 a year.²⁰

Sir George also re-stated that the Government intended shortly to commence to the provisions in the *Constitutional Reform and Governance Act 2010* that give IPSA responsibility for determining Members' pay.²¹ This took place in May 2011 (see Section 2.4 below).

At the end of the short debate – in which further comments were made about interfering in an independent review process; and whether the Government or backbenchers should have tabled the motion – the House agreed the motion without a division.²²

2.4 Legislative provision for IPSA to determine Members' salaries and pensions

When it received Royal Assent in July 2009, the *Parliamentary Standards Act 2009* provided that:

The IPSA is to pay the salaries of members of the House of Commons in accordance with the relevant resolutions of the House.²³

However, the Committee on Standards in Public Life (CSPL), which was undertaking a review of *MPs' expenses and allowances* whilst the *Parliamentary Standards Bill* was being considered by Parliament, recommended that IPSA should also take responsibility for determining Members' pay:

¹⁸ HC Deb 21 March 2011 c807

¹⁹ HC Deb 21 March 2011 c808

²⁰ HC Deb 21 March 2011 c809 [citing letter from the SSRB to the Speaker]

²¹ HC Deb 21 March 2011 c809

²² HC Deb 21 March 2011 cc807-824

²³ *Parliamentary Standards Act 2009* (chapter 13), section 4(1) (as passed)

Recommendation 43: The independent determining of MPs' pay and pensions should be entrenched in primary legislation in the same way as expenses. The independent regulator should therefore be given statutory responsibility for setting MPs' pay levels and overseeing MPs' pensions as well as for dealing with expenses.²⁴

The Government and the other political parties accepted the recommendations from the CSPL, and the Government brought forward amendments to the *Parliamentary Standards Act 2009* in the *Constitutional Reform and Governance Act 2010*. Section 29 of the 2010 Act replaced section 4 of the *Parliamentary Standards Act 2009* with new sections 4 and 4A. New section 4(4) stated that "The amounts of the salaries are to be determined by the IPSA (see section 4A)". The Act states that IPSA must make determinations in the first year of each Parliament (beginning after April 2012) and "at any other time it considers appropriate". But IPSA's first determination of Members' salaries does not have to come into effect before 1 April 2012.²⁵ These provisions were brought into force on 24 May 2011 by the *Constitutional Reform and Governance Act 2010 (Commencement No. 5) Order 2011*, which was made on 17 May 2011.²⁶

Section 40 of the *Constitutional Reform and Governance Act 2010* makes provision for the administration of Members' pensions to be passed to IPSA. On 14 July 2011, the Leader of the House announced that he intended to commence this provision following a debate in the House that he expected to take place before the House rose for the summer recess.²⁷

In the event, on 17 October 2011, the House debated the motion:

That this House reasserts its view that the salaries, pensions and expenses scheme for hon. Members ought to be determined independently of this House; accordingly invites the Leader of the House to make an order commencing those provisions of the Constitutional Reform and Governance Act 2010 which transfer responsibility for the pensions of hon. Members to the Independent Parliamentary Standards Authority (IPSA); supports the approach to public service pension reform set out in the Final Report of the Independent Public Service Pensions Commission chaired by Lord Hutton of Furness; believes that IPSA should introduce, by 2015, a new pension scheme for hon. Members which is informed by the Commission's findings and their subsequent application to other public service pension schemes; recognises the case for an increase in pension contributions made in Lord Hutton's interim report; and accordingly invites IPSA to increase contribution rates for hon. Members from 1 April 2012 in line with changes in pension contribution rates for other public service schemes.²⁸

The House agreed the motion without a division.²⁹ The *Constitutional Reform and Governance Act 2010 (Commencement No. 6, Specified Day and Transitional Provision) Order 2011* was made on 17 October 2011, and brought into force the provisions of the Act that transferred responsibilities for Members' pensions to IPSA on 24 October 2011.³⁰

²⁴ Committee on Standards in Public Life, *MPs' expenses and allowances: Supporting parliament, safeguarding the taxpayer*, November 2009 Cm 7724

²⁵ *Constitutional Reform and Governance Act 2010* (chapter 25), section 29

²⁶ *Constitutional Reform and Governance Act 2010 (Commencement No. 5) Order 2011*, SI 2011/1274

²⁷ HC Deb 14 Jul 2011 c52WS

²⁸ HC Deb 17 October 2011 cc629-661

²⁹ HC Deb 17 October 2011 cc629-661

³⁰ *Constitutional Reform and Governance Act 2010 (Commencement No. 6, Specified Day and Transitional Provision) Order 2011*, SI 2011/2485; there was no requirement to have the debate before the Commencement Order was made

Further information on the Parliamentary Contributory Pension Fund is available in two Library Standard Notes:

- *Parliamentary Contributory Pension Fund (PCPF)*, for background; and
- *MPs' pensions – 2012 onwards*.³¹

2.5 Pay freeze 2012

On 8 February 2012, IPSA wrote to Members to inform them that “Today we are confirming that MPs’ pay will be frozen for the financial year 2012/13” and that it was launching a consultation on proposals to increase Members’ pension contributions.³² From 1 April 2012, the Member’s salary remains at £65,738 per annum.

IPSA drew attention to the Prime Minister’s response to its announcement.³³ The press release from 10 Downing Street stated that:

The Prime Minister has responded to the Independent Parliamentary Standards Authority’s announcement on MPs’ pay and pensions.

Prime Minister David Cameron said:

“We welcome IPSA’s announcement on MPs’ pay and pensions, ensuring that MPs are in line with other public servants, and we welcome the changes that they continue to introduce to help MPs perform their duties.

We are committed to an independent and transparent system for the regulation of MPs’ expenses which IPSA has introduced.

IPSA does an important job, and should now be allowed to continue with it.”³⁴

The level of Members’ salaries since 1997 is reported in Table 1.

2.5.1 Additional salaries for committee chairs

The pay freeze applies to the additional salaries that are paid to select committee chairs and to members of the Panel of Chairs who chair general committees. The additional salaries of chairs will remain at the following levels for 2012/13:

Select committee chairs: £14,582 per annum

Members of the Panel of Chairs:

Length of service	Additional salary (£ per annum)
Less than one year	2,910
1-3 years	8,166
3-5 years	11,082
At least 5 years	14,582

³¹ House of Commons Library Standard Note, *Parliamentary Contributory Pension Fund (PCPF)*, SN/BT/1844; House of Commons Library Standard Note, *MPs' pensions – 2012 onwards*, SN/BT/6283

³² Independent Parliamentary Standards Authority, *MPs' Pension Scheme* [letter to Members], 8 February 2012

³³ Independent Parliamentary Standards Authority, *Prime Minister responds to IPSA announcement on MP Pension Consultation*, 8 February 2012

³⁴ 10 Downing Street press notice, *Response to IPSA announcement*, 8 February 2012

Table 1: Members' Pay, 1997-2010

1 April 1997	£43,860
1 April 1998	£45,066
1 April 1999	£47,008
1 April 2000	£48,371
1 April 2001	£49,822
20 June 2001(a)	£51,822
1 April 2002 (b)	£55,118
1 April 2003	£56,358
1 April 2004	£57,485
1 April 2005	£59,095
1 April 2006 (c)	£59,686
1 November 2006 (c)	£60,277
1 April 2007 (d)	£61,181
1 November 2007 (d)	£61,820
1 April 2008 (e)	£63,291
1 April 2009 (e)	£64,766
1 April 2010 (e)	£65,738
1 April 2011 (f)	£65,738
1 April 2012 (g)	£65,738

(a) Comprises formula increase of 3 percent, paid in April 2001, plus £2,000 from 20 June 2001

(b) Comprises formula increase of 2.5 percent plus £2,000 from 1 April 2002

(c) In 2006/07 the formula increase (2 per cent) was implemented in two equal stages

(d) In 2007/08 the increase recommended by SSRB was staged

(e) In accordance with the resolution of the House of 3 July 2008

(f) In accordance with the resolution of the House of 21 March 2011

(g) Decision of IPSA

2.6 IPSA's plans for Members' pay

In its consultation document on Members' pensions, IPSA outlined its plans for Members' pay and pensions in the future:

The future for MPs' Pay and Pensions

38. For most people, the issues of pay and pensions are inextricably linked. The same is true for MPs, with the pension scheme providing a significant element of the remuneration package available.

39. MPs' pay and pensions were last subject to a thorough review in 2008 and 2009. We believe that the time is right for a root and branch review of MPs' remuneration. We have started this work in earnest and are planning to consult taxpayers, MPs, the Government and other interested parties in due course.

40. Our approach will be influenced by our fundamental principles, including that MPs should, as far as possible, be treated in the same manner as ordinary citizens. We will also be guided by our belief that it is right that MPs' overall remuneration is sufficient to attract candidates to elected office, but also that it must be acceptable to the public and command its confidence.

41. Public sector workers will have limited pay increases for the next few years and will move to a Hutton-style career average pension scheme by 2015. We believe that these principles should be reflected in our approach to MPs' remuneration.

42. We will therefore:

- keep MPs' pay at its 2010 level in 2012/13;
- consult on a proposal to apply a 1% increase to MPs' pay in both 2013 and 2014; and
- conduct a thorough review of pay and pensions, announcing the way forward by the end of 2013.

43. We have already said that we will consider a variety of pension scheme designs for MPs as we conduct our review and, in doing so, we will have due regard to the principles of the Hutton Review.

44. We will set out more detailed plans for our review of MPs' pay and pensions over the next few months.³⁵

On 2 May 2012, IPSA formally launched the process of determining Members' salaries in future. Professor Sir Ian Kennedy, the Chair of IPSA, asked a series of questions to highlight the review:

- How do you decide what to pay an MP?
- How much should MPs be paid?
- What sort of pension should they get?

He also drew attention to IPSA's desire to involve the public and Members in the process:

We can't do this on our own, nor should we. Nor can we do it just by listening to political insiders in the Westminster Village. We need to get as many views as possible. Of course, the views must be informed rather than a reaction to recent events. We are talking about something very important here: part of the fabric which makes up our democratic heritage. How we remunerate MPs is a statement about the place they have in our society. So, we have to move carefully and thoughtfully.

To most, the starting point will be – what's the job description: what are we getting for our money? This is the big question. We must look to MPs to tell us what the job involves: what experience and skills are required; what the responsibilities are; what they do; and the other things that would be asked in other walks of life. Equally, we might want to find a similar sort of job, so as to compare pay and pensions.

Neither of these approaches is free of difficulty. MPs tell us that each does the job in his/her own way. They will also tell you that the job is unique, such that comparisons don't really work.³⁶

2.7 Members' pay in other UK legislatures

The salaries of Members of the three devolved legislatures in the United Kingdom – the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Assembly –

³⁵ Independent Parliamentary Standards Authority, *MPS' Pensions Consultation – January 2012*, February 2012

³⁶ Professor Sir Ian Kennedy, "[How do you decide what to pay an MP?](#)", *IPSA Blog*, 2 May 2012

are determined in different ways. Initially legislation in the late 1990s establishing the three legislatures provided for them to determine their own salaries. The Scottish Parliament was permitted to delegate responsibility to the Scottish Parliament Corporate Body but neither the National Assembly for Wales nor the Northern Ireland Assembly were permitted to delegate the authority to determine pay.³⁷

Following their establishment, all three legislatures followed recommendations from the SSRB to set Members' salaries as a proportion of those of Members of the UK Parliament.

2.7.1 Wales

The *Government of Wales Act 2006* amended the situation in Wales, and in the autumn of 2007, the National Assembly for Wales Commission decided to seek recommendations on the salaries, pensions and allowances available to Assembly Members (AMs) from a Panel of four independent people and one Assembly Commissioner (non-voting). The Review Panel recommended an increase in salaries from 4 May 2007 – when the Assembly's powers increased, following the changes made to the devolution arrangements in the *Government of Wales Act 2006*. The Panel also recommended that there should be "a fundamental examination of the pay and system of financial support for Members under the developing devolution settlement".³⁸

Consequently, an Independent Review Panel was established by the National Assembly Commission in August 2008 to look at all aspects of financial support available to Assembly Members; including pay and allowances for travel, accommodation, constituency offices and support staff. In its July 2009 report, the Independent Review Panel recommended that:

- The salaries of Assembly Members should no longer be automatically directly linked with those of Members of Parliament.
- Assembly Members' salaries should be fixed for the 4-year term of the Assembly.
- The Assembly Commission should prepare and bring forward an Assembly Measure as soon as practicable, to establish a statutory Independent Review Body to make decisions in respect of the matters listed below. The role of this body should include making decisions on all aspects of financial support for Assembly Members.³⁹

The *National Assembly for Wales Remuneration Measure 2010* established the independent Remuneration Board.

The Board published its first report, *Fit for Purpose*, and accompanying *Determination on Members' Pay and Allowances* in March 2011.⁴⁰ On 14 July 2011 the Remuneration Board published its second report, *Office Holder Remuneration*, and an updated determination: *Determination on Members' Pay and Allowances (No 2)*.⁴¹ The current salary of Assembly Members is £53,852.⁴² The additional salaries of office holders are set out in Table 2.

³⁷ Scotland Act 1998 (chapter 46), section 81; Government of Wales Act 1998 (chapter 38), section 16; Northern Ireland Act 1998 (chapter 47), section 47

³⁸ [The First Report of the Review Panel on Financial Support for Assembly Members](#), 3 March 2008

³⁹ Independent Review Panel, [Getting it Right for Wales: An independent review of the current arrangements for the financial support of Assembly Members](#), July 2009

⁴⁰ [Fit for Purpose](#), Report of the Remuneration Board of the National Assembly for Wales, March 2011; National Assembly for Wales Remuneration Board, [Determination on Members' Pay and Allowances](#), March 2011

⁴¹ [Office Holder Remuneration](#), Report of the Remuneration Board of the National Assembly for Wales, July 2011; National Assembly for Wales Remuneration Board, [Determination on Members' Pay and Allowances \(No 2\)](#), July 2011

⁴² National Assembly for Wales Remuneration Board, [Determination on Members' Pay and Allowances \(No 2\)](#), July 2011, para 3.1.1

Table 2: National Assembly for Wales – additional salaries of office holders

Office	Office Holder's Additional Salary
First Minister	£80,870
Deputy First Minister/Welsh Minister/Counsel General (if Assembly Member)/Presiding Officer/	£41,949
Deputy Minister/Deputy Presiding Officer	£26,385
Assembly Commissioners	£12,420
* Chairs of the following committees: Children and Young People Committee; Environment and Sustainability Committee; Health and Social Care Committee; Communities, Equality and Local Government Committee; Enterprise and Business Committee; Constitutional and Legislative Affairs Committee; Finance Committee; Public Accounts Committee.	£12,420
* Chairs of the following committees: Petitions Committee; Standards of Conduct Committee.	£8,280
Leader of a political group without an executive role The additional office holder's salary is to be calculated as follows: a base level of £12,420 plus an additional £1,000 for every Member of the group to a maximum salary of £41,949	
Business Managers of political groups The additional office holder's salary is to be calculated as follows: a base level of £6,210 plus an additional £250 for every Member of the group to a maximum salary of £12,420	

* These salaries may be the subject of review by the Remuneration Board in accordance with section 3 of the National Assembly for Wales (Remuneration) Measure 2010.

Source: National Assembly for Wales Remuneration Board, *Determination on Members' Pay and Allowances (No 2)*, July 2011

2.7.2 Northern Ireland

The *Northern Ireland Assembly Members Act 2010* allowed the Northern Ireland Assembly to legislate to establish an independent body to determine salaries and allowances. The Assembly passed the *Assembly Members (Independent Financial Review and Standards) Act (Northern Ireland) 2011* which established the Independent Financial Review Panel (IFRP). The IFRP issued its first report and determination in March 2012.⁴³ The *Northern Ireland Assembly Members' Salaries, Allowances, Expenses and Pensions Determination March 2012* provides for salaries to be set at the levels shown in Table 3.

⁴³ Independent Financial Review Panel, *Northern Ireland Assembly Members' Salaries, Allowances, Expenses and Pensions*, Report of the Independent Financial Review Panel, March 2012; Independent Financial Review Panel, *Northern Ireland Assembly Members' Salaries, Allowances, Expenses and Pensions*, Determination March 2012

Table 3: Northern Ireland Assembly – salaries of Members and office holders

Member	Annual Salary for the year commencing 1 April 2012	Annual Salary for the year commencing 1 April 2013	Annual Salary for the year commencing 1 April 2014
A member holding office as First Minister or deputy First Minister	£114,535	£120,000	£120,000
A member holding office as any other Minister	£80,902	£86,000	£86,000
A member holding office as a junior Minister	£55,101	£60,000	£60,000
A member holding office as a junior Minister and who held that office on 1 April 2012	£62,710	£62,710	£62,710
A member holding office as Speaker	£80,902	£92,000	£92,000
A member holding office as Principal Deputy Speaker or as Deputy Speaker	£51,600	£57,000	£57,000
A member holding office as Member of the Assembly Commission	£49,101	£54,000	£54,000
A member holding office as a Member of the Assembly Commission and who held that office on 1 April 2012	£54,432	£54,432	£54,432
A member holding office as Chairperson of any Statutory Committee or of the Public Accounts Committee	£54,432	£60,000	£60,000
A member holding office as a Deputy Chairperson of a Statutory Committee	£43,101	£48,000	£48,000
A member holding office as a Deputy Chairperson of a Statutory Committee and who held that office on 1 April 2012	£48,768	£48,768	£48,768
Any other member	£43,101	£48,000	£48,000

Source: Independent Financial Review Panel, *Northern Ireland Assembly Members' Salaries, Allowances, Expenses and Pensions Determination March 2012*, Schedule 1

2.7.3 Scotland

The salary of an MSP was set at 87.5% per cent of the salary paid to a Westminster Member of Parliament.

In November 2010, the Scottish Parliament Corporate Body (SPCB) made plans to freeze Members' pay. Tom McCabe, speaking for the SPCB told the Finance Committee that:

... on members' pay and expenses ... we have received cross-party support for a proposal to freeze members' pay and expenses at the current level until 31 March 2013, and the budget has been set on that basis.⁴⁴

However, as the UK Parliament took the decision to freeze Members' salaries there was no need to break the link between salaries in the two legislatures.

⁴⁴ [Scottish Parliament] Finance Committee Official Report of 23 November 2010, col 2779

Table 4: Scottish Parliament – salaries of Members and office holders

(£ per annum)	
Members (MSPs)	£57,520
Officeholders	
First Minister	£140,847
Cabinet Secretary	£100,748
Minister	£84,598
Presiding Officer	£100,748
Deputy Presiding Officer	£84,598
Lord Advocate	£113,994
Solicitor General for Scotland	£98,358

Source: Scottish Parliament, *Members of the Scottish Parliament*

2.8 Dual mandates

When the devolved legislatures were first established a number of Westminster MPs contested and won seats, on the understanding that they would stand down from Westminster at the next general election. No legal restrictions were placed on Members of Parliament being members of the devolved legislatures. However, recognising the fact that they would not be able to do two full-time jobs, the salaries from the devolved legislatures payable to members holding dual mandates were reduced by two-thirds.

The number of Members of the Scottish Parliament and the National Assembly for Wales holding dual mandates has been very low since the 2001 general election (the first after elections to the devolved legislatures). However, large numbers of Northern Ireland MPs have continued to hold seats in the Northern Ireland Assembly.

Northern Ireland parties have made commitments to bring dual mandates to an end but have yet to do so. In its review of Members' allowances, the CSPL commented on the matter, in its chapter on Northern Ireland:

Multiple mandates

12.15 Sixteen out of 18 MPs representing Northern Ireland constituencies [in November 2009] are also members of the Northern Ireland Assembly (MLAs). Five of them currently hold ministerial positions there.

[...]

12.18 The holding of multiple mandates, or 'double jobbing' as it is known in Northern Ireland, appears to be unusually ingrained in the political culture there because of:

- The legacy of 'the troubles', which discouraged many individuals from getting involved in politics, leaving it to a small minority to participate.
- The recent history of political instability, which led the political parties to be fearful of giving up seats in Westminster in case the local devolution settlement collapsed, as it has more than once already.

12.19 The Committee expressed the view in Chapter 11 of this report that MPs should not be prohibited from earning income from limited activity outside the House of

Commons, provided that the activity does not interfere with the primary role as an MP, is completely transparent to electors and does not present a conflict of interest.

12.20 We do not think these conditions are met in the case of multiple mandates. There is transparency – the issue has been widely aired in the Northern Ireland media. But the Committee questions whether it is possible to sit in two national legislatures simultaneously and do justice to both roles, particularly if the MP concerned holds a ministerial position in one of them.

12.21 All the Northern Ireland political parties with representatives at Westminster have told the Committee that they want to bring multiple mandates to an end. As yet, there is no agreement when this should happen. In evidence to the Committee, the leader of the Democratic Unionist Party (DUP) has, however, indicated that his party would be prepared to end the practice by 2015 (the date of the next but one Assembly elections):

"I am convinced that it is not in the interest of Parliament, the Assembly, the dual mandate Members or their constituents that this practice is maintained longer than absolutely necessary. Each of the Assembly parties agreed that the practice should be phased out and some weeks ago I announced that the DUP would do so in two steps: the first at the next set of Westminster and Stormont elections; and the rest at the following set."

12.22 The Committee's view is that the practice of holding dual mandates in both the House of Commons and the devolved legislatures should be brought to an end as soon as possible. Ideally that would happen by the time of the scheduled elections to the three devolved legislatures in May 2011, or failing that by 2015 at the very latest.

Recommendation 40

The practice of permitting a Westminster MP simultaneously to sit in a devolved legislature should be brought to an end, ideally by the time of the elections to the three devolved legislatures scheduled for May 2011.⁴⁵

The *Northern Ireland Assembly Members Act 2010* provided that “no salary is payable” to an MLA who is a Member of Parliament or a Member of the European Parliament. MLAs holding office within the Northern Ireland Assembly continue to receive a salary for the office held.⁴⁶

3 Ministerial pay

3.1 Background

Ministers who are Members of the House of Commons receive their Members' salary and a ministerial salary. Ministers who are Members of the House of Lords receive a ministerial salary.

Before 1996, ministerial salaries had been uprated by Order in line with Members' salaries but this had not been enshrined in legislation or parliamentary resolution.⁴⁷ However the 1996 SSRB report,⁴⁸ which was accepted by the Commons, recommended that the uprating

⁴⁵ Committee on Standards in Public Life, *MPs' expenses and allowances: Supporting Parliament, safeguarding the taxpayer*, November 2009, Cm 7724, paras 12.15-12.22

⁴⁶ *Northern Ireland Assembly Members Act 2010* (chapter 16), section 1(5)

⁴⁷ Such an Order would have been required for an ‘uprating’ increase from 1 April 1997, but there was no such Order, and therefore no uprating for the year beginning 1 April 1997

⁴⁸ Review Body on Senior Salaries, *Review of Parliamentary pay and allowances*, Report No. 38, Cm 3330-I, 1996

formula and 1 April implementation date (for increases in Members' salaries) should also apply to ministers and other paid office holders. The *Ministerial and other Salaries Act 1997* amended the 1975 Act of the same title to give effect to the SSRB recommendations.

Uprating formula (1997-2011): Pay increases for ministers were linked automatically to the increase in pay bands for the Senior Civil Service, under a formula set out in section 1 of the *Ministerial and other Salaries Act 1997*. This is, in effect, the same formula that was used for uprating Members' pay between 1997 and 2007.

A full list of entitlements to ministerial salary is given in Tables in Appendix 3 of this Paper.

In its *Review of parliamentary pay, pensions and allowances 2007*, the SSRB recommended that ministerial salaries should be increased.⁴⁹ However, the Government rejected this proposal and announced that ministerial salaries would continue to increase in line with Members' salaries. Despite changes to the way in which Members' salaries were determined, no changes were made to the uprating formula for ministerial salaries.

Whilst Gordon Brown was Prime Minister, ministerial salary entitlements continued to increase in line with the formula in the *Ministerial and other Salaries Act 1997*. However, ministers accepted pay freezes in 2008/09, 2009/10 and 2010/11.

3.2 Ministerial salaries in 2008/09

On 17 June 2008, the Prime Minister announced the publication of the SSRB's *Thirtieth Report on Senior Salaries 2008*. In the same written ministerial statement, he also announced that:

Ministers' pay is automatically linked to the average increase in the midpoint of SCS [Senior Civil Service] pay, which moves in line with SSRB recommendations. However, given the importance of public sector pay restraint at a time of economic uncertainty Ministers will not be accepting any pay rise in 2008-09.⁵⁰

As already noted, the formula that provided for the annual uprating of ministerial salaries in the *Ministerial and other Salaries Act 1975* (as amended) had not been changed. Consequently, ministers' salary entitlement increased.

In a press briefing on the report on parliamentary pay and allowances, conducted by Sir John Baker, the Leader of the House of Commons, Harriet Harman, confirmed that had the award been made, it would have been worth 0.28 per cent.⁵¹

3.3 Ministerial salaries in 2009/10

On 31 March 2009, the Prime Minister announced the publication of the SSRB's *Thirty-First Report on Senior Salaries 2009*. In the same written ministerial statement, he also announced that:

The changes to senior civil service pay mean that ministerial pay, which is linked by legislation to the average increase in the midpoint of senior civil service pay ranges, will increase by 1.5 per cent. However, given the importance of public sector pay

⁴⁹ Review Body on Senior Salaries, *Review of parliamentary pay, pensions and allowances 2007*, Report No 64, Cm 7270, January 2008, paras 4.7-4.17

⁵⁰ HC Deb 17 June 2008 cc47WS-48WS

⁵¹ Leader of the House of Commons, *Q&A Briefing on 3 July Debate – Government Response and Proposals [following the Baker Review]*, 2008

restraint at a time of economic uncertainty salaried Ministers will not be accepting any pay rise in 2009-10, either in their ministerial pay or in their parliamentary pay.⁵²

3.4 Ministerial salaries from 1 April 2010

On 10 March 2010, the Prime Minister announced the publication of the SSRB's *Thirty-Second Report on Senior Salaries 2010*. In the same written ministerial statement, he also announced that:

For the SCS, the Government have accepted the recommendation of the Review Body that for 2010-11 there should be no increase in base pay or the non-consolidated performance-related pot.

The Government have not accepted the Review Body's recommendation that the minimum for SCS pay band 1 should be increased to £61,500.

[...]

Ministers

The effect of the Government's response to the SSRB's recommendations on SCS pay is that there will be no increase in ministerial pay for 2010-11. All paid Ministers will also waive any increase in their pay as an MP to which they are entitled.⁵³

3.5 Labour Government pay freezes

As a result of the three announcements on ministerial pay made by Gordon Brown in June 2008, March 2009 and March 2010, ministers declined salary increases despite increases in entitlement in 2008 and 2009. They also declined an increase in Members' pay in 2009 and 2010. The following table illustrates the effect of these decisions on ministerial salaries.

Table 5: Effect of Labour Government ministerial pay freezes on ministerial earnings

£ per annum	Entitlement April 2010			Drawn April 2010		
	MP	Minister	Total	MP (1)	Minister (2)	Total
<u>Commons</u>						
Prime Minister	65,738	132,923	198,661	63,291	130,594	193,885
Cabinet Minister	65,738	79,754	145,492	63,291	78,356	141,647
Minister of State	65,738	41,370	107,108	63,291	40,646	103,937
Parly Under Sec of State	65,738	31,401	97,139	63,291	30,851	94,142
<u>Lords</u>						
Cabinet Minister		108,253			106,356	
Minister of State		84,524			83,043	
Parly Under Sec of State		73,617			72,326	
(1) April 2008 level						
(2) November 2007 level						

In addition to the announcements made, Gordon Brown had reduced his salary from an entitlement of £198,661 to £150,000. It is not clear when he took the salary cut as it was not made public until after Parliament had been dissolved for the 2010 general election. Following a radio interview, the *Daily Mirror* reported that:

⁵² HC Deb 31 March 2009 c62WS

⁵³ HC Deb 10 March 2010 cc18WS-19WS

The Prime Minister slashed his own salary by 25% to about the same as that of Cabinet colleagues after the expenses scandal last year. Mr Brown is entitled to £198,661 but has been taking just £150,000.

He let slip his decision as he faced first-time voters on a BBC Radio 1 show.⁵⁴

3.6 Ministerial salaries under the Conservative/Liberal Democrat coalition

At the Cabinet Meeting on 13 May 2010, ministers in the new Government agreed that they would be paid “five per cent less than Ministers received in the previous administration”. Fuller details were given in a press notice:

Prime Minister David Cameron and Deputy Prime Minister Nick Clegg have made a clear commitment to cutting the cost of government, including urgent action to begin reducing the deficit this year.

As part of this process of cutting costs, the Prime Minister is today announcing that new Ministers will be paid five per cent less than Ministers received in the previous administration.

In addition, the Government will impose a subsequent Ministerial pay freeze for the lifetime of the Parliament – effectively a further pay cut when inflation is taken into account.

The five per cent reduction in Cabinet Minister salaries alone will save taxpayers approximately £50,000 this year – and approximately £300,000 will be saved this year when all government ministerial positions are taken into account.

Over the lifetime of the Parliament, the Ministerial salary cut and subsequent pay freeze will save approximately £3 million.

Salary changes

Office	Combined Ministerial and Parliamentary salaries under previous administration	Combined Ministerial and Parliamentary salaries under current Government	Annual pay cut
Ministers in the House of Commons			
Prime Minister	£150,000	£142,500	£7,500
Cabinet Minister	£141,647	£134,565	£7,082
Minister of State	£103,937	£98,740	£5,197
Parliamentary Under-Secretary of State	£94,142	£89,435	£4,707
Ministers in the House of Lords			
Cabinet Minister	£106,356	£101,038	£5,318
Minister of State	£83,043	£78,891	£4,152
Parliamentary Under-Secretary of State	£72,326	£68,710	£3,616

Notes to Editors

1. Ministers sitting in the Commons receive both a Parliamentary salary and a Ministerial salary; Lords Ministers receive only a Ministerial salary.
2. We are cutting the total remuneration – the Parliamentary and Ministerial salaries combined – of all Ministers by five per cent relative to that received previous

⁵⁴ “Gordon Brown reveals his massive pay cut”, *Daily Mirror*, 21 April 2010

administration. This will be achieved by maintaining Parliamentary salaries to the entitlement for 2010-11 (£65,737), with the salary reduction taken in full from the ministerial element of the combined total. This means that all MPs will be paid the same – with the pay cut being implemented through the ministerial salary entitlement.⁵⁵

3.6.1 Implementing the Conservative/Liberal Democrat ministerial pay freeze

On 21 March 2011, the Government laid the draft *Ministerial and other Salaries Act 1975 (Amendment) Order 2011* to give effect to its decision to freeze ministerial salaries at a level that meant that total remuneration (ministerial and Members' salaries) was five per cent below that received by ministers in the previous Labour Government for the life of the current Parliament.

The annual levels of ministerial salaries for ministers in the Coalition Government were set out in Schedule 1 of the Order, as follows:

Table 6: Ministerial salaries confirmed by the 2011 Order

	£ per annum
Commons	
Prime Minister	76,762
Cabinet Member	68,827
Minister of State	33,002
Parliamentary Under-Secretary	23,697
Lords	
Cabinet Member	101,038
Minister of State	78,891
Parliamentary Under-Secretary	68,710

Source: *Ministerial and other Salaries Act 1975 (Amendment) Order 2011*, SI 2011/1689, Schedule 1

The Order provided that no automatic increases under the formula in the *Ministerial and other Salaries Act 1975* would be payable for the rest of this Parliament.⁵⁶

The draft Order was considered by a delegated legislation committee in the House of Commons on 21 June 2011. In the short debate on the draft Order, the Cabinet Office Minister, Nick Hurd, set out the aim of the Order as “to set in law for the lifetime of this Parliament the current reduced salaries of Ministers and other office holders”. He then explained how the existing arrangements would be affected:

Currently, increases to ministerial salaries are linked to the average increase in the mid-points of the senior civil service pay bands, and the order will effectively nullify the link during this Parliament, but it will apply again on the next Dissolution of Parliament. It is worth noting that over several years now, ministerial salaries have not in practice remained in line with the legislation. Since 2008, Ministers in the former Government were waiving any entitlement to increases in their salary. The order will therefore bridge the gap that has grown between the legislation and what is happening on the ground.⁵⁷

⁵⁵ 10 Downing Street press release, *A new politics: cutting Ministerial pay*, Thursday 13 May 2010,

⁵⁶ *Ministerial and other Salaries Act 1975 (Amendment) Order 2011*, Article 4

⁵⁷ First Delegated Legislation Committee on the draft *Ministerial and other Salaries Act 1975 (Amendment) Order 2011* 21 June 2011 cc3-4

The Opposition spokesman, Jon Trickett, agreed that “There is consensus across the House on this particular matter”.⁵⁸

The draft Order was approved by the House of Commons the following day, on 22 June 2011.⁵⁹

It was debated in Grand Committee in the House of Lords on 5 July and then approved by the House on 6 July 2011.⁶⁰

The Order in Council was made at Buckingham Palace on 13 July 2011, and came into force the following day.

3.7 Allowances for ministers

3.7.1 Minister's severance payments

Generally, a lump sum, equivalent to three months of annual ministerial salary, is payable when a minister ceases to hold office. Full details are set out in section 4 of the *Ministerial and other Pensions and Salaries Act 1991*:

4 Grants to persons ceasing to hold ministerial and other offices.

(1) Where a person who has not attained the age of sixty-five—

(a) ceases at any time (“the material time”) after the passing of this Act to hold a relevant office; and

(b) does not again become the holder of a relevant office within the period of three weeks beginning at the material time,

he shall be entitled to a payment under this section.

(2) Subject to subsection (3) below, the amount of the payment to which a person who has ceased to hold a relevant office is entitled under this section is an amount equal to one-quarter of the annual amount of the salary which was being paid to that person in respect of that office immediately before the material time.

(3) If that person was immediately before the material time a Member of the House of Commons the amount mentioned in subsection (2) above shall be reduced by an amount equal to one-quarter of the difference between—

(a) the annual amount of the salary which was then being paid under a Resolution of that House to Members who are Officers of that House or receiving a salary under the Ministerial and other Salaries Act 1975 or a pension under section 26 of the Parliamentary and other Pensions Act 1972; and

(b) the annual amount of the salary which was then being paid under that Resolution to other Members.

(4) A payment under this section shall not be made until the end of the period mentioned in subsection (1)(b) above.

(5) No payment shall be made under this section where a person has ceased to hold a relevant office on his death.

⁵⁸ *Ibid*, c4

⁵⁹ HC Deb 22 June 2011 c443

⁶⁰ HL Deb 5 July 2011 ccGC101-GC105; HL Deb 6 July 2011 c259

(6) In this section “a relevant office” means—

- (a) any office, other than that of Prime Minister and First Lord of the Treasury, in respect of which a salary is payable in accordance with Schedule 1 to the Ministerial and other Salaries Act 1975 (ministerial salaries);
- (b) any position in respect of which a salary is payable in accordance with Schedule 2 to that Act (Opposition Leaders and Whips);
- (ba) the office of Speaker of the House of Lords;
- (c) the office of Chairman of Ways and Means and any office of Deputy Chairman of Ways and Means in respect of which a salary is payable out of money provided by Parliament; and
- (d) the office of Chairman of Committees of the House of Lords and any office of Deputy Chairman of Committees of the House of Lords in respect of which a salary is payable out of such money.

(7) Where a person ceases to hold a relevant office while Parliament is dissolved subsection (3) above shall have effect as if for the words “immediately before the material time” there were substituted the words “immediately before the dissolution”.

(8) Where a person ceases on a dissolution of Parliament to hold any such position as is mentioned in subsection (6)(b) above, subsection (1)(b) above shall have effect in relation to his ceasing to hold that position on the dissolution as if for the words “three weeks” there were substituted the words “six weeks”.

(9) Section 13 of the Parliamentary Pensions etc. Act 1984 is hereby repealed except in cases where the loss of office in question was before the passing of this Act.

(10) In section 190(b) of the Income and Corporation Taxes Act 1988 (tax treatment of payments under the said section 13) after the words “section 13 of the Parliamentary Pensions etc. Act 1984” there shall be inserted the words “or section 4 of the Ministerial and other Pensions and Salaries Act 1991”.⁶¹

3.7.2 Former Prime Ministers’ Public Duties Cost Allowance

The Public Duties Cost Allowance (PDCA) (formerly the Public Duties Allowance) is a financial allowance, paid from the Cabinet Office vote, to help former Prime Ministers to meet the continuing additional office costs which they are liable to incur because of their special position in public life.⁶² The allowance is not payable to a former Prime Minister occupying the position of Leader of the Opposition and therefore in receipt of “Short money”.⁶³

The allowance was introduced in April 1991. It was not subject to a resolution of the House but was announced by the then Prime Minister, John Major. It was set at a level “equivalent in amount to the parliamentary office costs allowance”.⁶⁴ Following the changes to Office Costs Allowance made on 5 July 2001 the Prime Minister, Tony Blair, made an announcement about the Public Duties Allowance. From then the allowance was set at the

⁶¹ *Ministerial and other Pensions and Salaries Act 1991* (chapter 5), section 4

⁶² HC Deb 27 March 1991 c428W

⁶³ See Library Standard Note, *Short Money*, SN/PC/1663

⁶⁴ HC Deb 27 March 1991 c428W

level of the maximum Staffing Allowance⁶⁵ available to Members of Parliament with London constituencies.⁶⁶

The rules that apply to claims made by former Prime Ministers from the PDCA were set out by the then Cabinet Office Minister Tessa Jowell, in response to a parliamentary question in April 2010:

The public duties cost allowance, which is administered by the Cabinet Office, is paid in respect of office and secretarial expenses incurred by former Prime Ministers in connection with their public duties. All claims must be supported by documentary evidence. The allowance is not payable if the former Prime Minister is occupying the position of Leader of the Opposition. The allowance is linked to the ceiling of the centralised arrangements for payment of staff and secretarial support for MPs with London constituencies.⁶⁷

In the same response, Tessa Jowell gave details of the amounts reimbursed under the allowance. Further details about the amounts paid to individual former Prime Ministers were provided in October 2011.⁶⁸

Following the creation of the IPSA, the limit is set as the maximum that can be claimed from Staffing Expenditure under the IPSA Members' Expenses Scheme. Table 7 below shows recent trends in this allowance.

Table 7: Former Prime Ministers' Public Duties Cost Allowance 1997/98-2011/12

	Allowance (HoC Rate)	Allowance (IPSA Rate)	Office staff pension contributions	Total
1997/98	£47,568		£4,757	£52,325
1998/99	£49,232		£4,923	£54,155
1999/00	£50,264		£5,026	£55,290
2000/01	£51,572		£5,157	£56,729
2001/02	£52,760		£5,276	£58,036
5 July 2001 (a)	£70,000			
2002/03	£72,310			
2003/04	£74,985			
2004/05	£77,534			
2005/06	£84,081			
2006/07	£87,276			
2007/08	£90,505			
2008/09	£100,205			
2009/10	£103,812			
2010/11	£105,265	£109,548		
2011/12		£115,000		

(a) Paid pro rata

⁶⁵ Subsequently Staffing Expenditure

⁶⁶ HC Deb 19 July 2001 c318W

⁶⁷ HC Deb 6 April 2010 cc1172W-1173W

⁶⁸ HC Deb 27 October 2011 cc338W-339W

4 Parliamentary allowances

IPSA's first *MPs' Expenses Scheme* came into force on the day after the 2010 General Election. Before that Members' expenses (previously allowances) were paid in accordance with resolutions of the House of Commons.

4.1 Committee on Standards in Public Life Review of Members' Allowances

On 23 March 2009, Sir Christopher Kelly, the Chairman of the CSPL announced that the Committee would "be undertaking a wide-ranging review of MPs' allowances later this year".⁶⁹ The Prime Minister welcomed the announcement.⁷⁰ But then on 30 March 2009, he asked the CSPL to "look to both start and conclude the Review earlier than previously indicated to allow us to make progress on this issue as soon as practical".⁷¹ On 31 March, the CSPL announced that it would bring forward its inquiry.⁷²

On 23 April 2009, the CSPL launched its review of MPs' expenses and published an *Issues and Questions* paper.⁷³ The CSPL began taking oral evidence on 16 June 2009.

There was an expectation that the CSPL's conclusions would be binding on the political parties. On 20 May 2009, when Harriet Harman announced the outcome of the meeting of party leaders, convened by the Speaker, and the Prime Minister's proposals for a parliamentary standards authority, Peter Bone asked:

... Many hon. Members have made submissions to Sir Christopher Kelly. Will the Government accept his recommendations, whatever they are?

Ms Harman: At the meeting that the Speaker convened yesterday, the view of the party leaders was that it would be best for the House and all concerned if we could agree with as much as possible of what Sir Christopher Kelly proposes. I think that the Leader of the Opposition said on television that we want to agree with 99.9 per cent. of what Sir Christopher Kelly suggests. That is not to seek to allow for wriggle room. It is in the right spirit and all our interests if we all give evidence to Sir Christopher Kelly—the deadline is 5 June. It is important for hon. Members to give evidence for him to consider. A great deal of responsibility rests on him because we want, cross party, to adopt what he recommends, which will then be put into practice by the new statutory authority. He is like the software, and the hardware will be established by statute in the new authority.⁷⁴

On 10 June 2009, during a statement on proposals for constitutional renewal, the Prime Minister reported that all the political parties had agreed to accept the CSPL's recommendations subject to tests of "increased transparency, accountability and reduced costs for the taxpayer".⁷⁵

He also commented on how the conclusions of the CSPL inquiry would feed into the work of the (then) anticipated Independent Parliamentary Standards Authority:

⁶⁹ Committee on Standards in Public Life press notice, [Committee on Standards in Public Life to look at MPs' allowances](#), 23 March 2009 [last viewed 24 March 2009]

⁷⁰ The Prime Minister, *Review of Support and Remuneration for MPs*, 23 March 2009

⁷¹ The Prime Minister, [MPs' Allowances](#), 30 March 2009

⁷² Committee on Standards in Public Life press notice, [Committee on Standards in Public Life to Bring Forward Review of MPs' Allowances](#), 31 March 2009,

⁷³ Committee on Standards in Public Life, [Review of MPs' expenses: Issues and Questions](#), April 2009

⁷⁴ HC Deb 20 May 2009 c1518

⁷⁵ HC Deb 10 June 2009 c795

The proposed new authority would take over the role of the Fees Office in authorising Members' claims, oversee the new allowance system, following proposals from the Committee on Standards in Public Life, maintain the Register of Members' Interests, and disallow claims, require repayment and apply firm and appropriate sanctions in cases of financial irregularity. I welcome the cross-party support for these proposals, which will be contained in the Bill that we will introduce very soon. I believe that the whole House will also wish to agree that, as part of this process, the new regulator should scrutinise efficiency and value for money in Parliament's expenditure, and ensure, as suggested to Sir Christopher Kelly, that Parliament costs less.⁷⁶

On 23 June 2009, Harriet Harman made a statement to the House before the *Parliamentary Standards Bill* was introduced. David Heath asked her "to confirm yet again that the Government will accept the recommendations of the Kelly inquiry, whatever they may be". She responded in the following way:

The hon. Gentleman asked whether there will be acceptance of the report of the Committee on Standards in Public Life under the chairmanship of Sir Christopher Kelly. The hope is that we do not once again have to trawl through all the issues we went through last July and this January. There is the expectation that we will be able to accept the report and we certainly hope that will be the case.⁷⁷

The CSPL's report, *MPs' expenses and allowances – Supporting Parliament, safeguarding the taxpayer*, was published at on 4 November 2009.⁷⁸ Speaking at the launch of the report, Sir Christopher Kelly said:

The recommendations for change that we are publishing today aim to strike a balance – on one hand ensuring that MPs are properly supported and fully reimbursed for necessary costs incurred in doing their important work and on the other providing strong safeguards for the taxpayer to prevent the abuses of the past.

Our proposals are reasonable and fair and bring Westminster into line with other walks of life and other legislatures. They recognise the unique circumstances of an MP's life but are shorn of the special features which gave scope for exploitation.

We realise that the new system will involve substantial change for MPs and where necessary we have recommended periods of transition.⁷⁹

The Committee made 60 recommendations.

On 4 November 2009, the Leader of the House made a statement to the House, following the publication of the CSPL's report. She told the House that the report would be referred to the Independent Parliamentary Standards Authority (IPSA):

The Independent Parliamentary Standards Authority has already started the work of setting up the new allowance regime for MPs. A new allowance regime will be in place to come into effect in the new Parliament, as recommended by Sir Christopher Kelly. In the light of this, the Government welcome and fully accept the Kelly report, which should be taken as a whole. It will be for IPSA to take it forward. This is the approach Kelly's report itself recommends.⁸⁰

⁷⁶ HC Deb 10 June 2009 c796

⁷⁷ HC Deb 23 June 2009 cc684-685

⁷⁸ Committee on Standards in Public Life, *MPs' expenses and allowances – Supporting Parliament, safeguarding the taxpayer*, Twelfth Report, Cm 7724, November 2009

⁷⁹ Committee on Standards in Public Life, *News*, 4 November 2009

⁸⁰ HC Deb 4 November 2009 c861

However, both the Conservatives and Liberal Democrats argued that further primary legislation would be required to implement some of the CSPL's recommendations.⁸¹

On 26 November 2009, the Government confirmed that it would bring forward any necessary legislation.⁸²

4.2 House of Commons Scheme

The House of Commons was responsible for paying allowances until the General Election. Members who were returned at the General Election were able to claim under the House of Commons schemes for the number of days from 1 April 2010 until the day of the General Election. After that date, returning Members would be able to claim under the new IPSA Scheme.

Members who left at the General Election were able to meet unavoidable legal or contractual obligations that had already been incurred. The House of Commons Commission's minutes recorded:

... agreed that the total amount of each allowance which Members can claim under the House's allowances scheme in 2010/11 would be limited to that proportion of the financial year which falls within the House's remit, but that where unavoidable legal and contractual obligations existed (including for a period beyond the election), these would exceptionally be met, and that utility bills, even if covering an advance period, would be paid so long as the bill was dated before the election.⁸³

On 30 April 2009, the House agreed that from 1 April 2010, constituencies within 20 miles of Westminster would no longer qualify for Personal Additional Accommodation Expenditure (PAAE) but would automatically receive London Costs Allowance.⁸⁴ Until 31 March 2010, Members representing Inner London constituencies had automatically received LCA and not been eligible for PAAE. (Appendix 4 includes details of constituencies within 20 miles of the Palace of Westminster, at 1 April 2010.)

Following the expenses scandal in 2009, the Speaker, then Michael Martin, "convened a meeting of party leaders—both major and minor parties—and members of the House of Commons Commission to make decisions on the operation of parliamentary allowances pending the recommendations of Sir Christopher Kelly's Committee on Standards in Public Life". After that meeting, on 19 May, he made a statement and described a number of changes that would be made to the rules on expenses, with immediate effect:

Second homes: there will be no more claims for such items as furniture, household goods, capital improvements, gardening, cleaning and stamp duty. The following only should be claimable: rent, including ground rent; hotel accommodation; overnight subsistence; mortgage interest; council tax; service charges; utility bills, including gas, water, electricity, oil, telephone calls and line rental; and insurance—buildings and contents.

Designation of second homes: no changes to be made to designation of second homes in the years 2009-10, with a transparent appeal procedure for exceptional cases.

⁸¹ For example, HC Deb 18 November 2009 c15; 19 November 2009 cc129-131

⁸² HC Deb 26 November 2009 c675. For further information on the CSPL report and the need for further legislation to implement some of its proposals, see House of Commons Library Standard Note, *Committee on Standards in Public Life's Review of Members' Allowances*, SN/PC/5188

⁸³ House of Commons Commission, *Minutes 8 March 2010*, Item 4

⁸⁴ HC Deb 30 April 2009 cc1127-1130; House of Commons, *The Green Book – A guide to Members' allowances*, Revised Edition, July 2009, para 2.1.2

Capital gains tax: Members selling any property must be completely open with the tax authorities about whether they have claimed additional costs allowance on that property as a second home and are liable for capital gains tax. Members should make a declaration in respect of any property on which they claim for expenditure that it is not—and will never be—their main residence for capital gains tax purposes. Whether such a declaration has been made will be made public.

Couples: Members who are married or living together as partners must nominate the same main home, and will be limited to claiming a maximum of one person's accommodation allowance between them.

Mortgages: all those Members claiming reimbursement must confirm that the mortgage continues, that the payments are for interest only, and the amount claimed is accurate. Mortgage interest claims will be capped at £1,250 per month. In the view of the meeting—and subject to the recommendations of the Kelly committee—this maximum figure should be reduced in the longer term. The same cap will apply to rent and hotel accommodation. Some of these measures I am announcing will require a resolution by the House in the near future; others will be put into effect by administrative action.

Staffing: we confirmed the enforcement of deposit of staff contracts and the registration of any relatives employed.⁸⁵

The Leader of the House of Commons, Harriet Harman confirmed that, additionally, the Prime Minister had provided a document for the discussions with the Speaker and other party leaders.⁸⁶ The document, *Proposals for Fundamental Reform of the Parliamentary Allowances System*, was deposited in the Library.⁸⁷

On 20 May 2008, the Leader of the House made a statement to the House and the MEC met and agreed changes to the rules on the PAAE.

After describing the background to the meeting convened by the Speaker and outlining the decisions taken by the meeting on allowances, the Leader of the House set out some details on the proposed parliamentary standards authority:

The proposal on which we seek to consult would see Parliament legislate to delegate specific responsibilities to a new, independent parliamentary standards authority, which would revise and update the codes of practice for Members of this House, investigate complaints where a Member of this House is alleged to have breached the code of conduct, take forward the implementation of the recommendations of the Committee on Standards in Public Life on allowances and take responsibility for authorising claims for payment under the new allowance system. It would be able not only to disallow claims, but to require payback of claims wrongly paid out and to impose financial penalties.

It is clearly appropriate that the new body should also take responsibility for such issues in the Lords, including administering and regulating the systems for peers' allowances, overseeing the code governing peers' conduct and the Register of Lords' Interests, ensuring high standards of propriety and financial conduct, investigating alleged abuses of the system and recommending any necessary sanctions.

[...]

⁸⁵ HC Deb 19 May 2009 cc1421-1422

⁸⁶ *Ibid*

⁸⁷ *Proposals for Fundamental Reform of the Parliamentary Allowances System*, 19 May 2009, Dep 2009/1474

The new authority would also maintain the register of Members' financial interests in this House and deal with the disclosure of second incomes. Discipline issues that might require sanctions such as suspension from the House, which would have a bearing on Members' ability to perform their work, would remain a matter for the whole House through the Standards and Privileges Committee. Only the electorate, or those who are themselves democratically elected, should be able to prevent a Member from doing their work in this House.⁸⁸

A summary of annual limits for the allowances in the House of Commons, since 1997, is set out below, in Table 8. The rates for 2010/11 are quoted for the whole year but applied only in the period to the general election, on a proportional basis.

Table 8: MPs' allowances – summary 1997/98-2010/11

(a) Staffing and Office etc Costs, Overnight Costs and London Supplement

	Old Office Costs Allowance (max)	Staffing Expenditure (max) (a)	Personal Additional Accommodation Expenditure (b)	Administrative and Office Expenditure (c)	Communications Expenditure (d)	London Costs Allowance (e)	Maximum winding-up
1997/98	£47,568		£12,287			£1,358	£15,856
1998/99	£49,232		£12,717			£1,406	£16,411
1999/00	£50,264		£12,984			£1,436	£16,755
2000/01	£51,572		£13,322			£1,473	£17,191
2001/02	£52,760		£19,469			£1,507	£17,587
2002/03	£53,446	£72,310	£19,722	£18,234		£1,527	£30,181
2003/04		£74,985	£20,333	£18,799		£1,574	£31,261
2004/05		£77,534	£20,902	£19,325		£1,618	£32,286
2005/06		£84,081	£21,634	£20,000		£2,613	£34,694
2006/07		£87,276	£22,110	£20,440		£2,712	£35,905
2007/08		£90,505	£23,083	£21,339	£10,000	£2,812	£37,281
2008/09		£100,205	£24,006	£22,193	£10,400	£2,916	£40,799
2009/10		£103,812	£24,222	£22,393	£10,400	£7,500	£42,068
2010/11		£105,265	£24,803	£22,930	£10,400	£7,500	£42,732

(a) Staffing Allowance until 2008/09

(b) Additional Costs Allowance until 2008/09

(c) Incidental Expenses Provision until 2008/09

(d) Communications Allowance until 2008/09

(e) London Supplement until 2008/09

⁸⁸ HC Deb 20 May 2009 c1506

(b) Mileage rates

	Vehicle mileage (pence per mile)			
	Car (a)			
	<10,000	>10,000	Motorcycle	Bicycle
1997/98	48.8	22.3		
1998/99	50.1	23.1		6.4
1999/00	51.2	23.6		6.5
2000/01	52.5	24.2		6.7
2001/02	53.7	24.8		6.9
2002/03	54.4	25.1		7.0
2003/04	56.1	25.9		7.2
2004/05	57.7	26.6	24.0	20.0
2005/06	40.0	25.0	24.0	20.0
2006/07	40.0	25.0	24.0	20.0
2007/08	40.0	25.0	24.0	20.0
2008/09	40.0	25.0	24.0	20.0
2009/10	40.0	25.0	24.0	20.0
2010/11	40.0	25.0	24.0	20.0

Note: (a) Higher rate was paid for up to 20,000 miles per year before 2005/06

5 IPSA's MPs' Expenses Schemes

Section 5 of the *Parliamentary Standards Act 2009* gave IPSA a statutory duty to prepare and regularly review and revise an allowances scheme for Members of Parliament. In fulfilling that statutory duty it was required to consult:

- (a) the Speaker of the House of Commons,
- (b) the Committee on Standards in Public Life,
- (c) the Leader of the House of Commons,
- (d) any committee of the House of Commons nominated by the Speaker,
- (e) members of the House of Commons,
- (f) the Review Body on Senior Salaries,
- (g) Her Majesty's Revenue and Customs,
- (h) the Treasury, and
- (i) any other person the IPSA considers appropriate.⁸⁹

IPSA is also responsible for paying expenses under the Scheme it prepares.

In the Foreword to the first edition of *The MPs' Expenses Scheme*, IPSA confirmed that it would revise the MPs' Expenses Scheme annually.⁹⁰

5.1 First and Second Editions for 2010/11

IPSA issued its initial consultation, *MPs' Expenses – a consultation*, on 7 January 2010.⁹¹ The consultation closed on 11 February 2010. A report on the consultation was annexed to the *MPs' Expenses Scheme*.⁹²

⁸⁹ *Parliamentary Standards Act 2009* (chapter 13), section 5(4)

⁹⁰ Independent Parliamentary Standards Authority, *The MPs' Expenses Scheme*, 29 March 2010, HC 501 2009-10, p3

⁹¹ Independent Parliamentary Standards Authority, *MPs' Expenses – a consultation*, 7 January 2010

⁹² Independent Parliamentary Standards Authority, *The MPs' Expenses Scheme*, 29 March 2010, HC 501 2009-10

IPSA's *MPs' Expenses Scheme* comprised 12 parts and two schedules. After setting out details of processes and general conditions, the scheme described the different expenses that IPSA would reimburse, under the following headings:

Accommodation Expenses
London Area Living Payment
Travel and Subsistence Expenses
Staffing Expenditure
Constituency Office Rental Expenditure
General Administrative Expenditure
Winding-up Expenses
Miscellaneous Expenses.

In June 2010, IPSA issued a consultation paper entitled *Consultation on Amendments to the MPs' Expenses Scheme Rules*. IPSA explained that it had "identified some anomalies and unintended consequences [of the Scheme] which it wishes to put right",⁹³ and that:

This consultation is focusing on amendments to specific rules within the Scheme which have caused concern in the initial operation of the Scheme. The following proposals reflect concerns which have been raised to IPSA by MPs over recent weeks, and our desire to rectify any anomalies which the Scheme currently contains. Any changes adopted will take effect from 7 May 2010, enabling IPSA to address the anomalies and concerns.⁹⁴

Following the consultation, IPSA issued *The MPs' Expenses Scheme: Second Edition*, in July 2010. It was laid before the House by the Speaker on 26 July 2010.⁹⁵ All the rule changes in the Second Edition were applied retrospectively from 7 May 2010.

The foreword to the Scheme provided a summary of the changes to the Scheme:

- the reflection of the 2010 Act amendments (paragraph 3.11, 3.12, 3.15, 4.5, and 4.6);
- MPs who own their property but who are not claiming mortgage interest subsidy can claim associated expenditure (paragraph 5.2(c));
- MPs who are eligible for Accommodation Expenses can claim for journeys between any point in the constituency (or a home or office within 20 miles of their constituency) and Westminster or a London Area home (paragraph 7.2(a));
- for air travel, reimbursement is limited to the rate of an economy, or flexible economy, class ticket, for the same journey available at the time of booking (paragraph 7.9);
- where more than one MP travels in the same car, we have clarified that only one of the MPs may submit a claim for the cost of each journey (paragraph 7.11);
- members may claim reimbursement of the costs of an evening meal (excluding alcoholic drinks), only where they are required to be at the House of Commons

⁹³ Independent Parliamentary Standards Authority, *Consultation on Amendments to the MPs' Expenses Scheme Rules*, IPSA 03, June 2010, para 1.4

⁹⁴ *Ibid*, para 3.2

⁹⁵ Independent Parliamentary Standards Authority, *The MPs' Expenses Scheme: Second Edition*, July 2010, HC 405 2010-12; House of Commons, [Votes and Proceedings](#), 26 July 2010, Appendix, Item 57

because the House is sitting beyond 7:30pm, but this meal does not need to be eaten on the Parliamentary estate (paragraph 7.30);

- members may claim Travel and Subsistence Expenses for the cost of an overnight hotel for a member of their staff, where the staff member has necessarily travelled in assisting the MP in his or her Parliamentary functions, or in undertaking relevant training. Such claims may be made only when it is unreasonable to expect the staff member to return to any residence. The limits are set out in paragraph 5.22 (paragraph 7.32);
- MPs may claim reimbursement for subsistence expenses for their staff members if the staff member necessarily stays overnight in a hotel to assist the MP in his or her Parliamentary functions, or if the staff member is undertaking training. Expenditure is limited to £25 for each night for food and non-alcoholic drinks;
- MPs may submit claims for the incidental expenses of interns and volunteers if they meet the conditions set out in paragraph 8.7 (paragraph 8.2(f));
- in accordance with the conditions set out in paragraph 8.5, IPSA may at its discretion pay the salaries of MPs' staff with effect from the commencement of the staff member's employment (paragraph 8.6); and
- in addition to other payments or assistance provided by this Scheme, IPSA may, at its discretion, provide MPs on an individual basis with such additional financial assistance as it deems necessary to allow them to carry out their parliamentary duties effectively (paragraph 12.15).

All the changes which have been made are applied retrospectively to 7 May 2010.⁹⁶

5.2 Third Edition for 2011/12

On 5 January 2011, IPSA issued a consultation paper *Annual Review of the MPs' Expenses Scheme: Consultation – January 2011*. The consultation closed on 11 February 2011.⁹⁷ The consultation concentrated on the key themes of:

- Family issues;
- The London Area; and
- The costs of running an office – including staffing

IPSA's *The MPs' Expenses Scheme Third Edition* (April 2011, HC 890), its determination of Members' expenses under the *Parliamentary Standards Act 2009*, came into force on 1 April 2011 (para 3.7). It comprised four parts, covering conditions, working from two locations, office support and other support; three schedules; and three annexes.⁹⁸ After setting out details of processes and general conditions, the scheme described the different expenses that IPSA would reimburse.

The Scheme included a number of changes to the rules on eligibility for expenses, while separate budgets for Constituency Office Rental Expenditure and General Administrative Expenditure were combined in the Office Costs Expenditure. Additionally some changes were made to procedures:

⁹⁶ Independent Parliamentary Standards Authority, *The MPs' Expenses Scheme: Second Edition*, July 2010, HC 405 2010-12, Foreword

⁹⁷ Independent Parliamentary Standards Authority, *Annual Review of the MPs' Expenses Scheme: Consultation – January 2011*, January 2011

⁹⁸ Independent Parliamentary Standards Authority, *The MPs' Expenses Scheme: Third Edition*, March 2011, HC 890 2010-12 [Note: this paper was withdrawn and replaced by HC 954 2010-12]

- From 1 April 2011, Members were allowed to delegate the submission of claims to a designated proxy.
- From November 2010, Members were able to use a payment card for certain payments.⁹⁹ A travelcard had been available for longer. Annex C of the *MPs' Expenses Scheme: Third Edition* sets out the conditions of use for the payment card.

Alongside the Third Edition of the Scheme, IPSA also published its *Annual Review of MPs' Expenses Scheme 2011*, which included:

- A foreword by the Board of IPSA;
- A note on the evolution of the Scheme
- The MPs' Expenses Scheme: Third Edition, including guidance (the Scheme was published separately as HC 890 2010-11);
- A report on the consultation of January-February 2011; and
- An equality impact assessment of the MPs' Expenses Scheme.¹⁰⁰

The *MPs' Expenses Scheme Third Edition* (March 2011, HC 890) was withdrawn in May 2011 and replaced by *The MPs' Expenses Scheme Third Edition* (May 2011, HC 954).

5.3 Fourth Edition for 2012/13

In November 2011, IPSA issued the *Annual Review of the MPs' Scheme of Expenses and Costs Consultation*.¹⁰¹ The consultation identified two key themes: equality and diversity; and MPs' staffing provisions.

IPSA's report on its consultation was published together with the Fourth Edition of its Expenses Scheme, now the *MPs' Scheme of Business Costs and Expenses*, for 2012/13 on 5 March 2012.¹⁰²

At the beginning of the report, IPSA set out the following summary of changes from 2011/12:

SUMMARY OF CHANGES

Below is a summary of the changes made to the MPs' Scheme of Business Costs and Expenses (the Scheme) for its fourth Edition. The changes come into effect on 1 April 2012.

- IPSA has expanded its guidance on the activities it does not regard as parliamentary to include attendance at party conferences, and campaigning and fundraising for a political party.
- The Accommodation Expenditure budgets have been raised to reflect inflation and, separately, for the average rent MPs pay for Band E properties. The budget for

⁹⁹ Independent Parliamentary Standards Authority, *Expenses Scheme: New Payment Mechanisms and Review of Rules*, Letter from IPSA Chief Executive to Members of Parliament, 9 November 2010

¹⁰⁰ Independent Parliamentary Standards Authority, *Annual Review of MPs' Expenses Scheme 2011*, March 2011

¹⁰¹ Independent Parliamentary Standards Authority, *Annual Review of the MPs' Scheme of Expenses and Costs Consultation – November 2011*, November 2011

¹⁰² Independent Parliamentary Standards Authority, *Annual Review of the MPs' Scheme of Business Costs and Expenses*, 5 March 2012, HC 1868 2010-12 [IPSA, *Fourth Edition*, HC 1868 2010-12]

MPs claiming the mortgage interest subsidy has been reduced because the subsidy comes to an end in August 2012.

- The Office Costs Expenditure budgets have been raised to reflect inflation. They are now £24,750 for London Area MPs and £22,200 for non-London Area MPs.
- MPs can now display their party logo on websites and still claim the cost of the website.
- IPSA will offer MPs the opportunity to purchase legal expenses insurance through a centrally arranged scheme. MPs can still choose not to purchase this insurance or to do so individually.
- Office costs and travel claims can now be made for staff members who live more than 20 miles from the constituency of the MP who employs them.
- The Staffing Expenditure budget limit has been increased to £137,200 for non-London Area MPs and £144,000 for London area MPs, incorporating a 5% supplement for London Area MPs to reflect higher salary ranges for staff based in London. IPSA's Estimate is subject to approval by the Speaker's Committee for IPSA.
- New and more flexible job descriptions for staff members will be available, and the redundancy package for staff on IPSA's contracts has been doubled from the statutory minimum.
- The Winding-Up budgets have been increased to £56,250 for London Area MPs and £53,150 for non-London Area MPs.
- MPs who leave Parliament can continue to claim associated expenditure on their accommodation for up to two months, as well as any security and disability assistance they were claiming before they left.
- MPs who lose their seats in an election before 2015 will be eligible for a resettlement payment. This is an interim policy in advance of the review of MPs' pay and pensions, which will identify a longer term solution.
- MPs' staff can claim the cost of a railcard where it represents value for money on their parliamentary-related journeys.
- Rules for the cost of travelling for a recall of Parliament have been introduced.
- Rules for claims during an election period have been introduced.¹⁰³

5.4 Members' concerns about IPSA

From the outset, Members were critical of the operation of IPSA, in particular in relation to the treatment of returning staff and the alleged difficulties in obtaining advice from IPSA. Within three weeks of the General Election in 2010, concerns were raised at Business questions. For example, David Winnick referred to IPSA's system as "deeply bureaucratic and complex, and that it undermines both the work we have been elected to do and that of

¹⁰³ IPSA, *Fourth Edition*, HC 1868 2010-12, p7

our staff".¹⁰⁴ Mr Winnick also initiated a debate in Westminster Hall on the subject of IPSA on 16 June 2010.¹⁰⁵ IPSA issued a response to the debate.¹⁰⁶

Despite changes being made in the Scheme guidance, and amendments being made to the Scheme itself, criticism continued.

Adam Afriyie introduced a private Member's bill, the *Parliamentary Standards (Amendment) Bill 2010-11*, as a presentation bill.¹⁰⁷ Following objections to the Bill's second reading, he made an application for a debate on IPSA in Backbench Business Committee (BBCom) time, on 25 October 2010. He outlined his Bill in evidence to the Committee.¹⁰⁸

Mark D'Arcy, the BBC political correspondent, commented on the criticisms of IPSA on his blog. He wrote that "you can still hardly walk 10 feet in Westminster without encountering an MP with a grievance against IPSA".¹⁰⁹ Adam Afriyie told the Backbench Business Committee that "every single MP – we all know it; in the Tea Room or wherever two MPs are gathered – is talking about this".¹¹⁰ However, according to Matthew Parris, the former MP, writing in the *Spectator*, "Many MPs ... dare not complain publicly because of the witch-hunting atmosphere that still prevails". He highlighted difficulties arising from the way in which the rules were being interpreted and argued that problems were exacerbated because those who wished to discuss them "are told to send emails instead".¹¹¹

Adam Afriyie returned to the BBCom on 8 November, with a draft motion.¹¹² He explained, again, why he was proposing the topic.¹¹³

On 15 November, Mr Afriyie proposed a debate on IPSA again. He set out why the debate should take place, and why the debate was needed in the near future.¹¹⁴

He reported that there were 40 Members "who support the idea of having a debate. There are far more names of MPs who would wish to participate in the debate". Approximately 20 Members attended the BBCom meeting to show their support, including the chairs of Parliamentary Labour Party (PLP), the 1922 Committee and the Liberal Democrat Parliamentary Party.¹¹⁵

Tony Lloyd, the chair of the PLP, noted that IPSA was reviewing its operations and argued that a debate sooner rather than later would offer "the opportunity to have material influence on the deliberations, for example, of IPSA itself". Graham Brady, the chairman of the 1922 Committee, reported that the 1922 had asked for "people's views about the operation of the existing system". They had found that there was "a strong view that the existing

¹⁰⁴ HC Deb 27 May 2010 cc286-287

¹⁰⁵ HC Deb 16 June 2010 cc137WH-160WH

¹⁰⁶ Independent Parliamentary Standards Authority, *Westminster Hall Debate 160610 – our response*

¹⁰⁷ Bill 55 of 2010-11

¹⁰⁸ Backbench Business Committee, *Oral Evidence taken before the Backbench Business Committee on Monday 25 October 2010*, Q27

¹⁰⁹ Mark D'Arcy, "[A perfect storm](#)", *Mark D'Arcy's blog*, 23 November 2010

¹¹⁰ Backbench Business Committee, *Oral Evidence taken before the Backbench Business Committee on Monday 8 November 2010*, Q35

¹¹¹ Matthew Parris, "Take it from a former MP – popular outrage is wrecking parliament", *Spectator*, 6 November 2010

¹¹² Backbench Business Committee, *Oral Evidence taken before the Backbench Business Committee on Monday 8 November 2010*, Q35

¹¹³ *Ibid*

¹¹⁴ Backbench Business Committee, *Oral Evidence taken before the Backbench Business Committee on Monday 15 November 2010*, Q1

¹¹⁵ Backbench Business Committee, *Oral Evidence taken before the Backbench Business Committee on Monday 15 November 2010*, Qq4-6

arrangements are not working as they should and are impacting on hon. Members' ability to serve constituents as we would wish to". Lorely Burt, the chair of the Liberal Democrat Parliamentary Party, echoed "what has been said about the dissatisfaction and the difficulty" However, she expressed concern that the debate could be viewed as Members "whingeing".¹¹⁶

The BBCom announced that on 2 December, the House would consider a motion on IPSA.¹¹⁷

Mr Afriyie's debate was held on the following motion:

That this House regrets the unnecessarily high costs and inadequacies of the systems introduced by the Independent Parliamentary Standards Authority (IPSA); calls on the IPSA to introduce a simpler scheme of office expenses and Members' allowances that cuts significantly the administrative costs, reduces the amount of time needed for administration by Members and their staff, does not disadvantage less well-off Members and those with family responsibilities, nor deter Members from seeking reimbursement of the costs of fulfilling their parliamentary duties; and believes that if these objectives are not reflected in a new scheme set out by the IPSA in time for operation by 1 April 2011, the Leader of the House should make time available for the amendment of the Parliamentary Standards Act 2009 to do so.¹¹⁸

In his closing remarks, Mr Afriyie pointed out that his motion would allow the House to bring forward amendments to the scheme from April 2011:

I am begging IPSA please to propose a scheme that sorts the problems out, and I hope that it will. It has the mandate of the House of Commons already, so it can do so. However, the motion states that if a scheme that can be put into operation by 1 April 2011 is not proposed, this place will act-not in our interests, but in the interests of our constituents and Parliament.

I am now on the record as encouraging IPSA to come forward with a scheme, but we must be clear on timing. If a proposal is not forthcoming by, say, mid-January, it will be impossible to introduce a scheme before the beginning of the next financial year. Therefore, if the motion is carried, it is necessary for us to introduce a Bill or a statutory instrument or something, probably this side of Christmas, in case IPSA's proposal is not the right one. Otherwise, we are trapped within the current system, and our constituents will suffer. The costs will be astronomically high for at least another year to a year and a half, and I fear that Members will begin to leave Parliament. The work of Parliament will continue to be impeded unless such changes are made.¹¹⁹

In his remarks in the debate, Mark Harper, the Parliamentary Secretary, Cabinet Office, argued that there was no need to change the legislation. He also reiterated the Government's support for the principles of independence and transparency for IPSA.¹²⁰

At the end of the debate, the House agreed to the motion without a division.¹²¹

¹¹⁶ Backbench Business Committee, *Oral Evidence taken before the Backbench Business Committee on Monday 15 November 2010*, Qq7-8

¹¹⁷ Backbench Business Committee, *Determination of Business in the Chamber for week commencing 29 November*

¹¹⁸ House of Commons, *Order Paper*, 2 December 2010

¹¹⁹ HC Deb 2 December 2010 c1026

¹²⁰ HC Deb 2 December 2010 c1066

¹²¹ HC Deb 2 December 2010 c1074

Following the publication of the *Members' Expenses Scheme Third Edition*, in March 2011, Adam Afriyie returned to the BBCom to ask for a further debate on IPSA. First, on 26 April 2011, he made an initial application.¹²²

Then, on 3 May 2011, he gave more information on his proposal, including an outline of the motion that he proposed should be debated, and the support that he had for the debate.¹²³

The Committee agreed to allow time for a debate on 12 May 2011.

On 12 May 2011, the House debated and agreed that:

That it be an instruction to the Committee on Members' Allowances established under Standing Order No. 152G (Committee on Members' Allowances) that it review the operation of the Parliamentary Standards Act 2009 and make recommendations, giving due consideration to ensuring:

- (a) value for money for taxpayers;
- (b) accountability;
- (c) public confidence in Parliament;
- (d) the ability of Members to fulfil their duties effectively;
- (e) fairness for less well-off Members and those with families; and
- (f) that Members are not deterred from submitting legitimate claims.¹²⁴

Following the House's decision to instruct the Committee on Members' Allowances to review the *Parliamentary Standards Act 2009*, the House agreed to rename the Committee, the Committee on Members' Expenses on 7 July 2011.¹²⁵ It also agreed to instruct the Committee to report by 31 December 2011.¹²⁶ The Committee's members were appointed on 18 July,¹²⁷ and Adam Afriyie was elected Chair at the Committee's first meeting on 19 July 2011.¹²⁸

On 12 December 2011, *The Operation of the Parliamentary Standards Act 2009*, the Committee on Members' Expenses review of the *Parliamentary Standards Act 2009*, was published.¹²⁹

The Committee had agreed the report at its meeting on Tuesday 6 December 2011, and shortly afterwards Adam Afriyie had appeared before the BBCom to bid for time for a debate on the Report.¹³⁰

BBCOM provided time for a debate on the report on 15 December 2011.¹³¹

¹²² Backbench Business Committee, [Transcript of representations made on 26 April 2011](#), Q14

¹²³ Backbench Business Committee, [Transcript of representations made on Tuesday 3 May 2011](#), Qq1-6

¹²⁴ HC Deb 12 May 2011 cc1387-1405

¹²⁵ HC Deb 5 July 2011 cc1728-1735

¹²⁶ HC Deb 5 July 2011 c1735

¹²⁷ HC Deb 18 July 2011 c761

¹²⁸ Committee on Members' Expenses, [Formal Minutes Session 2010-12](#)

¹²⁹ Committee on Members' Expenses, [The Operation of the Parliamentary Standards Act 2009](#), 12 December 2011, HC 1484-I 2010-12

¹³⁰ Backbench Business Committee, [Representations made before the Backbench Business Committee Tuesday 6 December 2011](#), uncorrected transcript, Q6

¹³¹ HC Deb 8 December 2011 c419

On 12 December 2011, IPSA issued a press release in response to the Committee on Members' Expenses Report.¹³²

The Committee on Members' Expenses' report was debated on 15 December 2011. Adam Afriyie tabled the following motion:

That this House approves the recommendations of the First Report from the Members' Expenses Committee on the Operation of the Parliamentary Standards Act 2009, HC 1484.¹³³

However, the motion was amended, without a division, and the House resolved:

That this House thanks the Members' Expenses Committee for its First Report on the Operation of the Parliamentary Standards Act 2009, HC 1484; and refers it to IPSA to be considered as part of its Annual Review.¹³⁴

In July 2011, the National Audit Office (NAO) published a review of "the value for money that IPSA has achieved since its creation, both through the MPs' Expenses Scheme and its other functions".¹³⁵ In its summary, the NAO set out its key findings and reported its conclusion on value for money:

22 IPSA set itself up with commendable speed, and despite initial problems, has done well to create a functioning new expenses scheme which safeguards public money and has made a significant contribution to increasing public confidence. IPSA has paid attention to increasing its own efficiency and has reduced its average cost of dealing with claims significantly.

23 Any expenses system needs to manage the inherent tension between preventing misuse of money and enabling an organisation's core business to be done well. IPSA's scheme is clearly achieving the former. However, IPSA did not have sufficient regard to the impact its Scheme was having on the ability of MPs to fulfil their duties in its first year of operation, nor to the costs falling upon them. The scheme as a whole will offer better value for money if IPSA accelerates the streamlining of its own procedures and gives greater priority to minimising the costs necessarily falling on MPs.¹³⁶

The Public Accounts Committee took oral evidence from IPSA on the NAO on 13 July 2011, and the published its report, entitled *Independent Parliamentary Standards Authority*, on 23 September 2011.¹³⁷ It agreed the following conclusions and recommendations:

1. The new system for paying MPs' expenses is robust and has improved public confidence, but there is significant scope to improve its cost effectiveness. IPSA is committed to reducing its operating budget by 5% each year during the course of this Parliament. It is striking, however, that 38% of claims submitted are for less money than the average cost of processing the claims. IPSA should reduce this percentage substantially, and set performance targets, such as average cost per claim, by which its value for money can be judged. IPSA should report progress publicly.

¹³² Independent Parliamentary Standards Authority press release, *IPSA Press Release in Response to Publication of CME Report*, 12 December 2011

¹³³ HC Deb 15 December 2011 c944

¹³⁴ HC Deb 15 December 2011 c978

¹³⁵ National Audit Office, *Independent Parliamentary Standards Authority: The payment of MPs' expenses*, 7 July 2011, HC 1273 2010-12

¹³⁶ *Ibid*, p9

¹³⁷ Public Accounts Committee, *Independent Parliamentary Standards Authority*, 23 September 2011, HC 1426 2010-12

2. Public confidence in the system for MPs' expenses has markedly improved, but further simple steps by IPSA could help to build on these gains. The level of interest in MPs' claims has reduced, from over 10,000 unique hits on the IPSA website in response to expenses data published in December 2010, to fewer than 100 following the publication of data in July 2011. This, along with the results of an NAO survey which showed that 55% of the public felt the situation regarding MPs' expenses had got better in the last year, is welcome evidence of improved public confidence. To improve public confidence further, IPSA should draw a distinction between salaries and expenses in its public communications and make clear that all expenses claims paid are within the rules, and that rejected claims, unless otherwise stated, are the result of administrative errors rather than deliberate misbehaviour.

3. IPSA's validation processes are disproportionate, in particular on low-value and low-risk claims. The level of error that IPSA detects through its validation is extremely low and currently its approach does not distinguish enough between highrisk areas of expenditure and those where the risk of error or abuse is inherently low. IPSA should develop a more risk-based approach to validation, tailored to the size and nature of the different claims it receives.

4. Eighty-five per cent of MPs say that dealing with expenses hinders them from performing their duties in Parliament and to their constituents. The combined amount of time spent by MPs and their staff dealing with expenses could cost in the region of £2.4 million a year. While it is inevitable that MPs will need to spend some time dealing with expenses if the system is to be robust, this is too much. IPSA acknowledged that currently the balance is not right and set out a number of initiatives to reduce it. IPSA should monitor the time MPs and their staff spend dealing with expenses in future, using the data in the NAO survey as a benchmark. It should set out clearly the steps it will take, and by when, to reduce the time it takes to make claims in future.

5. Guidance for MPs and their staff on making claims is not sufficiently clear and accessible and they do not always receive consistent advice from IPSA staff. IPSA acknowledged that it would be more helpful if MPs could access guidance on making claims from within the expenses system itself and if all guidance was consolidated in one place and easily searchable. When MPs or their offices talk to IPSA staff, they often have to repeat information they have provided before about their circumstances, as IPSA systems do not retain it. IPSA should undertake a costbenefit analysis to evaluate whether an account management model would be a more efficient way of organising contacts between MPs and IPSA staff in the future, factoring into its analysis the current burden on MPs and their staff.

6. The expenses system is still relatively new and there is much scope for future improvement as it develops. IPSA made a number of commitments, including carrying out a review of the sufficiency and appropriateness of MPs' staffing arrangements, reviewing the resourcing of the Compliance Officer function, considering options for taking advantage of bulk-purchasing arrangements and improving the payment card reconciliation process. In developing these improvements, IPSA should engage with Parliamentary committees and other informal groups that have been set up to consider expenses-related issues, and this Committee looks forward to seeing the results.¹³⁸

On 21 December 2011, IPSA's response to the Public Accounts Committee's recommendations was published by the Committee. The Committee also published a letter

¹³⁸ *Ibid*, Conclusions and Recommendations, pp5-6

from the Committee Chair asking IPSA to reconsider its response to some of the recommendations.¹³⁹

In its response to the Public Accounts Committee, IPSA noted that:

We have already taken the decision to draw distinction between expenses and costs and salaries, as set out in our publication of each MP's annual expenditure. We will continue to do this.¹⁴⁰

This is reflected in the changing of the name of IPSA's Scheme from the *MPs' Expenses Scheme* to the *MPs' Scheme of Business Costs and Expenses*.

IPSA also noted that:

We are committed to simplifying our system and since the PAC hearing on IPSA we have made a number of improvements to the process for submitting a claim to the IT system.

In October, we introduced further simplifications to our processes, including the creation of favourite claims; simplifying the process for claiming mileage; and the introduction of our relationship with thetrainline.com, meaning MPs to not have to claim for train tickets - they can just book and travel.

The time MPs and their staff spend on the system has fallen dramatically from well over an hour a week in some cases to a current average of 33 minutes a week, or around six and a half minutes per day. We will continue to monitor this and seek to reduce it further.¹⁴¹

6 Expenses: current rates

A summary of the maximum budgets for expenses under IPSA's scheme is given in Appendix 6.

6.1 Accommodation Expenditure

Under the IPSA scheme, Accommodation Expenditure is not payable to London Area MPs or those who occupy 'grace and favour' accommodation.¹⁴² Accommodation Expenditure will only cover rent or hotel accommodation and associated expenditure; and for a transitional period, until 31 August 2012, mortgage interest (for MPs who had claimed mortgage costs under the House of Commons allowances scheme). Members who do not claim rent or mortgage interest are able to claim for associated expenditure.¹⁴³ The scheme sets budgets for non-London Area MPs renting in the London area and at five different rates for those renting in non-London Area constituencies. The London Area constituencies are listed in Appendix 5. Thirty one constituencies that were defined as London Area seats in 2010/11 were re-defined as non-London Area in 2011/12 (see below).

¹³⁹ Public Accounts Committee, *IPSA: Response to Fifty-first Report of Session 2010-12*, 21 December 2012, HC 1723 2010-12

¹⁴⁰ *Ibid*, Appendix 2, Response to Recommendation 2

¹⁴¹ *Ibid*, Appendix 2, Response to Recommendation 4

¹⁴² IPSA, *Fourth Edition*, HC 1868 2010-12, para 4.2

¹⁴³ IPSA, *Fourth Edition*, HC 1868 2010-12, para 4.8c

For Members renting in the London area, the annual Accommodation Expenditure budget for 2012/13 is £20,000.¹⁴⁴ In 2010/11 a limit for rental payments, within the overall limit, was set.¹⁴⁵ The limit for rental payments was removed in 2011/12:

... This is both to simplify the provisions and to add flexibility for MPs at no higher cost to the taxpayer, as the overall budget limits will not be increased. This simplification will apply to the rental limits both in the London Area and elsewhere.¹⁴⁶

As in 2010/11 and 2011/12, for Members renting outside London, the Accommodation Expenditure budgets are lower. Each eligible constituency is allocated to one of five bands. The total budget limit, in 2012/13, for each band is:

Band A	£15,150
Band B	£13,750
Band C	£12,350
Band D	£10,950
Band E	£10,050

As for Accommodation Expenditure in London, limits for rental payments within this global figure are no longer set.¹⁴⁷ The rates all increased from 2011/12:

After reviewing average claims in this category and looking at utility and fuel prices, IPSA has decided that a small increase in this budget is merited to cover inflation. The associated expenditure element of the accommodation budget will therefore be increased by 3.1% from £2,500 to £2,600. The figure of 3.1% is the midpoint between Consumer Price Index (CPI) annual inflation as at December 2011 (4.2%) and the Bank of England forecast for CPI inflation as at March 2013 (2%).¹⁴⁸

IPSA also reviewed rental costs and found that “the average rent in Band E only left £2,000” to cover associated expenditure. It decided that “there will be no change to the rental elements of accommodation Bands A to D, but Band E will be increased by £500”.¹⁴⁹

IPSA specified that a lower budget of £8,850 will be available for those Members who continue to claim for mortgage interest in 2012/13.¹⁵⁰ Any Member, including London Area Members, who received mortgage interest in respect of their second home allowance can continue to claim mortgage interest until 31 August 2012 at the latest.¹⁵¹ In 2010/11 a limit for mortgage payments, within the overall limit was set.¹⁵² In line with claims for rent, this limit was removed in 2011/12.

¹⁴⁴ IPSA, *Fourth Edition*, HC 1868 2010-12, para 4.12

¹⁴⁵ Independent Parliamentary Standards Authority, *The MPs' Expenses Scheme: Second Edition*, 26 July 2010, HC 405 2010-12, paras 5.9-5.10

¹⁴⁶ Independent Parliamentary Standards Authority, *Annual Review of MPs' Expenses Scheme 2011*, “Report on the Consultation of January-February 2011” [IPSA, *Consultation Report 2011*], March 2011, para 7.7

¹⁴⁷ Independent Parliamentary Standards Authority, *The MPs' Expenses Scheme: Third Edition*, May 2011, HC 954 2010-12, paras 4.14-4.15, Annex B; Independent Parliamentary Standards Authority, *The MPs' Expenses Scheme: Second Edition*, July 2010, 26 July 2010, HC 405 2010-11, para 5.11 and Guidance

¹⁴⁸ Independent Parliamentary Standards Authority, *Annual Review of the MPs' Scheme of Business Costs and Expenses*, 5 March 2012, HC 1868 2010-12, “Report on the Consultation of November-January 2011-12”, para 3.8

¹⁴⁹ *Ibid*, para 3.7

¹⁵⁰ IPSA, *Fourth Edition*, HC 1868 2010-12, para 4.16

¹⁵¹ IPSA, *Fourth Edition*, HC 1868 2010-12, para 4.8(d)

¹⁵² Independent Parliamentary Standards Authority, *The MPs' Expenses Scheme: Second Edition*, 26 July 2010, HC 405 2010-12, paras 5.9-5.10, 5.12-5.13

The Scheme provides that MPs who share rental accommodation will be entitled to the full Accommodation Expenditure budget.¹⁵³ In 2010/11, reduced limits applied to Members who shared accommodation:

5.14 If two eligible Members elect to share rental accommodation, that intention shall be registered with IPSA when an application for expenses relating to the shared property is made. Throughout the duration of such arrangements, the combined Accommodation Expenses budget for those two Members is limited to four thirds of one Member's budget.

5.15 For any subsequent eligible MPs who elect to share this accommodation, the combined Accommodation Expenses budget for all of the MPs sharing the accommodation is to be increased by two thirds of one MP's budget.¹⁵⁴

In its January 2011 Consultation, IPSA asked, "Is the two-thirds rule acting as a disincentive to sharing?"¹⁵⁵ IPSA reported a mixed response to the consultation and then drew the following conclusions:

7.15 This rule provided that where two MPs share a residence, they are together entitled to fourthirds of the accommodation budget. This reflected the generally lower costs of sharing accommodation. There is evidence that limiting the expenses available when two MPs share accommodation to four-third is discouraging MPs from sharing. The numbers sharing accommodation are low, and IPSA is aware that some MPs who were sharing have since extricated themselves from their lease because they found their budget insufficient. This is contrary to the intention of the rule, which was simply to recognise the often lower costs of sharing without discouraging this lower cost option.

7.16 IPSA does not consider the four-thirds rule to be achieving its aim. It unnecessarily negatively impacts on a small number of MPs, while saving the taxpayer very little money. We have therefore abolished the four-thirds rule and will allow MPs who share accommodation to have access to their full accommodation budget. These MPs will still only be able to claim for the costs they actually incur, so if two MPs share the cost of their accommodation equally, each MP would only be able to claim 50% of the total.¹⁵⁶

Members with caring responsibilities can claim additional budgets: eligibility depends on circumstances. The additional budget limit remains at £2,425 per dependent. Under the Scheme in 2012/13 caring responsibilities are defined in the following way:

4.22 For the purposes of this Scheme MPs will be deemed to have caring responsibilities where they:

- a. have parental responsibility for a dependent child of up to the age of 16, or up to the age of 18 if in full-time education; or
- b. are the sole carer for a dependent child in full-time education, of up to the age of 21 years; or
- c. are the primary carer for a family member in receipt of one of the following benefits:

¹⁵³ IPSA, *Fourth Edition*, HC 1868 2010-12, para 4.19

¹⁵⁴ Independent Parliamentary Standards Authority, *The MPs' Expenses Scheme: Second Edition*, 26 July 2010, HC 405 2010-12, paras 5.14-5.15

¹⁵⁵ Independent Parliamentary Standards Authority, *Annual Review of the MPs' Expenses Scheme: Consultation – January 2011*, January 2011, q19

¹⁵⁶ IPSA, *Consultation Report 2011*, paras 7.15-7.16

- i. Attendance Allowance;
- ii. Disability Living Allowance at the middle or highest rate for personal care; or
- iii. Constant Attendance Allowance at or above the maximum rate with an Industrial Injuries Disablement Benefit, or basic (full day) rate with a War Disablement Pension.¹⁵⁷

In 2010/11 only Members with “a dependent child up to the age of five years”, rather than under 16 (or 18), were deemed to have parental responsibilities.¹⁵⁸

IPSA consulted on the scope of these payments and, in its Report on the January 2011 Consultation, it reported that it received responses calling for no change; calling for the provision to be discarded – “generally based on the argument that most employees do not receive accommodation expenses for their families”;¹⁵⁹ but the most prevalent view was that the cut-off should be when the child reached 18. IPSA’s position following the consultation was that:

2.6 IPSA has limited hard evidence on the number of MPs and their dependants affected by the rules on caring responsibilities and accommodation. It does not hold data on the number of MPs with children, although it does have details of MPs claiming the additional accommodation budget and travel costs for their dependants. IPSA asked MPs to provide this information for a survey conducted for the purposes of its Equality Impact Assessment, but only 6.8% of MPs replied.

2.7 Nonetheless there is anecdotal evidence from MPs that the cut-off of five years old for claiming additional accommodation expenses is having a negative impact on their family life. The approach was derived from the view that children above this age bracket would routinely stay close to their school rather than travel with the MP to and from London or a constituency home. IPSA is now persuaded that this rationale assumes a level of uniformity about the way MPs organise their personal life that cannot be sustained.

2.8 IPSA has therefore extended the eligibility to claim for additional accommodation expenses for caring responsibilities. Eligibility will now extend to all children up to the age of 16, or 18 if they are in full-time education. There is no change to the definition of other dependants.

2.9 MPs will only be eligible to claim these additional accommodation expenses if those dependants routinely reside at the accommodation. This is to allay any public concern that public funds might be used throughout the year to satisfy an occasional need.¹⁶⁰

In 2012/13 Members choosing not to rent accommodation can claim for hotel accommodation, within the following limits (unchanged from 2011/12):

In the London Area	£150 per night
Elsewhere in the United Kingdom	£120 per night

¹⁵⁷ IPSA, *Fourth Edition*, HC 1868 2010-12, para 4.21

¹⁵⁸ Independent Parliamentary Standards Authority, *The MPs’ Expenses Scheme: Second Edition*, 26 July 2010, HC 405 2010-12, para 5.18

¹⁵⁹ IPSA, *Consultation Report 2011*, para 2.3

¹⁶⁰ IPSA, *Consultation Report 2011*, paras 2.6-2.9

In 2010/11, the limits were £130 and £105 per night, respectively.¹⁶¹

In its Report on the January 2011 Consultation, IPSA concluded that, compared with the UK's devolved legislatures, IPSA had the "lowest cap for hotels in the London Area", and that while the £130 limit for booking hotels in advance was adequate, "availability within budget decreased dramatically when trying to book for the same day". It raised the London limit to £150, in line with limits for the Northern Irish and Welsh Assemblies. It also said that "similar arguments apply to the budget limits that apply for hotels outside the London Area".¹⁶²

6.2 London Area Living Payment

London Area MPs and non-London Area MPs, who have informed IPSA of their intention not to claim for accommodation expenses, may claim the London Area Living Payment. In 2012/13, the London Area Living Payment is limited to £3,760 per financial year, unchanged from 2010/11. The number of constituencies in the London area was reduced in 2011/12. Additionally, from 2011/12, MPs representing certain constituencies (outside Greater London) were able to claim a supplement to the London Area Living Payment.¹⁶³ In 2012/13 the London area MPs outside Greater London are able to claim an additional £1,330 per annum in London Area Living Payment,¹⁶⁴ unchanged from 2011/12. A list of London area constituencies is given in Appendix 5. It is annotated to show the reduction in the number of London area constituencies, from 2010/11, and the constituencies which qualify for the additional payment.

In its January 2011 consultation, IPSA asked about the London Area. In the original Scheme, it had defined the London Area as constituencies within 20 miles of Westminster or from which it was possible to commute within 60 minutes at rush hour. In the Report on its Consultation, IPSA restated that defining the London Area in terms of a reasonable commute was fundamental to the Scheme's principle of treating Members, in the matter of expenses, in the same manner as ordinary citizens. However, it concluded that:

With the benefit of nearly a year's operation of the Scheme, IPSA considers the arguments against basing the London Area on a 60 minute commute to be persuasive. The rule does not accurately reflect an MP's actual commute, and does not allow for rail timetable changes, differences in transfer times between stations, and other variations depending on the time of day and whether the travel is at peak time. For these reasons, IPSA favours a geographical definition; geography provides immutability.¹⁶⁵

IPSA continued to consider a definition of the London Area based on Transport for London zones 1-6 was "too small"; nor did it consider that the London Boroughs provided a "suitable area", as "It is normal for members of the public to commute from outside these areas, and the same should apply to MPs".¹⁶⁶ It concluded that:

3.10 IPSA has therefore decided to base the London Area on one clear criterion: whether part of the constituency is within 20 miles of Parliament. A commute of 20 miles by whatever means is reasonable, and the use of a clear geographical boundary

¹⁶¹ Independent Parliamentary Standards Authority, *The MPs' Expenses Scheme: Second Edition*, 26 July 2010, HC 405 2010-12, para 5.22; Independent Parliamentary Standards Authority, *The MPs' Expenses Scheme: Third Edition*, May 2011, HC 954 2010-12, para 4.27; IPSA, *Fourth Edition*, HC 1868 2010-12, para 4.26

¹⁶² IPSA, *Consultation Report 2011*, paras 7.21-7.22

¹⁶³ Independent Parliamentary Standards Authority, *The MPs' Expenses Scheme: Second Edition*, 26 July 2010, HC 405 2010-12, Part 6; Independent Parliamentary Standards Authority, *The MPs' Expenses Scheme: Third Edition*, May 2011, HC 954 2010-12, Chapter 5

¹⁶⁴ IPSA, *Fourth Edition*, HC 1868 2010-12, para 5.4

¹⁶⁵ IPSA, *Consultation Report 2011*, para 3.8

¹⁶⁶ IPSA, *Consultation Report 2011*, para 3.9

eliminates the problems outlined in the above two paragraphs. This boundary has, however, thrown up a small number of anomalies: constituencies where the amount within the 20 mile limit is so small as to render it unfair to treat the whole as being part of the London Area. This affects six constituencies, which are not in the London Area despite a minuscule part of their footprint being within 20 miles of Parliament. These six are Chesham and Amersham, Gravesham, Hemel Hempstead, Hitchin and Harpenden, South Basildon and East Thurrock, and Woking. The list of constituencies that are within the London Area is given in Annex B.

3.11 It is a truism that having a boundary means one constituency will be in it and the MP unable to claim for accommodation expenses, while its neighbour will be outside it and the MP able to claim. The difference between the two may be as little as a few miles. Nonetheless, a boundary must be in place and IPSA is confident that one based on a distance is to be preferred.¹⁶⁷

In addition, although IPSA was not persuaded that there were grounds for increasing the London Area Living Payment generally, a distinction could be made between MPs representing seats in Greater London and others within the IPSA London Area:

These outer London Area MPs face demonstrably higher commuting costs than those within Greater London, averaging around £1,300 per year. In order to make the contribution that the LALP provides fair across the London Area, IPSA has therefore introduced a new rate for the outer London Area MPs. These MPs may claim a LALP of £5,090, while the MPs within Greater London may continue to claim £3,760.¹⁶⁸

6.3 Travel and Subsistence

The main conditions and limits on travel are unchanged. The Third Edition of the Scheme set out the circumstances in which extended travel can be claimed; this practice continues in the Fourth Edition. Previously they were included in guidance.

Motor mileage rates are set out in the Scheme. In 2010/11, they were included in guidance. Motor mileage rates are given in Appendix 6.

The IPSA Scheme makes provision for travel by Members' staff and family members.

It also provides for subsistence expenses in certain circumstances. When travelling and staying away from either home or the London Area as a result of parliamentary functions, expenses for meals (within limits) can be claimed. Provisions are also made for meals when the House sits beyond 7.30pm. When the House

... sits late or when MPs undertake their parliamentary functions in the House of Commons until late at night, MPs may use their discretion in claiming for reimbursement of taxi fares for journeys from the House of Commons to a London Area residence, or for the cost of an overnight stay in a hotel. Taxis will be subject to an upper limit of £80 for each such journey. Hotels will be subject to an upper limit of £150 per night.¹⁶⁹

Limits for subsistence rates are set out in Appendix 6.

¹⁶⁷ IPSA, *Consultation Report 2011*, paras 3.10-3.11

¹⁶⁸ IPSA, *Consultation Report 2011*, para 3.16

¹⁶⁹ IPSA, *Fourth Edition*, HC 1868 2010-12, paras 9.25-9.37

6.4 Staffing Expenditure

From 1 April 2012, IPSA introduced separate limits on Staffing Expenditure for London area and non-London Area Members:

In the London Area	£144,000 per annum
Elsewhere in the United Kingdom	£137,200 per annum ¹⁷⁰

These levels of Staffing Expenditure represent a significant increase from 2011/12, when the maximum budget was £115,000 for all Members (£109,548 in 2010/11). IPSA noted in guidance that “MPs should note these budgets [for 2012/13] are subject to approval of the Speaker’s Committee for IPSA of the necessary monies to fund them”.¹⁷¹

The significant increase in Staffing Expenditure from 2011/12 has occurred because IPSA has concluded that:

The last comprehensive review of MPs’ staffing needs was conducted in 2007 by the Senior Salaries Review Body and concluded that MPs required 3.5 FTE members of staff. IPSA is persuaded, on the basis of the evidence it saw of increased workloads and of unpaid overtime to maintain a service to constituents during its 2011 review of staffing needs, that this level of staffing is no longer sufficient. The new staffing budget is therefore based on MPs employing 4 FTE members of staff. It is also based on MPs employing two senior members of staff (an Office Manager and a Senior Parliamentary Assistant) and two caseworkers. This better reflects the office structures that IPSA saw during its staffing review. IPSA is also persuaded that the budget should no longer be calculated on the midpoint of the salary range, but on the 60th percentile. As Parliament progresses, staff will gain experience that may warrant their moving up the salary range. Last year this was reflected in an increase to the staffing budget; this year it is again reflected but on this occasion through using a higher point on the salary range in the manner given above.¹⁷²

IPSA also concluded that a distinction in the Staffing Expenditure budget between London Area and non-London Area Members was necessary, reflecting that Member’s staff on IPSA contracts who work in London are paid according to higher salary ranges than those based outside London:

All staff members on IPSA contracts and working in the London Area, no matter what constituency their MP represents, must be paid in accordance with the London Area salary ranges. These are approximately 10% higher than the ranges for the rest of the country, and reflect IPSA’s position that the salaries paid to London Area based staff should take account of the higher cost of living in London. On this basis, IPSA is persuaded that having one staffing budget but two different salary ranges does adversely affect London Area MPs, who base all their staff in London (be it in their constituency or in Westminster). It is appropriate to reflect the two different salary ranges in two different budgets for London Area and non-London Area MPs.

IPSA is not persuaded that a centrally funded and automatically-added London weighting is the answer. It is important for simplicity and transparency that all the costs associated with employing MPs’ staff come from one budget, rather than introducing a separate central one. Further, the decision whether to pay London weighting, and if so

¹⁷⁰ IPSA, *Fourth Edition*, HC 1868 2010-12, paras 7.5-7.6

¹⁷¹ IPSA, *Fourth Edition*, HC 1868 2010-12, after paras 7.6

¹⁷² Independent Parliamentary Standards Authority, *Annual Review of the MPs’ Scheme of Business Costs and Expenses*, 5 March 2012, HC 1868 2010-12, “Report on the Consultation of November-January 2011-12”, para 2.45

how much, is one for individual MPs to make and not for IPSA to impose. Consequently, it will remain a choice for MPs whether to pay London-based staff a higher salary (within the appropriate salary range) from within their staffing budget.

To address the issue of one budget and two salary ranges, London Area MPs will be provided with a staffing budget that is 5% higher than that of non-London Area MPs. This is intentionally less than the approximately 10% by which salary ranges for London Area based staff are higher. London Area MPs who give their staff higher salaries because they are in London will still need to absorb at least part of the cost of doing so within the same amount of money as their non-London Area colleagues receive. This reflects the fact that non-London Area MPs will need to find the cost of employing staff in London from within that amount of money.¹⁷³

The 2012/13 Scheme provides that the Staffing Expenditure budget is available to meet the following costs relating to staffing (paragraphs (f), (g) and (h) did not appear in the Second Edition of the Scheme for 2010/11):

- (a) Staff salaries, employers' contributions to National Insurance and employers' contributions to pension schemes;
- (b) Payments to pooled staffing resources;
- (c) Payments for bought-in services;
- (d) Overtime payments, to the extent that these are specified in staff's terms and conditions;
- (e) Payments for childcare vouchers for staff or other payments by way of salary sacrifice schemes.
- (f) modest reward and recognition payments (but these may not be claimed in respect of any connected parties);
- (g) one-off health and welfare costs associated with provision of staffing support, such as eyesight tests and occupational health assessments;
- (h) costs associated with apprenticeships supported by the National Apprenticeship Service; and
- (i) The incidental expenses of volunteers (as set out in paragraph 7.12).¹⁷⁴

Paragraph (i) was amended between 2011/12 and 2012/13. In 2011/12 it had read:

- (i) The incidental expenses of interns and volunteers (as set out in paragraph 7.10).¹⁷⁵

Additionally, IPSA has made provision to allow Members to employ interns "provided that the employment conditions comply with the requirements of National Minimum Wage legislation".¹⁷⁶

¹⁷³ Independent Parliamentary Standards Authority, *Annual Review of the MPs' Scheme of Business Costs and Expenses*, 5 March 2012, HC 1868 2010-12, "Report on the Consultation of November-January 2011-12", paras 2.29-2.31

¹⁷⁴ IPSA, *Fourth Edition*, HC 1868 2010-12, para 7.3

¹⁷⁵ Independent Parliamentary Standards Authority, *The MPs' Expenses Scheme: Third Edition*, May 2011, HC 954 2010-12, para 7.3

¹⁷⁶ IPSA, *Fourth Edition*, HC 1868 2010-12, para 7.9

Under the Scheme, Members are limited to employing one “connected party” (see Box 1), unless arrangements to employ more than one such person were in place when the Scheme came into effect:

Staffing Expenditure may only be claimed for the salary of one employee who is a connected party, unless an MP employed more than one connected party on 7 May 2010. In that case the MP may continue to employ these connected parties until the parties in question cease to be employed or otherwise to provide staffing assistance.¹⁷⁷

Box 1: IPSA’s definition of a connected person

34. We define a “connected party” as:

- (a) a spouse, civil partner or cohabiting partner of the member;
- (b) a parent, child, grandparent, grandchild, sibling, uncle, aunt, nephew or niece of the member or of a spouse, civil partner or cohabiting partner of the member; or
- (c) an individual or organisation where there exists a relationship as set out in the Companies Act 2006

Source: Independent Parliamentary Standards Authority, *The MPs’ Expenses Scheme*, 29 March 2010, HC 501 2009-1, Summary of the Scheme, para 34

6.5 Office Costs Expenditure

In 2011/12 a single budget for Office Costs Expenditure (OCE) replaced separate budgets for Constituency Office Rental Expenditure (CORE) and General Administrative Expenditure (GAE). IPSA summarised the scope of OCE:

6.1 Office Costs Expenditure is provided to meet the costs of renting, equipping and running an MP’s office or offices and surgeries, where these costs are not claimable from other budgets under this Scheme, or from other sources.

[...]

6.6 Office Costs Expenditure may only be claimed for the performance of parliamentary functions. It may not be claimed for:

- a. any alcoholic drinks;
- b. stationery provided by the House of Commons;
- c. newsletters;
- d. funding any material, excluding a website, that contains a party political logo or emblem;
- e. personal accountancy or tax advice; or
- f. producing or publishing any material which could be construed as campaign expenditure within the scope of the Political Parties, Elections and Referendums Act 2000.¹⁷⁸

¹⁷⁷ Independent Parliamentary Standards Authority, *The MPs’ Expenses Scheme: Third Edition*, May 2011, HC 954 2010-12, para 7.13

¹⁷⁸ IPSA, *Fourth Edition*, paras 6.1 and 6.6

One change to these rules was made between 2011/12 and 2012/13: in paragraph 6.6(d), the words “excluding a website” were added. This meant that Members are now able to “display their party political logo on websites and still claim the cost of the website”.¹⁷⁹

In 2012/13, a budget limit of **£24,750** applies for London MPs and **£22,200** for non-London Area MPs. Previous limits are set out in Appendix 6.

In its January 2011 consultation, IPSA asked whether the CORE and GAE budgets should be merged. It was persuaded that they should be. IPSA was confident that “combining the budgets will not reduce transparency and accountability”. The OCE budget was set at different levels for London and non-London Area MPs, reflecting the fact that CORE had differed between the two areas.¹⁸⁰

IPSA concluded that most MPs had been able to manage within CORE budget limits and that the merger of CORE and GAE would provide enough flexibility for those who could not. It therefore concluded not to increase the CORE element of the new budget but increased the GAE element “to cater for inflation”.¹⁸¹

IPSA also decided to remove the list of allowable expenditure from the Scheme:

The second key message is that the list of allowable expenditure under this budget that was given in the Scheme was, in practice, unhelpful. Being a non-exclusive list, it was not meant to cover all possible expenditure, but the mere presence of the list created the impression that if an item was not on it then it could not be claimed. The list has therefore been removed from the new edition of the Scheme. Instead, MPs have discretion to decide how to spend their Office Costs Expenditure budget, within certain constraints. The costs must be within the purpose of the budget, which is to meet the costs of renting, equipping and running an MP’s office or offices and surgeries, where these costs are not claimable from other budgets under this Scheme, or from other sources. Further, IPSA will not reimburse the cost of newsletters, campaign expenditure, any political expenditure, personal accountancy or tax advice, or goods or services from connected parties. Within these parameters, the decision is left with individual MPs about how to allocate and spend their Office Costs Expenditure budget to best maintain their office and provide services to their constituents.¹⁸²

The Fourth Edition of the Expenses Scheme made provision for Members’ staff who work from home:

If a member of staff routinely works from home and wishes to register his or her home as an office under paragraph 6.9, the restriction in paragraph 6.7 that it must be within the constituency or fewer than 20 miles outside of it is not applicable.¹⁸³

6.6 Winding-up Expenditure

IPSA state that “Winding-Up Expenditure is designed to meet the cost of completing the outstanding parliamentary functions of a person who ceases to be an MP”. Winding-up Expenditure is payable for two months after a person ceases to be a Member, and is limited to **£56,250** for London Area MPs and **£53,150** for non-London Area MPs. The costs of staff

¹⁷⁹ Independent Parliamentary Standards Authority, *Annual Review of the MPs’ Scheme of Business Costs and Expenses*, 5 March 2012, HC 1868 2010-12, “Report on the Consultation of November-January 2011-12”, p5

¹⁸⁰ IPSA, *Consultation Report 2011*, paras 5.5-5.6

¹⁸¹ IPSA, *Consultation Report 2011*, paras 5.9-5.10, 5.17

¹⁸² IPSA, *Consultation Report 2011*, para 5.15

¹⁸³ IPSA, *Fourth Edition*, HC 1868 2010-12, para 6.10

redundancy payments will be met from the contingency fund.¹⁸⁴ (In 2010/11, the limit did not discriminate between London and non-London MPs.¹⁸⁵)

The limit for Winding-Up Expenses in 2010/11 was based on “three months worth of office-related budgets (CORE, GAE and Staffing Expenditure)”.¹⁸⁶ IPSA concluded that this level appeared to be appropriate. However, IPSA noted that this could cause difficulties in some cases:

9.4 Where an MP has members of staff who are paid towards the top of their pay scales, there is a risk that their redundancy payments will absorb the majority of the winding up budget, leaving little for the remaining costs. IPSA will therefore move the winding up costs relating to staff redundancies to the Contingency Fund. This mirrors the position if a staff member is made redundant during the year, when the costs are met from the Contingency Fund.

9.5 With this alteration, the winding up budget limit will be based on three months’ worth of the Office Costs Expenditure budget. For London Area MPs, this is £46,500; for non-London Area MPs, it is £45,500.¹⁸⁷

The Fourth Edition of the Scheme notes that “MPs may continue to claim for rental payments or mortgage interest payments and associated expenditure for two months after leaving Parliament. These costs will be met from the Contingency Fund.”¹⁸⁸ (This provision was not included in the Third Edition of the Scheme.)

6.7 Resettlement Payment

At the 2010 general election, any Member who had sat in the previous Parliament and was not re-elected was entitled to a Resettlement Grant – the level of payment was based on the former Members’ age and length of service. In its report on its initial consultation (which was launched in January 2010), IPSA made the following comments on “payments on leaving Parliament”:

The payments received by MPs on leaving Parliament are not reimbursements of expenses that have been incurred. Although we have the power to make such payments under the Parliamentary Standards Act 2009, we believe it inappropriate to use this power at this stage as we understand our task to be the reimbursement of necessary business expenses, and not the determination of the terms an MP’s employment. Redundancy payments in other professions are generally seen as part of a package of employment terms and conditions, not as expenses.

We have therefore made no provision for payments akin to the current resettlement grant under our expenses scheme. If we are charged with setting MPs’ pay and pension arrangements, as is envisaged in the Constitutional Reform and Governance Bill, then we would consider that to be the appropriate time for us to consider this question further, as part of our wider consultation on the proper role of an MP and how it should be resourced and remunerated.¹⁸⁹

¹⁸⁴ IPSA, *Fourth Edition*, HC 1868 2010-12, para 8.8

¹⁸⁵ Independent Parliamentary Standards Authority, *The MPs’ Expenses Scheme: Second Edition*, 26 July 2010, HC 405 2010-12, paras 11.1-11.3 and 11.5

¹⁸⁶ IPSA, *Consultation Report 2011*, para 9.3

¹⁸⁷ IPSA, *Consultation Report 2011*, paras 9.4-9.5

¹⁸⁸ IPSA, *Fourth Edition*, HC 1868 2010-12, para 8.9

¹⁸⁹ Independent Parliamentary Standards Authority, *The MPs’ Expenses Scheme*, 29 March 2010, HC 501 2009-10, Report on Consultation, paras 213-214

IPSA made no provisions for a resettlement payment in its 2011/12 Scheme. However, in the November 2011 consultation document it asked “Should IPSA introduce an interim resettlement grant system for MPs leaving the House of Commons involuntarily? If so, how should the payment be calculated?” It recorded responses to this question in its *Report on the Consultation of November-January 2011-12*.¹⁹⁰ In the 2012/13 (Fourth Edition) Scheme it set out an interim approach:

MPs who lose their seat in a general election held before the next scheduled general election (under the Fixed-term Parliaments Act 2011) will be eligible to receive a resettlement payment in accordance with IPSA’s published resettlement payment policy.¹⁹¹

Then in guidance, it set out the interim policy:

IPSA’s interim resettlement payment policy is as follows.

To qualify for the resettlement payment, the individual must have been an MP on the day before the dissolution of Parliament and a candidate for re-election for the same seat, but not re-elected.

The amount of the resettlement payment payable is one calendar month’s salary (at the rate payable to Members immediately before the dissolution) for each completed year of service subject to a maximum payment equal to six month’s salary.¹⁹²

6.8 Start-up Expenditure

A new expenditure heading, Start-up Expenditure, was introduced in 2011/12. It is available to Members elected after 1 April 2011.¹⁹³ In the Scheme, IPSA set the following rules on Start-up Expenditure:

Purpose and Eligibility

8.1 Start-Up Expenditure is designed to meet the costs of setting up one or more constituency offices as a new MP.

8.2 Start-Up Expenditure is available for MPs elected to Parliament for the first time for a particular constituency. Notwithstanding any budgetary limit applicable, IPSA may in its discretion limit the Start-Up Expenditure Budget for individual MPs.

Duration and Limit

8.3 The Start-up Expenditure budget is set at £6,000 and lasts for 365 days from the day after the date of election of the MP.

8.4 Notwithstanding paragraph 3.10, if a new MP has not exhausted the Start-Up budget by the end of the financial year and part of the 365 day period remains, the remaining budget will be rolled over into the next financial year. Any unspent funds will expire 365 days after the day after the date of the MP’s election.¹⁹⁴

¹⁹⁰ Independent Parliamentary Standards Authority, *Annual Review of the MPs’ Scheme of Business Costs and Expenses*, 5 March 2012, HC 1868 2010-12, “Report on the Consultation of November-January 2011-12”, paras 6.1-6.6

¹⁹¹ IPSA, *Fourth Edition*, HC 1868 2010-12, para 8.11

¹⁹² IPSA, *Fourth Edition*, HC 1868 2010-12, following para 8.11

¹⁹³ IPSA, *Consultation Report 2011*, para 5.22

¹⁹⁴ IPSA, *Fourth Edition*, HC 1868 2010-12, paras 8.1-8.4

In the January 2011 consultation exercise, IPSA asked “should there be a separate start-up budget for new MPs?”. It reported from the exercise that around 20 MPs responded to the question and all “argued that a start-up budget should be provided to cover the up-front costs of establishing an office”. IPSA also reported that “the public responses were also broadly in favour of a start-up budget being provided to new MPs”.¹⁹⁵

IPSA accordingly agreed, and explained that:

5.21 The evidence from the expenses system demonstrates that new MPs do face initial start-up costs that cannot always be covered by the standard GAE budget. During 2010-11, for example, over 20 new MPs have been given an average of around £4,000 from the Contingency Fund to cover these costs, with the highest requests being in the region of £6,000. It is clear that IPSA does need to make separate provision for new MPs.

5.22 Consequently, all new MPs from 1 April 2011 onwards will have access to a budget of £6,000 to cover their start-up costs. This amount will cover the vast majority of claims made to the Contingency Fund this year. The budget will be available for one calendar year only from the date after their election. It must be used for the fixed or one-off costs associated with establishing an office, and will exclude the purchase of consumables or any ongoing resource costs.

5.23 As with all elements of the Scheme, IPSA encourages MPs to consider value for money when establishing their office. If they are able to make use of equipment left by their predecessor, then they should do so. IPSA will not, however, require them to do so as each new MP needs the flexibility to set up the office they think will serve their constituents best. For the same reason, IPSA is not attracted to the idea of a package of office furniture and equipment being given to new MPs. While this has the benefit of simplicity, it is also highly inflexible and would not give any opportunity to realise potential savings from taking over the equipment of the former MP.¹⁹⁶

6.9 Miscellaneous Expenses

Additional expenses to cover the following circumstances are payable subject to various conditions: Disability assistance; Security assistance; Insurance; Contingency payments; Necessary financial assistance.¹⁹⁷

6.10 Recall of Parliament

Following the two recalls of Parliament during the 2011 summer recess, IPSA made explicit provision for recall expenses in the 2012/13 Scheme:

IPSA will, in the event of a recall of Parliament during Recess, settle claims for any reasonable travel by an MP and their spouse/partner or dependants to Westminster or an MP’s London Area residence. This includes international travel back to the UK and may include return travel to the foreign location, up to a maximum of £3,750 per MP.¹⁹⁸

In the summer of 2011, IPSA confirmed that Members would be able to claim for the cost of “necessary travel to enable them to return to Parliament” as a result of the recall of Parliament:

¹⁹⁵ IPSA, *Consultation Report 2011*, paras 5.18-5.20

¹⁹⁶ IPSA, *consultation Report 2011*, paras 5.21-5.23

¹⁹⁷ IPSA, *Fourth Edition*, HC 1868 2010-12, paras 10.1-10.12 and 10.19

¹⁹⁸ IPSA, *Fourth Edition*, HC 1868 2010-12, paras 10.12

Following the recall of Parliament earlier today, we can confirm that MPs can claim the cost of necessary travel to enable them to return to Parliament. The usual rules will apply for the class of travel. You will be able to claim necessary travel costs to enable you to continue with any activities disrupted by this emergency recall of Parliament.

In making any travel claims necessary to help you to return to Parliament for Thursday, please claim under the miscellaneous category and set out the reason for travel. We will prioritise the processing of these claims.

The normal rules will also apply for any necessary hotel claims.

As the IPSA payment card isn't ordinarily available for miscellaneous costs, it would be preferable for you to make a regular expense claim. If, however, there are particular circumstances which make this difficult, you may use the payment card. When reconciling this on the payment card, you will need to make clear that the costs were associated with the recall of Parliament.

We recognise that there are likely to be a number of individual exceptional circumstances and if you would like to talk these through, please contact us on 020 7811 6400.¹⁹⁹

6.11 Expenditure during a general election

In the Fourth Edition of the MPs' Expenses Scheme, IPSA set out the rules that would apply to claims for expenses in the period when Parliament was dissolved:

10.13 During the period between the dissolution of Parliament and the day after polling day the following restrictions will apply to claims made under this Scheme.

10.14 Accommodation Expenditure may be claimed in accordance with Chapter Four of the Scheme.

10.15 Office Costs Expenditure may be claimed for the performance of parliamentary functions only. Office equipment and supplies purchased for the performance of parliamentary functions may not be used for party political activities. An MP who intends to use his or her IPSA funded office for any activities connected with the election may only claim the proportion of the rent, utilities and other costs which relate to parliamentary activity.

10.16 Staffing Expenditure may not be claimed for any party political activity. Staff wishing to undertake party political activity must not do so during their working hours and must instead take paid or unpaid leave. If a staff member plans to take unpaid leave, the MP must notify IPSA in advance, so that pay adjustments can be made.

10.17 Travel and Subsistence Expenditure for MPs will be restricted to one single journey from Westminster to the MP's residence or any point in his or her constituency. MPs may also claim for one single journey back to the MP's residence or constituency for any dependant (as defined by paragraph 4.21). Staff may claim one single journey to return to their normal place of work. Staff may also claim for travel between the MP's constituency office and Westminster in accordance with paragraph 9.17 of the Scheme. All of the conditions set out in Chapter Nine of the Scheme apply to travel during the election period.

10.18 For the six months prior to the expected dissolution of Parliament, claims for purchases of office equipment, IT and furniture under Office Costs Expenditure will not

¹⁹⁹ IPSA, "Recall of Parliament", *MP Bulletin 46*, 9 August 2011

be allowed. In exceptional circumstances where such purchases are necessary, prior approval from IPSA will be required.²⁰⁰

7 IPSA's duties

The *Parliamentary Standards Act 2009*, which received Royal Assent in July 2009, provided for the establishment of the Independent Parliamentary Standards Authority (IPSA) and gave it the responsibility for paying Members' salaries and allowances; and for preparing and regularly reviewing and revising a scheme under which allowances are paid. It also required IPSA to prepare a statutory code of conduct relating to Members' financial interests. It stated that "there is to be a Commissioner for Parliamentary Investigations". He was to investigate payments that were not allowed under the scheme and breaches of the statutory code.

The CSPL's review of Members' allowances made a number of recommendations that required amendments to the Act, and the previous Government brought forward amendments in the *Constitutional Reform and Governance Act 2010*.

These amendments to the *Parliamentary Standards Act 2009* additionally gave IPSA responsibility for determining Members' pay and made changes to the compliance regime. The Commissioner for Parliamentary Investigations was replaced by a Compliance Officer who:

- reviews decisions on the payment of expenses if requested to by Members; and
- conducts investigations if he believes payments have been made that should not have been.

Further information on the role and duties of the Compliance Officer are outlined in the Library Standard Note *the Compliance Officer*.²⁰¹

The *Constitutional Reform and Governance Act 2010* added the following provision on the general duties of IPSA:

3A General duties of the IPSA

- (1) In carrying out its functions the IPSA must have regard to the principle that it should act in a way which is efficient, cost-effective and transparent.
- (2) In carrying out its functions the IPSA must have regard to the principle that members of the House of Commons should be supported in efficiently, cost-effectively and transparently carrying out their Parliamentary functions.²⁰²

Additionally, the *Constitutional Reform and Governance Act 2010* transferred the administration of the Parliamentary Contributory Pension Fund to IPSA.²⁰³ Further details on Members' pensions can be found in the Library Standard Notes:

- *Parliamentary Contributory Pension Fund (PCPF)*, for background; and
- *MPs' pensions – 2012 onwards*.²⁰⁴

²⁰⁰ IPSA, *Fourth Edition*, HC 1868 2010-12, paras 10.13-10.18

²⁰¹ House of Commons Library Standard Note, *The Compliance Officer*, SN/PC/5987

²⁰² *Parliamentary Standards Act 2009* (chapter 13) as amended, section 3A

²⁰³ *Constitutional Reform and Governance Act 2010* (chapter 25), section 40 and Schedule 6

²⁰⁴ House of Commons Library Standard Note, *Parliamentary Contributory Pension Fund (PCPF)*, SN/BT/1844; House of Commons Library Standard Note, *MPs' pensions – 2012 onwards*, SN/BT/6283

Appendix 1: Members' salaries – Resolution to implement the Government response to the Baker Review (3 July 2008)

On 3 July 2008, the House agreed the following resolution to determine Members' salaries:

That the following provision be made in relation to the salaries of Members of this House—

(1) from 1st April 2008 and from 1st April of each subsequent year a Member's salary shall be increased by a percentage equal to the median of the relevant increases for the public sector groups listed in paragraph (2);

(2) the public sector groups are:

(a) senior military, holders of judicial office, very senior NHS managers, doctors and dentists, the Prison Service, NHS staff, school teachers, the Armed Forces, police officers and Local Government ("List A");

(b) non-Senior Civil Service staff in each of the Department for Work and Pensions, Her Majesty's Revenue and Customs, the Ministry of Defence and the Home Office ("List B");

(c) Senior Civil Service ("List C");

(3) the posts covered by a group in List A (except police officers and Local Government) and the Senior Civil Service are those posts within the group which are covered (from time to time) by a pay review body supported by the Office of Manpower Economics;

(4) the reference to police officers is to those officers covered (from time to time) by the Police Negotiating Board and the reference to Local Government is to those posts covered (from time to time) by the National Joint Council for Local Government Services;

(5) in the case of List A, the relevant increase for a group is determined as follows:

(a) determine the last set of annual percentage pay scale increases finalised and given effect to prior to 31st December of the preceding year in relation to individuals within the group;

(b) of the increases determined under paragraph (a), determine the increase that was applicable to the largest number of individuals (for this purpose, taking increases of the same percentage together as if they were one increase);

and the increase determined under paragraph (b) is the relevant increase;

(6) in the case of List B, the relevant increase for a group is determined as follows:

(a) determine the last set of annual percentage pay scale increases finalised and given effect to prior to 31st December of the preceding year in relation to staff within the group;

(b) determine the average of the increases determined under paragraph (a);

and the average determined under paragraph (b) is the relevant increase;

(7) in the case of List C, the relevant increase is the last annual percentage increase in the basic settlement (excluding recyclables) finalised and given effect to prior to 31st December of the preceding year;

(8) the SSRB shall determine each relevant increase for the purposes of paragraph (1) except where the SSRB decides, in relation to a particular group, that it is not possible for it to make such a determination because of changes in pay setting arrangements for that group or other exceptional circumstances, in which case that group shall be ignored for the purposes of paragraph (1);

(9) the SSRB shall conduct a review of Members' salaries in the first year of each new Parliament unless such a review has taken place within the preceding two years;

(10) at such a review the SSRB should consider either or both of:

(a) an adjustment to the salary, consistent with public sector pay policy, to reflect an assessment of the appropriate salary at that time relative to jobs of similar weight elsewhere in the public sector;

(b) as regards the public sector groups listed in paragraph (2) above, such amendments to the list (including adding new groups or moving particular groups between Lists A, B and C) as appear to it to be necessary to reflect changes in the pay setting arrangements for those groups;

to take effect from the first 1st April following the first meeting of the new Parliament;

(11) each year the SSRB chair shall notify the Speaker of the change in salary (expressed as a percentage) and, on such notification to the Speaker, that change shall have effect, subject to any further notification given following a review under paragraph (9);

(12) the Speaker shall lay before the House:

(a) any notification received from the SSRB chair under paragraph (11); and

(b) any report from the SSRB following a review under paragraph (9) above;

(13) an additional salary payable to a Member under Resolutions of this House in respect of service as a chairman of select or general committees shall be changed by the same percentage and from the same time as the salary of a Member.— [Ms Harman.]²⁰⁵

²⁰⁵ HC Deb 3 July 2008 cc1092-1094

Appendix 2: Members' salaries – Resolution to freeze salaries etc (21 March 2011)

That the following provision shall be made with respect to the salaries of Members of this House—

(1) For the period beginning with 1 April 2011 and ending with the relevant day, the rates of—

(a) Members' salaries, and

(b) additional salaries payable to Members under Resolutions of this House in respect of service as chairs of select or general committees, shall be the same as those salaries as at 31 March 2011.

(2) In paragraph (1) the “relevant day” means—

(a) the day before the day on which the first determination of Members' salaries by the Independent Parliamentary Standards Authority comes into effect, or

(b) 31 March 2013,

whichever is the earlier.

(3) Paragraphs (9), (10) and (12)(b) of the Resolution of 3 July 2008 (Members' Salaries (No. 2) (Money)) cease to have effect on the day this Resolution is passed.

(4) The remaining provisions of that Resolution cease to have effect on 1 April 2011.²⁰⁶

²⁰⁶ HC Deb 21 March 2011 c824

Appendix 3: Ministerial salaries – salary entitlements

(a) Ministers and office-holders in Commons: Ministerial salary entitlements, £

	1997/98	2001/02	2005/06	1 Apr 2006	1 Nov 2006	1 Apr 2007	1 Nov 2007	2008/09	2009/10	2010/11	1 Apr 2011	14 Jul 2011
Prime Minister (a)	100,000	113,596	124,837	126,085	127,334	129,244	130,594	130,959	132,923	132,923	132,923	76,762
Cabinet Minister (a)	60,000	68,157	74,902	75,651	76,400	77,546	78,356	78,575	79,754	79,754	79,754	68,827
Minister of State	31,125	35,356	38,854	39,243	39,631	40,225	40,646	40,759	41,370	41,370	41,370	33,002
Parliamentary Under Secretary	23,623	26,835	29,491	29,786	30,081	30,532	30,851	30,937	31,401	31,401	31,401	23,697
Government Chief Whip (b)	36,613	68,157	74,902	75,651	76,400	77,546	78,356	78,575	79,754	79,754	79,754	68,827
Government Deputy Chief Whip	31,125	35,356	38,854	39,243	39,631	40,225	40,646	40,759	41,370	41,370	41,370	33,002
Government Whip	20,029	22,753	25,005	25,255	25,505	25,888	26,158	26,231	26,624	26,624	26,624	19,239
Assistant Government Whip	20,029	22,753	25,005	25,255	25,505	25,888	26,158	26,231	26,624	26,624	26,624	19,239
Leader of the Opposition	55,000	62,479	68,662	70,035	70,035	71,086	71,828	72,029	73,617	73,617	73,617	63,098
Opposition Chief Whip	31,125	35,356	38,854	39,631	39,631	40,225	40,646	40,759	41,370	41,370	41,370	33,002
Opposition Deputy Chief Whip	20,029	22,753	25,005	25,505	25,505	25,888	26,158	26,231	26,624	26,624	26,624	19,239
Opposition Assistant Whip	20,029	22,753	25,005	25,505	25,505	25,888	26,158	26,231	26,624	26,624	26,624	19,239
Speaker	60,000	68,157	74,902	75,651	76,400	77,546	78,356	78,575	79,754	79,754	79,754	75,766
Chairman of Ways and Means	31,125	35,356	38,854	39,243	39,631	40,225	40,646	40,759	41,370	41,370	41,370	41,370
First Deputy Chairman	27,355	31,073	34,148	34,489	34,831	35,353	35,723	35,823	36,360	36,360	36,360	36,360
Second Deputy Chairman	27,355	31,073	34,148	34,489	34,831	35,353	35,723	35,823	36,360	36,360	36,360	36,360
Attorney General (c)	63,756	In Lords								108,624	108,624	95,772
Solicitor General (d)	In Lords	59,386	65,263	65,916	66,569	67,568	68,273	68,464	69,491	69,491	69,491	59,248
Advocate General for Scotland (e)		59,386	65,263	In Lords								

(b) Ministers and office-holders in Commons: Full salary entitlements, £

	1997/98	2001/02	2005/06	1 Apr 2006	1 Nov 2006	1 Apr 2007	1 Nov 2007	2008/09	2009/10	2010/11	1 Apr 2011	14 Jul 2011
Prime Minister (a)	143,860	163,418	183,932	185,771	187,611	190,425	192,414	194,250	197,689	198,661	198,661	142,500
Cabinet Minister (a)	103,860	117,979	133,997	135,337	136,677	138,727	140,176	141,866	144,520	145,492	145,492	134,565
Minister of State	74,985	85,178	97,949	98,929	99,908	101,406	102,466	104,050	106,136	107,108	107,108	98,740
Parliamentary Under Secretary	67,483	76,657	88,586	89,472	90,358	91,713	92,671	94,228	96,167	97,139	97,139	89,435
Government Chief Whip (b)	80,473	117,979	133,997	135,337	136,677	138,727	140,176	141,866	144,520	145,492	145,492	134,565
Government Deputy Chief Whip	74,985	85,178	97,949	98,929	99,908	101,406	102,466	104,050	106,136	107,108	107,108	98,740
Government Whip	63,889	72,575	84,100	84,941	85,782	87,069	87,978	89,522	91,390	92,362	92,362	84,977
Assistant Government Whip	63,889	72,575	84,100	84,941	85,782	87,069	87,978	89,522	91,390	92,362	92,362	84,977
Leader of the Opposition	98,860	112,301	127,757	129,721	130,312	132,267	133,648	135,320	138,383	139,355	139,355	128,836
Opposition Chief Whip	74,985	85,178	97,949	99,317	99,908	101,406	102,466	104,050	106,136	107,108	107,108	98,740
Deputy Chief Opposition Whip	63,889	72,575	84,100	85,191	85,782	87,069	87,978	89,522	91,390	92,362	92,362	84,977
Assistant Opposition Whip	63,889	72,575	84,100	85,191	85,782	87,069	87,978	89,522	91,390	92,362	92,362	84,977
Speaker	103,860	117,979	133,997	135,337	136,677	138,727	140,176	141,866	144,520	145,492	145,492	141,504
Chairman of Ways and Means	74,985	85,178	97,949	98,929	99,908	101,406	102,466	104,050	106,136	107,108	107,108	107,108
First Deputy Chairman	71,215	80,895	93,243	94,175	95,108	96,534	97,543	99,114	101,126	102,098	102,098	102,098
Second Deputy Chairman	71,215	80,895	93,243	94,175	95,108	96,534	97,543	99,114	101,126	102,098	102,098	102,098
Attorney General (c)	107,616				In Lords							161,510
Solicitor General (d)		109,208	124,358	125,602	126,846	128,749	130,093	131,755	134,257	135,229	135,229	124,986
Advocate General for Scotland (e)		109,208	124,358		In Lords							

(c) Ministers and office-holders in Lords: Full salary entitlements, £

	1997/98	2001/02	2005/06	1 Apr 2006	1 Nov 2006	1 Apr 2007	1 Nov 2007	2008/09	2009/10	2010/11	1 Apr 2011	14 Jul 2011
Lord Speaker (f)				102,685	103,701	105,257	106,356	106,654	108,253	108,253	108,253	101,038
Cabinet Minister (a)	77,963	88,562	101,668	102,685	103,701	105,257	106,356	106,654	108,253	108,253	108,253	101,038
Minister of State	51,838	68,283	79,382	80,176	80,970	82,185	83,043	83,275	84,524	84,524	84,524	78,891
Parliamentary Under Secretary	43,632	58,961	69,138	69,829	70,521	71,579	72,326	72,529	73,617	73,617	73,617	68,710
Government Chief Whip	51,838	68,283	79,382	80,176	80,970	82,185	83,043	83,275	84,524	84,524	84,524	78,891
Government Deputy Chief Whip	43,632	58,961	69,138	69,829	70,521	71,579	72,326	72,529	73,617	73,617	73,617	68,710
Government Whip	39,462	54,224	63,933	64,572	65,212	66,190	66,881	67,069	68,074	68,074	68,074	63,537
Leader of the Opposition	43,632	58,961	69,138	70,521	70,521	71,579	72,326	72,529	73,617	73,617	73,617	68,710
Opposition Chief Whip	39,462	54,224	63,933	65,212	65,212	66,190	66,881	67,069	68,074	68,074	68,074	63,357
Lord Chancellor (g)	140,665	173,875	213,899	102,685	103,701	(h)						
Chairman of Committees	51,838	68,283	79,382	80,176	80,970	82,185	83,043	83,275	84,524	84,524	84,524	84,524
Principal Deputy Chairman	47,739	63,626	74,265	75,008	75,750	76,886	77,689	77,907	79,076	79,076	79,076	79,076
Solicitor General (d)	78,072		In Commons									
Attorney General (c)	In Commons	92,826	106,358	107,422	108,485	110,112	111,262	111,574	113,248	113,248		
Advocate General for Scotland (e)			In Commons		93,249	94,173	95,586	96,584	96,854	98,307	98,307	98,307
												91,755

Notes to Appendix 3

These notes refer to the three tables on the previous pages.

- On 8 May 1997 the new Government stated that the Prime Minister and Cabinet Ministers would not take the post-election increases. The postholders drew a reduced ministerial salary.

Following the election in May 2001 the Government announced that ministers would take their full salary entitlement.

- Government Chief Whip in Cabinet as from 28 July 1998 to 3 October 2008, so received Cabinet Minister's salary. Since 3 October 2008, salary has continued to be paid at the same level as a Cabinet minister's salary, in accordance with Schedule 1, Part II of the *Ministerial and other Salaries Act 1975*.
- Office in Lords from 29 July 1999 [*Attorney General's Salary Order 2000*, SI 2000/1827] - implementing 1996 SSRB recommendation that the salary should have same differential over the rate for a Cabinet Minister in Lords as it had in the Commons. From April to July 1999, the Commons ministerial salary was £68,332.

From the formation of the Coalition Government in May 2010, office in Commons. Since then, the Attorney General has taken a Cabinet Minister's salary.

- Office in Commons in 1992-1997 Parliament, and as from 28 July 1998.
- The Office of Advocate General for Scotland was created by the *Scotland Act 1998*: the Lord Advocate and the Solicitor General for Scotland became Ministers in the Scottish Executive.
- The Lord Speaker took office on 4 July 2006; the *Constitutional Reform Act 2005* no longer required the Lord Chancellor to fulfil this role.
- From 1 April 1997, in line with the staged increase for the Lord Chief Justice. The *Ministerial and Other Pensions and Salaries Act 1991*, as amended by the *Ministerial and Other Salaries Order 1996* [SI 1996/1913], determined that the Lord Chancellor should receive £2,500 a year more than the salary for the time being payable to the Lord Chief Justice. However, the Lord Chancellor elected to receive the same salary as other Cabinet members in the Lords.
- The Lord Chancellor no longer has to sit in the House of Lords.

Appendix 4: Constituencies within 20 miles of the Palace of Westminster

Since its introduction, Members representing inner London seats were not allowed to claim Additional Costs Allowance (ACA) (PAAE from 1 April 2009). Because of regular boundary reviews, the House periodically resolved which constituencies should be defined as Inner London constituencies.

On 27 June 1997, the House resolved that the following constituencies are specified as 'Inner London constituencies':

Battersea; Bethnal Green and Bow; Camberwell and Peckham; Cities of London and Westminster; Dulwich and West Norwood; Eltham; Greenwich and Woolwich; Hackney North and Stoke Newington; Hackney South and Shoreditch; Hammersmith and Fulham; Hampstead and Highgate; Holborn and St. Pancras; Islington North; Islington South and Finsbury; Kensington and Chelsea; Lewisham, Deptford; Lewisham East; Lewisham West; North Southwark and Bermondsey; Poplar and Canning Town; Putney; Regent's Park and Kensington North; Streatham; Tooting; Vauxhall.²⁰⁷

From 1 April 2010, when Personal Additional Accommodation Expenditure replaced ACA Members representing "any constituency the whole of which falls within 20 miles of Palace of Westminster are not eligible to claim this allowance". In addition to the Inner London constituencies the following seats were wholly within 20 miles of the Palace of Westminster:

Barking	Harrow East
Beckenham	Harrow West
Bexleyheath and Crayford	Hayes and Harlington
Brent East	Hendon
Brent North	Hertsmere
Brent South	Hornchurch
Brentford and Isleworth	Hornsey and Wood Green
Bromley and Chislehurst	Ilford North
Carshalton and Wallington	Ilford South
Chingford and Woodford Green	Kingston and Surbiton
Chipping Barnet	Leyton and Wanstead
Croydon Central	Mitcham and Morden
Croydon North	Old Bexley and Sidcup
Croydon South	Orpington
Dagenham	Richmond Park
Ealing North	Romford
Ealing, Acton and Shepherd's Bush	Ruislip – Northwood
Ealing, Southall	Spelthorne
East Ham	Sutton and Cheam
Edmonton	Tottenham
Enfield North	Twickenham
Enfield Southgate	Upminster
Epsom and Ewell	Uxbridge
Erit and Thamesmead	Walthamstow
Esher and Walton	Watford
Feltham and Heston	West Ham
Finchley and Golders Green	Wimbledon

²⁰⁷ HC Deb 27 July 1997 Vol 296 c1130

Appendix 5: London Area constituencies

In its rules on Accommodation Expenditure, IPSA states that it is payable only to non-London Area MPs. The definition of the London Area changed from the beginning of April 2011. The following constituencies were London Area constituencies in 2010/11 (128 in total).

The 97 that are numbered were London Area constituencies from April 2011. Those in **emboldened text** are eligible for an addition to the London Area Living Payment.

	Aldershot	Gravesham
1.	Barking	41. Greenwich & Woolwich
	Basildon & Billericay	Guildford
	Basingstoke	42. Hackney North & Stoke Newington
2.	Battersea	43. Hackney South & Shoreditch
3.	Beaconsfield	44. Hammersmith
4.	Beckenham	45. Hampstead & Kilburn
5.	Bermondsey & Old Southwark	46. Harlow
6.	Bethnal Green & Bow	47. Harrow East
7.	Bexleyheath & Crayford	48. Harrow West
8.	Brent Central	49. Hayes & Harlington
9.	Brent North	Hemel Hempstead
10.	Brentford & Isleworth	50. Hendon
11.	Brentwood & Ongar	51. Hertford & Stortford
12.	Bromley & Chislehurst	52. Hertsmere
13.	Broxbourne	Hitchin & Harpenden
14.	Camberwell & Peckham	53. Holborn & St Pancras
15.	Carshalton & Wallington	54. Hornchurch & Upminster
	Castle Point	55. Hornsey & Wood Green
	Chatham & Aylesford	56. Ilford North
	Chelmsford	57. Ilford South
16.	Chelsea & Fulham	58. Islington North
	Chesham & Amersham	59. Islington South & Finsbury
17.	Chingford & Woodford Green	60. Kensington
18.	Chipping Barnet	61. Kingston & Surbiton
19.	Cities of London & Westminster	62. Lewisham East
	Crawley	63. Lewisham West & Penge
20.	Croydon Central	64. Lewisham, Deptford
21.	Croydon North	65. Leyton & Wanstead
22.	Croydon South	Luton North
23.	Dagenham & Rainham	Luton South
24.	Dartford	Maidenhead
25.	Dulwich & West Norwood	Mid Sussex
26.	Ealing Central & Acton	Milton Keynes North
27.	Ealing North	Milton Keynes South
28.	Ealing, Southall	66. Mitcham & Morden
29.	East Ham	67. Mole Valley
30.	East Surrey	North East Bedfordshire
31.	Edmonton	North East Hampshire
32.	Eltham	68. North East Hertfordshire
33.	Enfield North	69. Old Bexley & Sidcup
34.	Enfield, Southgate	70. Orpington
35.	Epping Forest	71. Poplar & Limehouse
36.	Epsom & Ewell	72. Putney
37.	Erith & Thamesmead	Reading East
38.	Esher & Walton	Reading West
39.	Feltham & Heston	73. Reigate
40.	Finchley & Golders Green	74. Richmond Park

- | | | |
|-----|----------------------------------|------------------------------|
| | Rochester & Strood | 85. Thurrock |
| 75. | Romford | Tonbridge & Malling |
| 76. | Ruislip, Northwood & Pinner | 86. Tooting |
| 77. | Runnymede & Weybridge | 87. Tottenham |
| 78. | Sevenoaks | 88. Twickenham |
| 79. | Slough | 89. Uxbridge & South Ruislip |
| | South Basildon & East Thurrock | 90. Vauxhall |
| | South West Bedfordshire | 91. Walthamstow |
| 80. | South West Hertfordshire | 82. Watford |
| | South West Surrey | 93. Welwyn Hatfield |
| 81. | Spelthorne | 94. West Ham |
| 82. | St Albans | 95. Westminster North |
| | Stevenage | 96. Wimbledon |
| 83. | Streatham | 97. Windsor |
| | Surrey Heath | Woking |
| 84. | Sutton & Cheam | Wycombe |

Source: IPSA, *The Members' Expenses Scheme, Schedule 2*, 29 March 2010, HC 501 2009-10; *Annual Review of MPS' Expenses Scheme 2011*, "The MPs' Expenses Scheme: Third Edition", Schedule 2 and Schedule 3

The Schedule was not altered by *The MPs' Scheme of Business Expenses and Costs* (Fourth Edition) April 2012

Appendix 6: IPSA MPs' expenses scheme – summary of rates 2010/11 to 2012/13

(a) Accommodation Expenses for London and London Area Living Payment

	Accommodation Expenses		Accommodation Expenses		Hotel Accommodation			Caring Responsibility	London Area Living Payment	Addition to London Area Living Payment
	London Area (1)	Rent (max)	Mortgage interest (transition)	Total	Mortgage (max)	London Area	Elsewhere			
2010/11	£19,900	£17,400	£17,500		£15,000	£130	£105	£2,425	£3,760	-
2011/12	£19,900	-	£17,500		-	£150	£120	£2,425	£3,760	£1,330
2012/13	£20,000	-	£8,850 ⁽²⁾	£8,850 ⁽²⁾	-	£150	£120	£2,425	£3,760	£1,330

(1) For MPs claiming for rental payments within the Member's constituency, or within 20 miles of any point on the constituency boundary, IPSA set out in guidance annual Accommodation Expenses budgets, in 2010/11. From 2011/12 budgets were specified in the Scheme. These budget limits vary, having regard to particular constituencies. (See below.)

(2) Five months at £1,250 (as the transition period ends on 31 August 2012) plus £2,600 for associated expenditure

(b) Bandings for Accommodation Expenses outside London

	Band A (Rent max)	Band B (Rent max)	Band C (Rent max)	Band D (Rent max)	Band E (Rent max)
2010/11 (1)	£15,050	£12,550	£13,655	£11,155	£12,261
2011/12	£15,050		£13,655		£12,261
2012/13	£15,150		£13,750		£12,350

(1) Rates set in Scheme guidance

(c) Staffing, Office, Administrative and Expenses

	Staffing Expenditure			Constituency Office		General		Office Costs Expenditure	
	All areas	London	non-London	London Area	Non-London Area	Administrative Expenditure	London Area	Non-London Area	Expenditure
2010/11	£109,548	-	-	£12,761	£10,663	£10,394	-	-	-
2011/12	£115,000	-	-	-	-	-	£24,000	£21,500	
2012/13	-	£144,000	£137,200	-	-	-	£24,750	£22,200	

(d) Start-Up and Winding-Up Expenses

	Start-up Expenses (1)	Winding-up Expenses	Winding-up Expenditure	
			London Area	Non-London Area
2010/11	-	£40,609	-	-
2011/12	£6,000	-	£46,500	£45,500
2011/12	£6,000	-	£56,250	£53,150

(1) Available for 365 days from the day after the date of election of the MP

(e) Travel and subsistence

	Rate per mile			Subsistence		Taxi
	Motor car < 10,000 miles	Motorcycle > 10,000 miles	Bicycle	Overnight (1)	Late sitting (2)	Late sitting (3)
2010/11	40p	25p	24p	20p	£25	£15
2011/12 (4)	40p	25p	24p	20p	£25	£15
2011/12	45p	25p	24p	20p	£25	£15
						£80

(1) Away from London Area or constituency

(2) MPs may claim reimbursement of the costs of an evening meal when they are required to be at the House of Commons because it is sitting beyond 7.30pm.

(3) In 2010/11, taxi fares could only be claimed if the House sat beyond 11pm

(4) The mileage rate for motor cars (< 10,000 miles) increased to 45p from 1 May 2011