



**BRIEFING PAPER**

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# Members' pay and expenses and ministerial salaries 2016/17

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## Summary

This paper was corrected on 13 June 2017.

- It previously reported that changes in Members' salaries from April 2016 onwards were linked to changes in average earnings. In its July 2015 determination, IPSA changed this to changes in public sector average earnings.
- North East Hertfordshire was listed as a London area constituency. It was removed from the list of London area constituencies from April 2012.

The Independent Parliamentary Standards Authority (IPSA) is responsible for determining and paying Members' salaries; for preparing and regularly reviewing and revising a scheme under which allowances are paid; and for paying those allowances.

### Members' salaries

From 1 April 2016, the annual salary of a Member of Parliament increased to £74,962. This was the first automatic uprating of Members' salaries since IPSA was given responsibility for determining Members' pay.

IPSA reviewed Members' pay in the 2010 Parliament to put in place a new settlement for the 2015 Parliament. In December 2013, at the end of the review, IPSA published a determination which set the Members' salary at £74,000, from the beginning of the 2015 Parliament, and provided for MPs' salaries to be adjusted in line with the rate of annual change in average earnings on 1 April each year, from 2016.

In its statutory review of Members' pay at the beginning of the 2015 Parliament, IPSA confirmed that Members' pay would increase to £74,000, after the 2015 General Election, but it determined that subsequent annual increases should be in line with changes in public sector average earnings (not whole economy average earnings).

### Members' expenses

Since the 2010 General Election, responsibility for devising a scheme for and paying Members' expenses has rested with IPSA.

The *MPs' Scheme of Business Costs and Expenses* (Eighth Edition) came into effect on 1 April 2016. The main expense budgets provided in IPSA's scheme and the maximum amounts that Members can claim in 2016/17 are set out below:

<b>Accommodation Expenses</b>	
London area (rent)	£20,610
Own home*	£8,850
<b>Caring responsibility (per dependent)</b>	£2,425
<b>London Area Living Payment</b>	£3,760
<b>London Area Living Payment (addition)</b>	£1,330
<b>Staffing Expenditure</b>	
London Area MPs	£148,500
non-London Area MPs	£141,400
<b>Office Costs Expenditure</b>	
London Area MPs	£26,100
non-London Area MPs	£23,450
<b>Start-up Expenditure</b>	£6,000
<b>Winding-up Expenditure</b>	
London Area MPs	£57,150
non-London Area MPs	£53,950

\* available to Members who own their own home, to cover costs such as utility bills and council tax

## Ministerial salaries

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 but they cannot claim Lords Attendance Allowance.

On assuming office in May 2010, the Coalition Government announced that ministers' pay would be cut by 5% and then frozen for the duration of that Parliament. The previous Labour administration had already frozen ministerial salaries through refusing increases in both ministerial and Members' salaries, so the actual earnings of ministers did not equate to their entitlements.

The Coalition Government made an Order in 2011 to set ministerial salaries in accordance with its May 2010 announcement. However, subsequent increases in Members' pay led to ministers in the House of Commons waiving part of their ministerial salary to prevent their total remuneration increasing and meant that the salaries drawn by ministers were different to those stated in the legislation.

Following the May 2015 general election, David Cameron announced that he had decided to continue to freeze the pay of ministers in government. Unlike the 2010 Parliament, this freeze applied to the ministerial element of a minister's total salary. The ministerial element of salary drawn by ministers continues to be below that specified in legislation.

# 1. Introduction

## 1.1 The establishment of the Independent Parliamentary Standards Authority (IPSA)

In the wake of the expenses scandal in 2009, the Independent Parliamentary Standards Authority (IPSA) was established by the *Parliamentary Standards Act 2009*.

A widespread sense of public anger followed the *Daily Telegraph's* publication of extensive details of "how MPs had utilised the expenses scheme over recent years". It led to police investigations, the imprisonment of four Members, the resignation of the Speaker and a new statutory expenses regime, under the *Parliamentary Standards Act 2009*.<sup>1</sup> In introducing the legislation, Jack Straw, the Leader of the House of Commons, acknowledged that the expenses scandal had "profoundly affected the public's trust" in Members and the House. He said that it had damaged Members' confidence in themselves; undermined those whose conduct was beyond reproach; and "revealed a collective failure by this place effectively to regulate itself".<sup>2</sup>

IPSA was initially created 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.

Its functions were 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.<sup>3</sup>

The (Labour) 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*. IPSA was given the responsibility for determining, as well as paying, Members' salaries.

## 1.2 IPSA's duties

The *Parliamentary Standards Act 2009*, as amended by the *Constitutional Reform and Governance Act 2010*, established the IPSA and gave it the responsibility for:

- determining and paying Members' salaries;
- for preparing and regularly reviewing and revising a scheme under which allowances are paid; and

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<sup>1</sup> Matthew Flinders summarised the scandal and its impact in "Bagehot smiling: Gordon Brown's "new constitution" and the revolution that did not happen", *Political Quarterly*, 2010, Volume 81, Issue 1, p59

<sup>2</sup> HC Deb 29 June 2009 c44

<sup>3</sup> Committee on Standards in Public Life, *MPs' expenses and allowances: Supporting parliament, safeguarding the taxpayer*, November 2009 Cm 7724

- for paying those allowances.

IPSA is required to review the existing determination on Members' salaries in the first year of each Parliament and at any other time it considers appropriate. The legislation states that IPSA must "review the current determination (and make a new determination as appropriate)" 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 did not have to come into effect before 1 April 2012.<sup>4</sup> These provisions were brought into force on 24 May 2011.<sup>5</sup>

The legislation also established the role of the 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*.<sup>6</sup>

The *Constitutional Reform and Governance Act 2010* added the following provision concerning the general duties of 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.<sup>7</sup>

Additionally, the *Constitutional Reform and Governance Act 2010* transferred the administration of the Parliamentary Contributory Pension Fund to IPSA.<sup>8</sup> Further details on Members' pensions can be found in the Library Briefing Papers:

- [Parliamentary Contributory Pension Fund \(PCPF\)](#) (SN01844, January 2013), for background; and
- [MPs' Pension Scheme](#) (SN06283, May 2016)

### 1.3 IPSA's structure

IPSA is a body corporate. It has one member who is its chair and four other members.

Schedule 1 of the *Parliamentary Standards Act 2009* specifies that:

- at least one of the members (including the chair) "must be a person who has held (but no longer holds) high judicial office";

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<sup>4</sup> *Constitutional Reform and Governance Act 2010* (chapter 25), section 29

<sup>5</sup> [Constitutional Reform and Governance Act 2010 \(Commencement No. 5\) Order 2011](#), SI 2011/1274

<sup>6</sup> House of Commons Library Standard Note, [The Compliance Officer](#), SN/PC/5987

<sup>7</sup> *Parliamentary Standards Act 2009* (chapter 13) as amended, section 3A

<sup>8</sup> *Constitutional Reform and Governance Act 2010* (chapter 25), section 40 and Schedule 6

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- at least one must be “a person who is eligible for appointment as a statutory auditor”; and
- one must be “a person who has been (but is no longer) a member of the House of Commons”. Otherwise, no-one who has been a Member of Parliament within the last five years may be a member of IPSA.

All are appointed by Her Majesty on an Address of the House, “made only with the agreement of the Speaker”. Furthermore, the Speaker “must not select a candidate without the agreement of the Speaker's Committee for the Independent Parliamentary Standards Authority”.

IPSA must appoint a chief executive and may appoint staff. The chief executive carries out IPSA's administrative functions on behalf of IPSA and in accordance with its general directions.<sup>9</sup>

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<sup>9</sup> *Parliamentary Standards Act 2009* (chapter 13), Schedule 1



## 2. Members' salaries

### Summary

Since May 2011, the Independent Parliamentary Standards Authority (IPSA) has been responsible for determining Members' pay.

On 26 February 2016, IPSA confirmed that Members' pay would increase by 1.3% to £74,962 from 1 April 2016. This is in line with the rate of annual change in public sector average earnings, as set out in the determination IPSA issued in July 2015.

IPSA had reviewed Members' pay in the 2010 Parliament, in order to put in place a new settlement for the 2015 Parliament. The review began in 2012. IPSA published its final recommendations in December 2013 and issued a determination setting salaries at £74,000 with effect from 8 May 2015. Thereafter salaries would rise in line with the rate of annual change in average earnings. However, IPSA delayed the coming into force of the determination until 30 September 2015. It stated that this would allow it to conduct a review of this recommendation – this review would form the statutory review of Members' salaries that IPSA has to conduct at the beginning of each Parliament.

In July 2015, having conducted the statutory review, IPSA confirmed that Members' salaries would increase to £74,000 per annum with effect from 8 May 2015. However, it determined that subsequent annual increases should be in line with changes in public sector average earnings (not whole economy average earnings). Changes to Members' pensions and to rules on claiming some personal expenses were made to ensure that there was no additional cost to taxpayers.

### 2.1 Members' salaries in the 2015 Parliament

Responsibility for determining Members' pay was transferred to IPSA, in May 2011, by the *Parliamentary Standards Act 2009*, as amended by the *Constitutional Reform and Governance Act 2010*. Previously Members' salaries were determined by resolution of the House of Commons.

Members' salaries in the 2015 Parliament are set in accordance with the determination issued by IPSA in July 2015,<sup>10</sup> which superseded the determination issued in December 2013, (see Box 1). The level of salary from the beginning of the 2015 Parliament, set in the December 2013 determination, was confirmed after IPSA's statutory review of it in June and July 2015.<sup>11</sup>

The 2013 and 2015 determinations set the Member's salary at £74,000 from 8 May 2015. The July 2015 determination altered the measure of annual earnings used to determine annual changes in Members' salaries. It determined that subsequent annual increases should be in line with changes in public sector average earnings (not whole economy

<sup>10</sup> IPSA has to conduct a statutory review in the first year of a new Parliament [*Parliamentary Standards Act 2009*, section 4A (6)]

<sup>11</sup> Independent Parliamentary Standards Authority, [MPs' Pay in the 2015 Parliament: A consultation](#), June 2015; Independent Parliamentary Standards Authority news release, [Decision on MPs' pay confirmed by the Independent Parliamentary Standards Authority](#), 16 July 2015

average earnings). On 1 April 2016, the salary of a Member of Parliament increased to £74,962. The salary was confirmed by IPSA in February 2016.<sup>12</sup>

### **Box 1: IPSA's determinations for Members' pay from the beginning of the 2015 Parliament**

IPSA's December 2013 [MPs' Pay and Pensions: Final Report](#) included a determination on Members' salaries in the 2015 Parliament:

1. This determination was made by IPSA under Section 4 of the Parliamentary Standards Act 2009 on 5 December 2013 and comes into effect on 30 September 2015.
2. With effect from 8 May 2015, the salary for service as a member of the House of Commons will be £74,000 per annum (referred to as the "MP Salary").
3. With effect from 1 April each year, starting with 1 April 2016, the MP Salary will be adjusted by the rate of annual change in average earnings.
4. For the purposes of this determination 'annual change in average earnings' means the seasonally adjusted three month average change in whole economy average weekly earnings ending in the previous October, compared with the same period a year earlier. These data are published by the Office for National Statistics monthly as the AWE-KAC3 series.
5. This determination will be reviewed in the first year of each parliament, as required by Section 4 of the Parliamentary Standards Act 2009.

The Determination made no provision for there to be an increase in Members' salaries at 1 April 2015.

IPSA's July 2015 report, [MPs' Pay in the 2015 Parliament: Final Report](#), following its statutory review of Members' salaries, included a determination on Members' salaries in the 2015 Parliament, which superseded the December 2013 determination:

1. This determination was made by IPSA under Section 4 of the Parliamentary Standards Act 2009 on 16 July 2015 and comes into effect immediately. It supersedes the determination on the MP Salary which was made on 5 December 2013.
2. With effect from 8 May 2015, the salary for service as a member of the House of Commons will be £74,000 per annum (referred to as the "MP Salary").
3. With effect from 1 April each year, starting with 1 April 2016, the MP Salary will be adjusted by the rate of annual change in public sector average earnings.
4. For the purposes of this determination 'annual change in public sector average earnings' means the seasonally adjusted three month average change in public sector average weekly earnings ending in the previous October, compared with the same period a year earlier. These data are published by the Office for National Statistics monthly as the AWE-KAC9 series.
5. This determination will be reviewed in the first year of each Parliament, as required by Section 4 of the Parliamentary Standards Act 2009.

The determination issued in December 2013 followed a review of Members' salaries which was launched in 2012 (see section 2.3

## **2.2 IPSA's decisions on Members' pay in the 2010 Parliament**

### **Background**

At the beginning of the 2010 Parliament, before it was determined by IPSA, a Member's salary was £65,738 per annum. It was frozen at this level from 1 April 2011 by a resolution of the House. In 2011, Members' salaries should have increased under a 2008 resolution.

<sup>12</sup> Independent Parliamentary Standards Authority news, [MPs' pay for 2016](#), 26 February 2016

However, in line with a public sector pay freeze, the Government proposed the freeze. Despite some opposition, noting the 2008 resolution automatically determined changes in Members' pay without their involvement, the House agreed with the Government's proposal.<sup>13</sup>

### Initial decisions of IPSA

IPSA maintained the pay freeze again from 1 April 2012.<sup>14</sup>

On 10 January 2013, IPSA issued the *Determination of MPs' Salaries, January 2013*, which set the level of Members' pay from 1 April 2013 and 1 April 2014. It provided for 1% increases each year to £66,396 and then to £67,060 in April 2014,<sup>15</sup> in line with increases in public sector pay.

When IPSA issued its determination for Members' pay from 8 May 2015, it made no provision for there to be an increase in Members' salaries at 1 April 2015.

### IPSA's review of Members' pay

In February 2012, IPSA informed Members that their salaries would be frozen for the financial year 2012/13, in line with the ongoing public sector pay freeze, and that it was launching a consultation on proposals to increase Members' pension contributions.<sup>16</sup> In the consultation, IPSA outlined its plans for Members' pay and pensions in the future. It announced that it would conduct a thorough review of pay and pensions, announcing the way forward by the end of 2013.<sup>17</sup>

The stages of IPSA's review are outlined in Box 2, and described in more detail in the Library Briefing Paper, [Members' pay and expenses 2015/16](#) (CBP 7546, 31 March 2016).

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<sup>13</sup> HC Deb 21 March 2011 cc807-824 (See House of Commons Library Research Paper, [Members' pay and expenses – current rates and a review of developments since 2009](#), RP 12/29, 22 May 2012 for further details)

<sup>14</sup> Independent Parliamentary Standards Authority, [MPs' Pension Scheme](#) [letter to Members], 8 February 2012

<sup>15</sup> Independent Parliamentary Standards Authority, [Reviewing MPs' Pay and Pensions: A First Report](#), January 2013, Annex A

<sup>16</sup> Independent Parliamentary Standards Authority, [MPs' Pension Scheme](#) [letter to Members], 8 February 2012

<sup>17</sup> Independent Parliamentary Standards Authority, [MPs' Pensions Consultation – January 2012](#), February 2012

**Box 2: A timeline of IPSA's review of Members' pay**

8 February 2012	Members informed of IPSA's intention to review their salaries.
2 May 2012	IPSA formally launched the process of determining Members' salaries in future. <sup>18</sup>
October 2012	<a href="#">Reviewing MPs' Pay &amp; Pensions: A Consultation</a> published
January 2013	Responses to the consultation and <i>Determination of MPs' Salaries, January 2013</i> , published in <a href="#">Reviewing MPs' Pay and Pensions: A First Report</a> .
July 2013	IPSA set out its recommendations for remuneration arrangements for Members in the next Parliament in <a href="#">MPs' Pay and Pensions: A New Package</a> . IPSA asked for views on its recommendations as well as for alternative proposals.
December 2013	IPSA issued <a href="#">MPs' Pay and Pensions: Final Report</a> . This report included a determination that provided for Members' pay to increase to £74,000 with effect from 8 May 2015. Thereafter, from April 2016, Members' pay "will be adjusted in line with the rate of annual change in average earnings", each April. <sup>19</sup> However, the determination did not come into effect until 30 September 2015, <sup>20</sup> to allow IPSA to review whether the proposed salary increase was appropriate.
2 June 2015	IPSA consulted on its decision. The consultation paper, <a href="#">MPs' Pay in the 2015 Parliament: A consultation</a> , asked "Is there new and compelling evidence that might lead us to amend our determination?"
16 July 2015	IPSA confirmed that Members' salaries would increase to £74,000 from 8 May 2015 but it provided that from 1 April 2016, the salary would be adjusted by the "rate of annual changes in public sector average earnings", which it defined as "the seasonally adjusted three month average change in public sector weekly earnings ending in the previous October compared with the same period a year earlier". <sup>21</sup>

## 2.3 Members' pay 1997-2016

Before IPSA was given responsibility for determining Members' pay, the House of Commons determined Members' salaries.

Between 1997 and 2008, the House voted periodically on motions to give effect to changes in Members' pay, usually on the basis of reports commissioned by the Government from the Senior Salaries Review Body.

In 2008, the House agreed a resolution that meant that Members would receive pay increases each April without them needing to take any decisions, although in March 2011, the House agreed a motion to freeze salaries when the 2008 resolution would have provided an increase (see section 2.2).

Further details of changes in Members' pay before responsibilities transferred to IPSA can be found in the Library Research Paper, [Members' pay and expenses – current rates and a review of developments since 2009](#) (RP 12/29, 22 May 2012).

<sup>18</sup> Professor Sir Ian Kennedy, "[How do you decide what to pay an MP?](#)", *IPSA Blog*, 2 May 2012

<sup>19</sup> The "annual change in average earnings" is defined as "the seasonally adjusted three month average change in whole economy average weekly earnings ending in the previous October, compared with the same period a year earlier. These data are published by the Office for National Statistics monthly as the AWE-KAC3 series"

<sup>20</sup> Independent Parliamentary Standards Authority, [MPs' Pay and Pensions: Final Report](#), December 2013, Annex A

<sup>21</sup> Independent Parliamentary Standards Authority, [MPs' Pay in the 2015 Parliament: Final Report](#), 16 July 2015

The table below sets out the changes in the levels of Members' salaries from 1997 to 2016.

**Table 1: Members' Pay, 1997-2016**

£ per annum, nominal terms

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 <i>(a)</i>	£51,822
1 April 2002 <i>(b)</i>	£55,118
1 April 2003	£56,358
1 April 2004	£57,485
1 April 2005	£59,095
1 April 2006 <i>(c)</i>	£59,686
1 November 2006 <i>(c)</i>	£60,277
1 April 2007 <i>(d)</i>	£61,181
1 November 2007 <i>(d)</i>	£61,820
1 April 2008 <i>(e)</i>	£63,291
1 April 2009 <i>(e)</i>	£64,766
1 April 2010 <i>(e)</i>	£65,738
1 April 2011 <i>(f)</i>	£65,738
1 April 2012 <i>(g)</i>	£65,738
1 April 2013 <i>(h)</i>	£66,396
1 April 2014 <i>(h)</i>	£67,060
1 April 2015 <i>(g)</i>	£67,060
8 May 2015 <i>(i)</i> <i>(j)</i>	£74,000
1 April 2016 <i>(i)</i>	£74,962

*(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

*(h)* IPSA Determination, January 2013

*(i)* IPSA Determination, July 2015

*(j)* Determination came into force on 16 July 2015

## 2.4 Additional salaries for select committee chairs and for members of the Panel of Chairs

### Background

Reviews of the work of select committees around the year 2000 noted the additional workload of select committee chairs and called for recognition of this work. In May 2002, the House asked the Senior Salaries Review Body (SSRB) to consider what level of additional remuneration was appropriate for select committee chairs.

Following the SSRB review, additional salaries for select committee chairs were introduced from the beginning of the 2003-04 Session.<sup>22</sup>

Having established the principle of additional salaries, the Government asked the SSRB to consider the appropriate additional salary for Members who serve on the Panel of Chairs. On 13 July 2005, the House of Commons agreed that additional salaries should be paid to members of the Panel of Chairs, from 1 November 2005.<sup>23</sup>

Until May 2010, the House of Commons was responsible for determining and paying these additional salaries. Now IPSA is responsible for determining the level of the additional salary, while the House of Commons specifies which roles qualify for an additional salary.

### House of Commons specifies who qualifies for additional salaries and IPSA determines it

Under the *Parliamentary Standards Act 2009*, responsibility for paying Members' salaries transferred to the Independent Parliamentary Standards Authority (IPSA) in May 2010; and provisions in the *Constitutional Reform and Governance Act 2010* subsequently gave it responsibility for determining Members' salaries.<sup>24</sup>

Before it issued its first determination on Members' pay in January 2013, IPSA paid salaries in accordance with resolutions of the House of Commons.<sup>25</sup> However, once it issued a determination, salaries were paid to Members in accordance with sections 4 and 4A of the *Parliamentary Standards Act 2009*, as amended. Subsection 4A(2) allowed IPSA to pay additional salaries to "members while holding an office or position specified for the purposes of this subsection in a resolution of the House of Commons".<sup>26</sup>

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<sup>22</sup> For further details, see House of Commons Library Briefing Paper, [Select committees – pay for chairs](#), SN02725

<sup>23</sup> For further details, see House of Commons Library Briefing Paper, [Public bill and general committees: pay for chairs](#), SN03718

<sup>24</sup> The [Constitutional Reform and Governance Act 2010 \(Commencement No 5\) Order 2011](#), SI 2011/1274, brought into force provisions that transferred responsibility for determining Members' pay to the Independent Parliamentary Standards Authority on 17 May 2011

<sup>25</sup> *Constitutional Reform and Governance Act 2010* (chapter 25), section 29(3) stated that "Until the first determination under section 4(4) of that Act comes into effect, the amounts of the salaries payable by the Independent Parliamentary Standards Authority under section 4 of that Act are to be determined in accordance with the relevant resolutions of the House of Commons"

<sup>26</sup> *Parliamentary Standards Act 2009* (chapter 13), section 4A(2)

On 19 March 2013, the House of Commons agreed a resolution (for the purposes of subsection 4A(2)) which set out who was entitled to an additional salary and what should be done in cases where an individual appeared to qualify for more than one additional salary:

That—

(1) Subject to paragraphs (2) and (3), the following offices or positions are specified for the purposes of section 4A(2) of the Parliamentary Standards Act 2009, with effect from 1 April 2013—

(a) the Chair of a select committee appointed under Standing Order No. 152 (Select Committees related to government departments), the Administration Committee, the Backbench Business Committee, the Environmental Audit Committee, the European Scrutiny Committee, the Finance and Services Committee, the Liaison Committee, the Political and Constitutional Reform Committee [the Standing Order establishing this committee expired at the end of the 2010 Parliament], the Select Committee on Procedure, the Committee of Public Accounts, the Select Committee on Public Administration, the Regulatory Reform Committee, the Committee of Selection, the Committee on Standards, the Joint Committee on Human Rights or the Joint Committee on Statutory Instruments; and

(b) a member of the Panel of Chairs appointed under Standing Order No. 4 (Panel of Chairs), other than a member who is the Chair of a committee specified in subparagraph (a) or a member who is entitled to an additional salary by virtue of any provision of the Ministerial and other Salaries Act 1975.

(2) If a Member already holds an office or position referred to in paragraph (1)(a), then any other office or position referred to in paragraph (1)(a) is not specified for the purposes of section 4A(2) of the Parliamentary Standards Act 2009 in respect of any period for which that other post or position is held by that Member.

(3) Any office or position referred to in paragraph (1)(a) for the purposes of section 4A(2) of the Parliamentary Standards Act 2009 is not specified for the purposes of that section in respect of any period in which it is held by a Member who is also entitled to an additional salary by virtue of any provision of the Ministerial and other Salaries Act 1975.

(4) Any reference to any committee in paragraph (1)(a) shall, if the name of the committee is changed, be taken to be a reference to the committee by its new name.<sup>27</sup>

## **IPSA's March 2016 consultation on additional salaries for committee chairs**

On 11 March 2016, IPSA issued a consultation document on the pay of chairs of committees. It sought views on:

- whether to continue a flat rate of pay for select committee chairs;
- the structure of and qualification for additional salaries for members of the Panel of Chairs;

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<sup>27</sup> [HC Deb 19 March 2013 cc900-902](#)

- whether there should be a flat rate for the additional salaries of members of the Panel of Chairs and, if so, at what rate; and
- whether and how additional salaries should be updated.<sup>28</sup>

IPSA published the conclusion of its consultation on 25 May 2016. It reviewed the responses to the consultation. It found the majority of responses supported its proposals to retain the current rate and arrangements for select committee chairs. Most respondents supported streamlining the salary structure for members of the Panel of Chairs. There was also support for linking increases in additional salaries to increases in Members' salaries.<sup>29</sup>

IPSA confirmed that salaries for select committee chairs would be frozen at 2015 levels and that a single rate of additional salary would be implemented for members of the Panel of Chairs, at the same level as select committee chairs. In future, additional salaries would (like MPs' salaries), be adjusted by the rate of annual change in average earnings:

The Additional Salary for Chairs of Select Committees will remain at its current level of £15,025 a year.

For Members of the Panel of Chairs, the Additional Salary will also be set at £15,025 from June 2016.

And, in future years, salaries will be adjusted by the rate of annual change in average earnings in the public sector, as with MPs' basic pay. The first adjustment by the rate of annual change in public sector average earnings will take place on 1 April 2017.<sup>30</sup>

An extract from the determination is provided in Box 3.

### Select committee chairs

From the introduction of additional salaries for select committee chairs, the level of additional salary has been set at a single rate for all qualifying chairs.

IPSA issued its first determination in January 2013, setting salaries for April 2013 and April 2014. It issued a further determination in December 2013, setting the salaries of members of the Panel of Chairs (and of select committees chairs) from April 2015. The final report of its review of pay for committee chairs included a determination which set the level of salary for June 2016 onwards and provided for it to be adjusted on an annual basis, in line with changes in average earnings (see Box 3 for the determination).

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<sup>28</sup> Independent Parliamentary Standards Authority, [Reviewing Pay for Chairs of Committees: A Consultation](#), March 2016

<sup>29</sup> Independent Parliamentary Standards Authority, [Pay for Chairs of Committees: Final Report](#), May 2016

<sup>30</sup> Independent Parliamentary Standards Authority news, [Decision on pay for chairs of committees confirmed by the Independent Parliamentary Standards Authority](#), 25 May 2016



### Box 3: IPSA's determination on the Additional Salary for Specified Committee Chairs

1. This determination was made by IPSA under Section 4 of the Parliamentary Standards Act 2009 on 25 May 2016 and comes into effect on that date. It supersedes the determination on the Additional Salary for Specified Committee Chairs which was made by IPSA on 5 December 2013.
2. The holder of an office or position specified by the House of Commons in a resolution under Section 4A(2) of the Parliamentary Standards Act 2009 (collectively called "specified Committee Chairs") shall be paid a salary per annum (referred to as an "Additional Salary") by IPSA in accordance with this determination in addition to the MP Salary he or she shall be entitled to receive as a Member of Parliament.
3. For the avoidance of doubt, the term "specified Committee Chairs" covers Chairs of Select Committees and Members of the Panel of Chairs.
4. With effect from 1 June 2016, the Additional Salary per annum for specified Committee Chairs will be £15,025.
5. With effect from 1 April each year, starting with 1 April 2017, the Additional Salary per annum for specified Committee Chairs will be adjusted by the rate of annual change in public sector average earnings.
6. For the purposes of this determination 'annual change in public sector average earnings' means the seasonally-adjusted, three-month average change in public sector average weekly earnings ending in the previous October, compared with the same period a year earlier. These data are published by the Office for National Statistics monthly as the AWE-KAC9 series.
7. This determination will be reviewed in the first year of each Parliament, as required by Section 4 of the Parliamentary Standards Act 2009.

[...]

Source: Independent Parliamentary Standards Authority, [Pay for Chairs of Committees: Final Report](#), May 2016, Annex A

The additional salaries of select committee chairs, determined by IPSA since 2013 are set out in Table 2, below.

**Table 2: Select committee chairs, additional salary (£ per annum)**

1 April 2013	£14,728
1 April 2014	£14,876
1 April 2015	£15,025
1 June 2016	£15,025

Sources: Independent Parliamentary Standards Authority, [Reviewing MPs' Pay and Pensions: A First Report](#), January 2013, Annex A; Independent Parliamentary Standards Authority, [MPs' Pay and Pensions – Final Report](#), December 2013, Annex B; Independent Parliamentary Standards Authority, [Pay for Chairs of Committees: Final Report](#), May 2016, Annex A

Information on the background to the introduction of additional salaries for Members who chair select committees and the levels of additional salaries since their introduction can be found in the Library Briefing Paper, [Select Committees – pay for chairs](#) (SN02725).

### Members of the Panel of Chairs

From the introduction of additional salaries for members of the Panel of Chairs until the conclusion of IPSA's 2016 review of additional salaries for committee chairs, the level of additional salary depended on their length of service on the Panel. From June 2016 onwards, IPSA's determination provided for a flat rate for all members of the Panel of Chairs, at the same level as that of select committee chairs.

IPSA issued its first determination in January 2013, setting salaries for April 2013 and April 2014. It issued a further determination in December 2013, setting the salaries of members of the Panel of Chairs (and of select committees chairs) from April 2015. The final report of its review of pay for committee chairs included a determination which set the level of salary for June 2016 onwards and provided for it to be adjusted on an annual basis, in line with changes in average earnings (see Box 3 for the determination).

The additional salary rates for members of the Panel of Chairs, for 2013/14 to 2016/17, determined by IPSA, are set out in Table 3.

**Table 3: Panel of Chairs, additional salary (£ per annum)**

	<u>Length of service</u>			
	Less than one year	1-3 years	3-5 years	5 years or more
1 April 2013	2,940	8,248	11,193	14,728
1 April 2014	2,970	8,331	11,305	14,876
1 April 2015	3,000	8,415	11,419	15,025
	All chairs			
1 June 2016	15,025			

Sources: Independent Parliamentary Standards Authority, [Reviewing MPs' Pay and Pensions: A First Report](#), January 2013, Annex A; Independent Parliamentary Standards Authority, [MPs' Pay and Pensions – Final Report](#), December 2013, Annex B; Independent Parliamentary Standards Authority, [Pay for Chairs of Committees: Final Report](#), May 2016, Annex A

Information on the background to the introduction of additional salaries for Members who serve on the Panel of Chairs and the levels of additional salaries since their introduction can be found in the Library Briefing Paper, [Public bill and general committees: pay for chairs](#) (SN03718).

## 3. Members' expenses

### Summary

Since the 2010 General Election, responsibility for devising a scheme for and paying Members' expenses has rested with IPSA.

The *MPs' Scheme of Business Costs and Expenses* (Eighth Edition) came into effect on 1 April 2016.<sup>31</sup> The main expense budgets provided in IPSA's scheme and the maximum amounts that Members can claim in 2016/17 are set out below:

<b>Accommodation Expenses</b>	
London area (rent)	£20,610
Own home*	£8,850
<b>Caring responsibility (per dependent)</b>	£2,425
<b>London Area Living Payment</b>	£3,760
<b>London Area Living Payment (addition)</b>	£1,330
<b>Staffing Expenditure</b>	
London Area MPs	£148,500
non-London Area MPs	£141,400
<b>Office Costs Expenditure</b>	
London Area MPs	£26,100
non-London Area MPs	£23,450
<b>Start-up Expenditure</b>	£6,000
<b>Winding-up Expenditure</b>	
London Area MPs	£57,150
non-London Area MPs	£53,950

\* available to Members who own their own home, to cover costs such as utility bills and council tax

### 3.1 Introduction

Under section 5 of the *Parliamentary Standards Act 2009* IPSA has a statutory duty to prepare and regularly review and revise an allowances scheme for Members of Parliament. In fulfilling that statutory duty it is 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.<sup>32</sup>

<sup>31</sup> Independent Parliamentary Standards Authority, [The MPs' Scheme of Business Costs and Expenses 2016-17](#) (Eighth Edition), 22 March 2016, HC 854 2015-16

<sup>32</sup> *Parliamentary Standards Act 2009* (chapter 13), section 5(4)

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

IPSA's first *MPs' Expenses Scheme* came into force on the day after the 2010 General Election. Previously, Members' expenses (known as allowances) were paid in accordance with resolutions of the House of Commons.<sup>33</sup>

The first three editions were titled *MPs' Expenses Scheme*; since the fourth edition, in 2012/13, it has been the *MPs' Scheme of Business Costs and Expenses*.

## 3.2 Reviews of the MPs' Expenses Scheme

In the Foreword to the first edition of *The MPs' Expenses Scheme* (March 2010), IPSA confirmed that it would revise the MPs' Expenses Scheme annually.<sup>34</sup>

From the outset, IPSA has usually undertaken an annual review of its Expenses Scheme. In addition, its major review of pay and pensions in 2012 and 2013 recommended some changes to the Expenses Scheme with effect from the 2015 General Election. The Eighth Edition was not preceded by a review exercise. In the foreword, the IPSA Board wrote:

As changes were only made which had been agreed following previous consultations or as a result of removing redundant rules, there was no need to consult on this year's edition of the Scheme.<sup>35</sup>

In May 2016, IPSA launched a consultation entitled *Review of the MPs' Scheme of Business Costs and Expenses and IPSA's publication policy*. The consultation ran until 24 October 2016. IPSA described it as "the first comprehensive review of the Scheme since 2011". It asked 29 questions on the Scheme; eight on its publication scheme; and a question on the equality and diversity impacts of the issues raised in the consultation and by the Scheme generally.<sup>36</sup>

## 3.3 MPs' Expenses Scheme Eighth Edition

IPSA's *MPs' Scheme of Business Costs and Expenses 2016-17* (Eighth Edition) was published on 22 March 2016. Its provisions came into force on 1 April 2016.<sup>37</sup> The Scheme "makes provision for reimbursement of costs and provision for support for MPs". It is "intended to ensure that MPs are reimbursed for the costs and provision

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<sup>33</sup> Further information on the operation of the House of Commons Scheme is given in House of Commons Library Research Paper RP 12/29, [Members' pay and expenses – current rates and a review of developments since 2009](#), 22 May 2012, and earlier Research Papers on Members' pay and allowances. A list of previous research papers is given in Appendix 5.

<sup>34</sup> Independent Parliamentary Standards Authority, *The MPs' Expenses Scheme*, 29 March 2010, HC 501 2009-10, p3

<sup>35</sup> Independent Parliamentary Standards Authority, [The MPs' Scheme of Business Costs and Expenses 2016-17](#) (Eighth Edition), 22 March 2016, HC 854 2015-16, p3

<sup>36</sup> Independent Parliamentary Standards Authority, [Review of the MPs' Scheme of Business Costs and Expenses and IPSA's publication policy: A Consultation](#), May 2016

<sup>37</sup> Independent Parliamentary Standards Authority, [The MPs' Scheme of Business Costs and Expenses 2016-17](#) (Eighth Edition), 22 March 2016, HC 854 2015-16, p3

of support necessarily incurred in performance of their parliamentary functions” .<sup>38</sup>

The Scheme sets out general conditions, and the conditions for making claims, determining and reviewing claims. It then provides details and conditions of the expenses and business costs that IPSA will reimburse, along with budgets for different elements within the Scheme. Some guidance is provided within the Scheme. The following sections of this Briefing Paper provide a brief overview of the budgets within the Scheme, including the current budget limits. A summary of the maximum budgets for expenses under IPSA’s Scheme since 2010, is given in Appendix 1.

## Accommodation Expenditure

Under the IPSA scheme, Accommodation Expenditure “is designed to meet costs necessarily incurred on overnight accommodation which is required for the performance of an MP’s parliamentary functions”. It is not payable to London Area MPs – the Scheme defines the London Area in terms of constituencies<sup>39</sup> – or those who occupy ‘grace and favour’ accommodation.<sup>40</sup>

Accommodation Expenditure will only cover hotel accommodation;<sup>41</sup> or rental payments and associated expenditure; or, for MPs who own their own property, associated expenditure.<sup>42</sup> Associated expenditure includes, for example, utility bills, council tax and the “purchase, installation and maintenance of routine security measures”. Associated expenditure excludes cleaning; gardening; the purchase or maintenance of furniture; home contents insurance; television services; and television licences.<sup>43</sup>

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. It sets a separate budget for associated expenditure for those who own their own second home.

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<sup>38</sup> Independent Parliamentary Standards Authority, [The MPs’ Scheme of Business Costs and Expenses 2016-17](#) (Eighth Edition), 22 March 2016, HC 854 2015-16, p9

<sup>39</sup> It identifies 96 constituencies as being in the London Area (see Appendix 2). Thirty one constituencies that were defined as London Area seats in 2010/11 were re-defined as non-London Area in 2011/12 and a further seat was removed from the list in 2012/13 (see below)

<sup>40</sup> IPSA, *Eighth Edition*, HC 854 2015-16, paras 4.1-4.2

<sup>41</sup> “Accommodation Expenditure may only be paid for hotel costs to non-London Area MPs who have informed IPSA of their intention not to claim for rental property, associated expenditure ..., or the London Area Living Payment” [IPSA, *Eighth Edition*, HC 854 2015-16, para 4.12]

<sup>42</sup> IPSA, *Eighth Edition*, HC 854 2015-16, paras 4.9

<sup>43</sup> IPSA, *Eighth Edition*, HC 854 2015-16, paras 4.10-4.11

For Members renting in the London area, the annual Accommodation Expenditure budget for 2016/17 is **£20,610**.<sup>44</sup>

As in previous years, for Members renting outside London, the Accommodation Expenditure budgets are lower. Each eligible constituency is allocated to one of five bands. IPSA has calculated reduced budgets for these bands as well. The total budget limit, in 2016/17, for each band is:

	<b>Maximum</b>
Band A	£15,660
Band B	£14,210
Band C	£12,810
Band D	£11,360
Band E	£10,410

Source: IPSA, *Eighth Edition*, HC 854 2015-16, Annex A

The annual rates increased from 2015/16. Limits in the London-area and the non-London area bands increased by £10. IPSA commented that:

The portion of the Accommodation rental budget for associated expenditure has been increased by 0.2% for those renting in the London Area or within their constituency, to reflect consumer price inflation. The annual Accommodation Expenditure budget will now be £20,610 for MPs renting in the London Area, and between £10,410 and £15,660 for MPs renting in their non-London Area constituency.<sup>45</sup>

For MPs who make claims for Accommodation Expenditure for homes they own, the annual Accommodation Expenditure budget in 2016/17 is **£8,850**.<sup>46</sup> (This is unchanged since it was introduced in 2013/14.)

The Scheme provides that MPs who share rental accommodation will be entitled to the full Accommodation Expenditure budget.<sup>47</sup> Reduced limits had applied to Members who shared accommodation in 2010/11.<sup>48</sup> But since April 2011, Members who share have been entitled to the full Accommodation Expenditure budget.<sup>49</sup>

Members with caring responsibilities can claim additional budgets: eligibility depends on circumstances. The additional budget limit remains at **£2,425** per dependent, its level since 2010/11. Under the Scheme in 2016/17 caring responsibilities are defined in the following way:

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

For Members renting in the London area, the annual Accommodation Expenditure budget for 2016/17 is £20,610.

<sup>44</sup> IPSA, *Eighth Edition*, HC 854 2015-16, para 4.13

<sup>45</sup> IPSA, *Eighth Edition*, HC 854 2015-16, p5

<sup>46</sup> IPSA, *Eighth Edition*, HC 854 2015-16, para 4.19 and Annex A

<sup>47</sup> IPSA, *Eighth Edition*, HC 854 2015-16, paras 4.20-4.21

<sup>48</sup> Independent Parliamentary Standards Authority, *The MPs' Expenses Scheme: Second Edition*, 26 July 2010, HC 405 2010-12, paras 5.14-5.15

<sup>49</sup> Independent Parliamentary Standards Authority, *Annual Review of MPs' Expenses Scheme 2011*, "Report on the Consultation of January-February 2011", March 2011, paras 7.15-7.16



constituencies, from 2010/11, and the constituencies which qualify for the additional payment.

### 3.4 Travel and Subsistence

The general scope of Travel and Subsistence Expenditure is:

9.2 MPs may claim for Travel and Subsistence Expenditure for journeys which are necessary for the performance of their parliamentary functions, and fall into one of the following categories:

- a. for MPs who are eligible for Accommodation Expenditure, journeys between any point in the constituency (or a home or office within 20 miles of their constituency boundary) and Westminster or a London Area home;
- b. for MPs who are not eligible for Accommodation Expenditure, journeys between their constituency office and Westminster;
- c. travel within the constituency or within 20 miles of the constituency boundary;
- d. extended UK travel under paragraph 9.3; or
- e. a maximum of three return journeys per year to the national Parliaments of Council of Europe member states, or institutions and agencies of the European Union.<sup>56</sup>

The Scheme's provisions for extended travel cover travel to or from Westminster or the Member's constituency from or to other places in the UK, in particular circumstances; and indirect journeys between Westminster and the constituency (or vice versa).<sup>57</sup>

Motor mileage rates are set out in the Scheme.<sup>58</sup> The rates for 2016/17 are:

Motor mileage rate	To cover business travel by private motor car	45p per mile for the first 10,000 miles 25p per mile thereafter
Motor cycle rate	To cover business travel by private motor cycle	24p per mile
Bicycle mileage	To cover business travel by private cycle	20p per mile

The IPSA Scheme makes provision for travel by Members' staff and family members. In the case of family members, claims for up to 30 single journeys between a London residence and a constituency residence by dependents and those who share caring responsibilities are permitted.<sup>59</sup>

It also provides for subsistence expenses in certain circumstances, for Members, for carers and for staff. When travelling and staying away

<sup>56</sup> IPSA, *Eighth Edition*, HC 854 2015-16, para 9.2

<sup>57</sup> IPSA, *Eighth Edition*, HC 854 2015-16, paras 9.3-9.4

<sup>58</sup> IPSA, *Eighth Edition*, HC 854 2015-16, para 9.12. In 2010/11, they were included in guidance

<sup>59</sup> IPSA, *Eighth Edition*, HC 854 2015-16, paras 9.18-9.25



from either home or the London Area as a result of parliamentary functions, expenses for meals (within limits) can be claimed.<sup>60</sup>

Specific provision is made for late sittings of the House of Commons:

9.37 Where the House of Commons sits beyond 11pm, an MP may claim for a taxi fare for a journey from the House of Commons to a London Area residence (or a hotel claimed under paragraph 9.38). Claims for taxi fares will be subject to an upper limit of £80 for each such journey.

9.38 Where the House of Commons sits beyond 1am, an MP may claim for the cost of an overnight stay in a hotel and also the cost of a taxi under paragraph 9.37. Claims for hotels will be subject to an upper limit of £150 per night for each such stay.

9.39 If in exceptional circumstances, under paragraph 9.38 only, an MP is unable to find a hotel for £150 or less, he or she may claim for the total cost, providing he or she has evidence which shows why it was not possible to find a hotel within the budget.<sup>61</sup>

Limits for subsistence rates are set out in Appendix 1.

In the 2010 Parliament, Members were able to claim for meals when the House sat beyond 7.30pm. These provisions ceased from the beginning of the 2015 Parliament. IPSA considered that this was an example of an expense that had “an element of personal benefit, and that workers in other professional roles would expect to pay for these costs themselves”.<sup>62</sup>

### 3.5 Staffing Expenditure

From 1 April 2012, IPSA introduced separate limits on Staffing Expenditure for London Area and non-London Area Members. It had concluded that this distinction was necessary in order to reflect that Member’s staff on IPSA contracts who work in London are paid according to higher salary ranges than those based outside London.<sup>63</sup> From April 2016, the budget limits are £148,500 for London MPs and £141,400 for non-London Area MPs.<sup>64</sup>

For London Area Members the Staffing Expenditure budget is £148,500

For non-London Area Members, the budget is £141,400

IPSA noted that these budget limits had been increased by 1% “to reflect the wider public sector pay policy”.<sup>65</sup>

The maximum budget for Staffing Expenditure is based on Members employing four full-time equivalent members of staff.<sup>66</sup>

The 2016/17 Scheme provides that the Staffing Expenditure budget is available to meet the following costs relating to staffing:

<sup>60</sup> IPSA, *Eighth Edition*, HC 854 2015-16, paras 9.26-9.36

<sup>61</sup> IPSA, *Eighth Edition*, HC 854 2015-16, paras 9.37-9.39

<sup>62</sup> Independent Parliamentary Standards Authority, *MPs’ Pay and Pensions – Final Report*, December 2013, para 87

<sup>63</sup> 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

<sup>64</sup> IPSA, *Eighth Edition*, HC 854 2015-16, paras 7.5-7.6

<sup>65</sup> IPSA, *Eighth Edition*, HC 854 2015-16, p5

<sup>66</sup> 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

- (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 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 that meet the standards of the National Apprenticeship Service;
- (i) the incidental expenses of volunteers (as set out in paragraph 7.12); and
- (j) where the MP expects the Office Costs Expenditure budget to be exhausted, employment practice liability insurance and staff training costs.<sup>67</sup>

IPSA has made provision to allow Members to employ interns "provided that the employment conditions comply with the requirements of National Minimum Wage legislation".<sup>68</sup>

## Employment of family members

When the Committee on Standards in Public Life reviewed Members' allowances in 2009, it recommended that

MPs should no longer be able to appoint members of their own families to their staff and pay them with public funds. Those currently employing family members should be able to continue to do so for the life of one further Parliament or five years, whichever is the longer.<sup>69</sup>

IPSA consulted on this question in 2009, as it prepared the First Edition of its Scheme. IPSA proposed "to prohibit the use of public funds in the employment of family members by MPs". IPSA reported that although a total ban was supported by many respondents, the proposal for a total ban was questioned by MPs and their staff, trade unions and academics. Following the consultation, IPSA confirmed that "We are persuaded that the case for prohibition has not been made". It stated that:

The case for a prohibition therefore rests on whether the perception of possible abuse is sufficient cause to introduce the prohibition. We have in mind here our principle that the system should prohibit MPs from entering into arrangements which might appear to create a conflict of interests in the use of public resources. That principle needs to be weighed against the

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<sup>67</sup> IPSA, *Eighth Edition*, HC 854 2015-16, para 7.3

<sup>68</sup> IPSA, *Eighth Edition*, HC 854 2015-16, para 7.9

<sup>69</sup> Committee on Standards in Public Life, Twelfth Report, [MPs' expenses and allowances: Supporting Parliament, safeguarding the taxpayer](#), November 2009, Cm 7724, Recommendation 15

principle that the scheme should provide value to the taxpayer, and that arrangements should be flexible enough to take account of the diverse working patterns and demands placed on individual MPs.

IPSA concluded that “continued employment of family members and connected parties can command that confidence” subject to a number of safeguards, including a limit of “one family member or connected party to be employed for each MP”.<sup>70</sup> From the outset, its scheme has limited Members to employing one “connected party” (see Box 2), unless arrangements to employ more than one such person were in place when the Scheme came into effect.

#### **Box 4: 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 2009-10, Summary of the Scheme, para 34

In its May 2016 consultation, which closed on 24 October 2016, IPSA noted that “public concern about the employment of connected parties has remained”. It undertook a “detailed assurance review of connected parties”, and appended a summary of the review to the consultation document. It reported that:

We found no ground for concerns for the majority of connected parties. But we also concluded that the controls to prevent misuse of funding on employing connected parties were limited.

IPSA sought views on the following question:

Should we make any changes to the practice of employment by MPs of connected parties? If so, when should we introduce any new arrangements?<sup>71</sup>

In its response to IPSA’s consultation, the CSPL reiterated its “long held position that the practice of employing connected parties should be stopped”.<sup>72</sup>

<sup>70</sup> Independent Parliamentary Standards Authority, [Report on the consultation: MPs’ expenses: a consultation](#), section 6 [This document was included as an Annex to the First Edition of *The MPs’ Expenses Scheme*, HC 501 2009-10]

<sup>71</sup> Independent Parliamentary Standards Authority, [Review of the MPs’ Scheme of Business Costs and Expenses and IPSA’s publication policy: A Consultation](#), May 2016, paras 55-59 and Annex D

<sup>72</sup> Committee on Standards in Public Life, [Review of the MPs’ Scheme of Business Costs and Expenses and IPSA’s publication policy: Submission of Evidence by the Committee on Standards in Public Life](#), October 2016, paras 10-13

### 3.6 Office Costs Expenditure

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

6.1 Office Costs Expenditure (OCE) 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. hospitality (including refreshments in the office).<sup>73</sup>

In 2016/17, a budget limit of **£26,100** applies for London MPs and **£23,450** for non-London Area MPs.<sup>74</sup>

IPSA noted that these budget limits had been increased by 0.2% "to reflect consumer price inflation".<sup>75</sup>

### 3.7 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. The costs of staff redundancy payments are met from the contingency fund.<sup>76</sup>

The limit for Winding-Up Expenses in 2010/11 was based on "three months' worth of office-related budgets (Constituency Office Rental Expenditure, General Administrative Expenditure and Staffing Expenditure)".<sup>77</sup> (In 2010/11, the limit did not discriminate between

For London Area Members the Office Costs Expenditure budget is £26,100

For non-London Area Members the budget is £23,450

For London Area Members the Winding-up Expenditure budget is £57,150

For non-London Area Members the budget is £53,950

<sup>73</sup> IPSA, *Eighth Edition*, HC 854 2015-16, paras 6.1 and 6.6

<sup>74</sup> IPSA, *Eighth Edition*, HC 854 2015-16, paras 6.3-6.4

<sup>75</sup> IPSA, *Eighth Edition*, HC 854 2015-16, p5

<sup>76</sup> IPSA, *Eighth Edition*, HC 854 2015-16, paras 8.5, 8.6 and 8.8. The Scheme allows for reimbursement of expenses under the heading "Contingency Payments": "Where an MP necessarily incurs expenditure or liability for expenditure related to the performance of the MP's parliamentary functions which is not covered by any of the budgets set out in this Scheme or, if it is covered by one or more of those budgets, it exceeds any financial limit that may apply, the MP may apply to IPSA to be reimbursed on an exceptional basis in respect of that expenditure" (para 10.10).

<sup>77</sup> Independent Parliamentary Standards Authority, *Annual Review of MPs' Expenses Scheme 2011*, "Report on the Consultation of January-February 2011", March 2011, para 9.3

London and non-London MPs.<sup>78</sup>) IPSA concluded that this level appeared to be appropriate. However, in its report on the consultation (published in March 2011), 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.<sup>79</sup>

Since the Fourth Edition of the Scheme (from April 2012), MPs have been able to "continue to claim for rental payments and/or associated expenditure for two months after leaving Parliament. These costs will be met from the Contingency Fund".<sup>80</sup> (This provision was not included in the Third Edition of the Scheme.)

### 3.8 Loss of Office Payment

IPSA initially made no provision for payments to Members who left Parliament, in the First Edition of its *MPs' Expenses Scheme*. The House of Commons had previously provided a Resettlement Grant (determined by age and length of service) to all Members who left the House at a general election.

An interim resettlement payment for Members who lost their seat at the General Election, scheduled for 7 May 2015, was introduced by the Fourth Edition (covering the financial year 2012/13) of IPSA's Scheme. It was retained for the rest of the 2010 Parliament, and provided "one calendar month's salary (at the rate payable to MPs immediately before polling day) for each completed year of service subject to a maximum payment equal to six months' salary".<sup>81</sup>

From the beginning of the 2015 Parliament, the interim arrangement has been replaced by a permanent Loss of Office Payment:

8.15 MPs will be eligible to receive a Loss of Office Payment if they lose their seat at a General Election after that scheduled for 7 May 2015.

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<sup>78</sup> 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

<sup>79</sup> Independent Parliamentary Standards Authority, *Annual Review of MPs' Expenses Scheme 2011*, "Report on the Consultation of January-February 2011", March 2011, paras 9.4-9.5

<sup>80</sup> IPSA, *Fourth Edition*, HC 1868 2010-12, para 8.9; IPSA, *Seventh Edition*, HC 1078 2014-15, para 8.9. Before the transitional arrangements for MPs who had mortgages ended in August 2012, mortgage interest payments were also covered

<sup>81</sup> IPSA, *Seventh Edition*, HC 1078 2014-15, paras 8.13-8.14

8.16 The amount of the Loss of Office Payment will be equal to double the prevailing statutory redundancy entitlement.<sup>82</sup>

The IPSA Scheme confirms that Members have to be defeated in the same seat that they represented on the day before dissolution. Members are also required to have made arrangements for their staff redundancy notices; for repaying outstanding debts to IPSA; and for submitting expense claims before they receive the Loss of Office Payment.<sup>83</sup>

### 3.9 Start-up Expenditure

A new expenditure heading, Start-up Expenditure, was introduced in 2011/12. 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 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.<sup>84</sup>

### 3.10 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.

### 3.11 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. Provision is made in the 2016/17 Scheme:

IPSA will, in the event of a recall of Parliament during Recess, settle claims for any reasonable travel by an MP and his or her spouse/partner and/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, where necessary. MPs will be expected to travel standard class or equivalent unless they have no alternative or there is a more cost-effective option available.<sup>85</sup>

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<sup>82</sup> IPSA, *Eighth Edition*, HC 854 2015-16, paras 8.13-8.14

<sup>83</sup> IPSA, *Eighth Edition*, HC 854 2015-16, paras 8.15-8.16

<sup>84</sup> IPSA, *Eighth Edition*, HC 854 2015-16, paras 8.1-8.4

<sup>85</sup> IPSA, *Eighth Edition*, HC 854 2015-16, para 10.12

Until 2013/14, there was a budgetary limit of £3,750 per Member but this was removed following the November 2013 consultation. Although the limit could be breached (and funded through the contingency fund), IPSA removed the limit “to deal with the risk that the apparent limit may deter some MPs from returning during a recall or result in MPs incurring costs personally”. IPSA specified that travel should be by standard class or another more cost-effective alternative.<sup>86</sup>

In the summer of 2011, before provision was made in the Scheme, 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.<sup>87</sup>

### 3.12 Expenditure during a general election

The Scheme sets out the rules that would apply to claims for expenses in the period when Parliament is dissolved.<sup>88</sup>

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<sup>86</sup> IPSA, [Sixth Edition](#), “Report on the Consultation of 2013-14”, paras 65-72

<sup>87</sup> IPSA, “Recall of Parliament”, [MP Bulletin 46](#), 9 August 2011

<sup>88</sup> [Eighth Edition](#), HC 854 2015-16, paras 10.13-10.18

## 4. Ministers' salaries

### Summary

On assuming office in May 2010, the Coalition Government announced that ministers' pay would be cut by 5% and then frozen for the duration of that Parliament. The previous Labour administration had already frozen ministerial salaries through refusing increases in both ministerial and Members' salaries, so the actual earnings of ministers did not equate to their entitlements.

The Coalition Government made an Order in 2011 to set ministerial salaries in accordance with its May 2010 announcement. However, subsequent increases in Members' pay meant that once again, the salaries drawn by ministers and their entitlements were different.

Following the May 2015 general election, David Cameron announced that he had decided to freeze the pay of ministers in government.

### 4.1 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 but they cannot claim Lords Attendance Allowance.

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.<sup>89</sup> However the 1996 Senior Salaries Review Body (SSRB) report,<sup>90</sup> which was accepted by the Commons, recommended that the uprating 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.

#### Box 5: Uprating formula (1997-2011 and from the end of the 2015 Parliament)

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*.

- (1) For each year starting with 1st April, from 1998 onwards, the annual amount, or maximum or minimum annual amount, of any salary payable under section 1(1) or (3) of this Act shall be increased by the relevant percentage.
- (2) The relevant percentage is the average percentage by which the mid-points of the Senior Civil Service pay bands having effect from 1st April of the year concerned have increased compared with the previous 1st April.
- (3) The mid-point of a Senior Civil Service pay band is the point half way between the maximum and the minimum.

<sup>89</sup> 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

<sup>90</sup> Review Body on Senior Salaries, [Review of Parliamentary pay and allowances](#), Report No. 38, Cm 3330-I, 1996



A full list of entitlements to ministerial salary is provided 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.<sup>91</sup> 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, in 2008 and 2011 (when IPSA was given responsibility for determining Members' salaries) no changes were made to the uprating formula for ministerial salaries.

## 4.2 Ministerial pay freezes and salary cuts since 2007

### Introduction and overview

Whilst Gordon Brown was Prime Minister (2007-10), 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 (see below).

On assuming office, in May 2010, the Coalition Government announced that ministerial salaries (in total) would be reduced by 5% and then frozen for the lifetime of the Parliament. In the event, the ministerial element was reduced, initially by ministers waiving part of salary, then as a result of the *Ministerial and other Salaries Act 1975 (Amendment) Order 2011* setting ministerial salaries at the rate they were being paid at, and then when Members' salaries increased in April 2013 and 2014 by waiver.

When Members' salaries increased after the general election of 2015, the ministerial element of ministers' pay being received at that time was not reduced to reflect this.

### Ministerial pay freezes, 2007-2010

Following annual reviews of senior civil service pay, by the SSRB, Gordon Brown informed the House of their conclusions and the consequences for ministerial pay, in June 2008, March 2009 and March 2010. He announced that ministers had declined salary increases despite increases in entitlement in 2008/09 and 2009/10. They also declined an increase in Members' pay in 2009/10 and 2010/11.<sup>92</sup>

In addition to the announcements made, Gordon Brown had reduced his salary. Although entitled to £198,661 (ministerial and Member's pay together), he received £150,000 at the time of the 2010 general election. 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.<sup>93</sup>

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<sup>91</sup> 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

<sup>92</sup> HC Deb 17 June 2008 cc47WS-48WS; HC Deb 31 March 2009 c62WS; and HC Deb 10 March 2010 cc18WS-19WS

<sup>93</sup> "[Gordon Brown reveals his massive pay cut](#)", *Daily Mirror*, 21 April 2010

For further details on ministerial pay freezes in the 2005 Parliament, see the Library Research Paper *Members' pay and expenses – current rates and a review of developments since 2009* of May 2012.<sup>94</sup>

## Ministerial pay cut and freeze in the 2010 Parliament

In May 2010, the incoming Coalition Government announced 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.<sup>95</sup>

In notes to the press release, the Government outlined how the pay reduction and subsequent freeze would be implemented:

We are cutting the total remuneration – the Parliamentary and Ministerial salaries combined – of all Ministers by five per cent relative to that received under the previous 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.<sup>96</sup>

In 2011, following parliamentary approval, the Government made the *Ministerial and other Salaries Act 1975 (Amendment) Order 2011*. It set ministerial salaries at the level that implemented the commitment to reduce salaries.

The Order did not make any provision for ministerial salaries to be reduced in order to maintain the same remuneration overall for ministers, when the Member's salary increased. However, as Members' salaries increased in 2013 and 2014, ministers waived part of their ministerial salary to keep their overall remuneration at the same level. For example, the Treasury's annual report shows that, in the case of Treasury ministers, ministerial salaries received in 2013/14 were lower than that in 2012/13.<sup>97</sup>

## Ministerial pay freeze in the 2015 Parliament

The 2011 Order set ministerial salaries throughout the 2010 Parliament. It provided that they should increase in line with the existing formula with effect from the day after Parliament was dissolved. Accordingly, ministerial salaries increased by 0.62% with effect from 31 March 2015. The Order provided for them to remain at that level until 31 March 2016.<sup>98</sup>

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<sup>94</sup> House of Commons Library Research Paper, [Members' pay and expenses – current rates and a review of developments since 2009](#), RP 12/29, 22 May 2012

<sup>95</sup> 10 Downing Street press release, [A new politics: cutting Ministerial pay](#), Thursday 13 May 2010

<sup>96</sup> 10 Downing Street press release, [A new politics: cutting Ministerial pay](#), Thursday 13 May 2010

<sup>97</sup> HM Treasury, [Annual Report and Accounts 2013-14](#), July 2014, HC 20 2014-15, p71

<sup>98</sup> [Ministerial and other Salaries Act 1975 \(Amendment\) Order 2011](#), SI 2011/1689, Article 4

On 24 May 2015, writing in the *Sunday Times*, David Cameron, the then Prime Minister, wrote “I’ve decided to freeze the pay of the ministers in the government”.<sup>99</sup> The BBC reported that the Prime Minister had extended the ministerial pay freeze and indicated that ministers would continue to receive the same amount of money as they received at the beginning of the 2010 Parliament:

Government ministers’ pay will remain frozen for the next five years, David Cameron has announced

Writing in the *Sunday Times*, the prime minister said we were “all in this together” when it came to paying off the national debt.

His pledge will save about £800,000 a year and £4m by 2020.

The decision means ministerial pay will not have risen for a decade by the end of parliament. Cabinet ministers currently receive a salary of £134,565.

This includes their pay as MPs. The prime minister is paid a total of £142,500.<sup>100</sup>

Following the implementation of the increase in Members’ salaries, in September 2015 (backdated to 8 May 2015), it was widely reported at the end of 2015 that ministers had accepted the increase. The aggregate amount of salary that Prime Minister received then stood at £149,440.<sup>101</sup>

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<sup>99</sup> David Cameron, “The two-speed society stops right here: this is one nation”, *Sunday Times*, 24 May 2015

<sup>100</sup> BBC News, [David Cameron announces freeze in ministers’ pay](#), 24 May 2015

<sup>101</sup> BBC News, [Speaker John Bercow earns more than PM after pay rise](#), 28 December 2015; [Bercow to be paid more than Cameron after extra rise for Speaker](#), *Guardian*, 27 December 2015. In fact, the Speaker’s salary overtook that of the PM in April 2014

### Box 6: Effect of the ministerial pay freeze on the earnings of a Cabinet minister (2008-2015)

On 31 March 2008, the ministerial element of a Cabinet minister's salary was £78,356. In addition, they received a Member's salary of £61,820 (the pay increase in both MP and ministerial salary due in April 2007 had been paid in two parts).

Ministers received an increase in Members' pay in April 2008 (to £63,291) but did not receive increases in ministerial pay in April 2008 or April 2009, there was no increase in entitlement in April 2010. Ministers did not receive increases in MP salary in April 2009 or April 2010.

At the end of April 2010, although their total salary should have been £145,492, Cabinet ministers were receiving £141,647, comprising £78,356 (ministerial element) and £63,291 (MP salary).

Following the Coalition Government's announcement of a pay cut and freeze, on assuming office in May 2010, Cabinet ministers received £134,565, comprising £68,827 (ministerial element) and £65,738 (the full MP salary).

The salary of a Cabinet minister was subsequently set at £68,827 by the *Ministerial and other Salaries (Amendment) Order 2011*. This increased by 0.62% to £69,254 with effect from 31 March 2015 (the day after the dissolution of the 2010 Parliament).

However, when the MP salary increased to £66,396 and to £67,060 in April 2013 and April 2014, respectively, the amount of ministerial salary paid to Cabinet ministers reduced to £68,169, in April 2013 and then to £67,505 in April 2014.

When the MP salary increased to £74,000 with effect from 8 May 2015, the ministerial salary was not reduced commensurately so Cabinet ministers continued to receive £67,505, compared to their entitlement of £69,254 and the full MP salary of £74,000 – giving a total received of £141,505.

Appendix 4 reports the changes to the entitlements and amounts received by the Prime Minister, Cabinet Ministers, Ministers of State, and Parliamentary Under Secretaries since 2008.

## Ministerial salaries from April 2016

On 1 April 2016, in line with the formula in the *Ministerial and other Salaries Act 1997*, ministerial salary entitlements increased by 0.43%. However, in line with the ministerial pay freeze announced by David Cameron at the beginning of the 2015 Parliament, ministers waived this increase. Table 4 reports the ministerial entitlements and the ministerial salaries received by the Prime Minister, Cabinet Ministers, Ministers of State, and Parliamentary Under Secretaries from April 2016.

**Table 4: Ministerial salaries – entitlements and amounts received, Commons ministers (1 April 2016)**

£ per annum	Entitlement	Amount received
Prime Minister	77,750	75,440
Cabinet Minister	69,552	67,505
Minister of State	33,350	31,680
Parly Under-Sec	23,947	22,475

Source: Cabinet Office, [Salaries of Members of Her Majesty's Government – July 2016](#), August 2016<sup>102</sup>

Appendix 4 reports the changes to the entitlements and amounts received by the Prime Minister, Cabinet Ministers, Ministers of State, and Parliamentary Under Secretaries since 2008.

<sup>102</sup> Cabinet Office, [Transparency data: Ministerial salary data](#), August 2016

## Appendix 1: IPSA MPs' expenses scheme – summary of rates 2010/11 to 2016/17

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

	Accommodation Expenses		Accommodation Expenses		Associated Expenditure (3)	Hotel Accommodation (per night)		Caring Responsibility	London Area Living Payment	Addition to London Area Living Payment
	London Area (1)	Rent (max)	Total	Mortgage interest (transition) 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)	-	-	£150	£120	£2,425	£3,760	£1,330
2013/14	£20,100	-	-	-	£8,850	£150	£120	£2,425	£3,760	£1,330
2014/15	£20,600	-	-	-	£8,850	£150	£120	£2,425	£3,760	£1,330
2015/16 (4, 5)	£20,600	-	-	-	£8,850	£150	£120	£2,425	£3,760	£1,330
2016/17	£20,610	-	-	-	£8,850	£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

(3) From 2013/14, MPs who owned their own home were able to claim up to £8,850 for associated expenditure only under Accommodation Expenditure

(4) IPSA calculated proportionately reduced budgets for newly elected Members, equivalent to 11 months' budget

<i>2015/16</i>	<i>£18,883</i>	<i>£8,113</i>	<i>£2,223</i>	<i>£3,447</i>	<i>£1,219</i>
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(5) IPSA calculated proportionately reduced budgets for Members who stood down or were defeated, equivalent to 3 months' budget

<i>2015/16</i>	<i>£5,150</i>	<i>£2,213</i>	<i>£606</i>	<i>£940</i>	<i>£333</i>
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## (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		£9,761
2012/13	£15,150		£13,750		£10,866
2013/14	£15,250		£13,850		£8,366
2014/15	£15,650		£14,200		£9,472
2015/16 (2, 3)	£15,650		£14,200		£6,972
2016/17	£15,660		£14,210		£10,050

(1) Rates set in Scheme guidance

(2) IPSA calculated proportionately reduced budgets for newly elected Members, equivalent to 11 months' budget

<i>2015/16 (2)</i>	<i>£14,346</i>	<i>£13,017</i>	<i>£11,733</i>	<i>£10,404</i>	<i>£9,533</i>
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(3) IPSA calculated proportionately reduced budgets for Members who stood down or were defeated, equivalent to 3 months' budget

<i>2015/16 (3)</i>	<i>£3,913</i>	<i>£3,550</i>	<i>£3,200</i>	<i>£2,838</i>	<i>£2,600</i>
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## (e) Travel and subsistence

	Rate per mile			Subsistence		Taxi	
	Motor car < 10,000 miles	Motor car > 10,000 miles	Motorcycle	Bicycle	Overnight (1)	Late sitting (2)	Late sitting (3)
2010/11	40p	25p	24p	20p	£25	£15	£80
2011/12 (4)	40p	25p	24p	20p	£25	£15	£80
2012/13	45p	25p	24p	20p	£25	£15	£80
2013/14	45p	25p	24p	20p	£25	£15	£80
2014/15	45p	25p	24p	20p	£25	£15	£80
2015/16	45p	25p	24p	20p	£25	-	£80
2016/17	45p	25p	24p	20p	£25	-	£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



## Appendix 2: 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. North East Hertfordshire (68) was removed from the list of London Area seats from 1 April 2012.

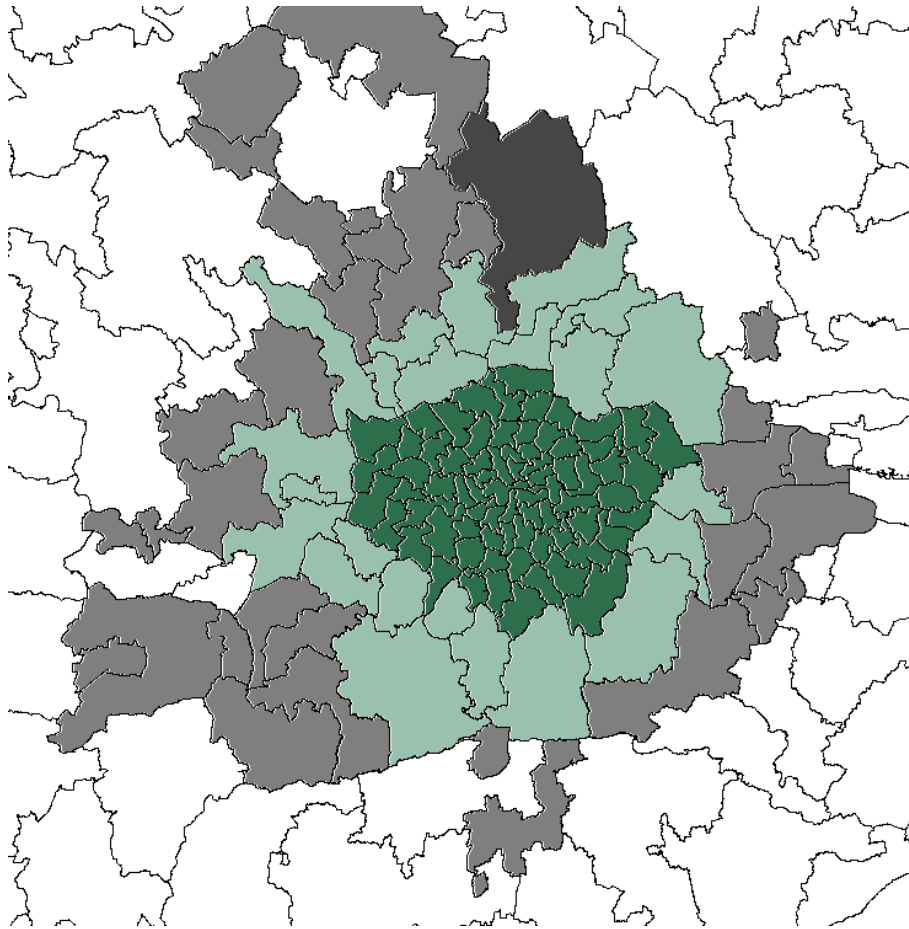
1.	Aldershot	35.	<b>Epping Forest</b>
	Barking	36.	<b>Epsom &amp; Ewell</b>
	Basildon & Billericay	37.	Erith & Thamesmead
	Basingstoke	38.	<b>Esher &amp; Walton</b>
2.	Battersea	39.	Feltham & Heston
3.	<b>Beaconsfield</b>	40.	Finchley & Golders Green
4.	Beckenham		Gravesham
5.	Bermondsey & Old Southwark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

- |   |                              |
|---|------------------------------|
| 66. Mitcham & Morden                      | 81. <b>Spelthorne</b>        |
| 67. <b>Mole Valley</b>                    | 82. <b>St Albans</b>         |
| North East Bedfordshire                   | Stevenage                    |
| North East Hampshire                      | 83. Streatham                |
| 68. <del>North East Hertfordshire</del> * | Surrey Heath                 |
| 69. Old Bexley & Sidcup                   | 84. Sutton & Cheam           |
| 70. Orpington                             | 85. <b>Thurrock</b>          |
| 71. Poplar & Limehouse                    | Tonbridge & Malling          |
| 72. Putney                                | 86. Tooting                  |
| Reading East                              | 87. Tottenham                |
| Reading West                              | 88. Twickenham               |
| 73. <b>Reigate</b>                        | 89. Uxbridge & South Ruislip |
| 74. Richmond Park                         | 90. Vauxhall                 |
| Rochester & Strood                        | 91. Walthamstow              |
| 75. Romford                               | 82. <b>Watford</b>           |
| 76. Ruislip, Northwood & Pinner           | 93. <b>Welwyn Hatfield</b>   |
| 77. <b>Runnymede &amp; Weybridge</b>      | 94. West Ham                 |
| 78. <b>Sevenoaks</b>                      | 95. Westminster North        |
| 79. <b>Slough</b>                         | 96. Wimbledon                |
| South Basildon & East Thurrock            | 97. <b>Windsor</b>           |
| South West Bedfordshire                   | Woking                       |
| 80. <b>South West Hertfordshire</b>       | Wycombe                      |
| South West Surrey                         |                              |





\* From April 2012, North East Hertfordshire was no longer defined as a London Area seat

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

## London Area Constituencies since May 2010



In 2010/11 all the seats identified in the map were London area constituencies.

-  From April 2011, no longer defined as London area constituencies
-  From April 2012, North East Hertfordshire was no longer defined as a London area constituency
-  London area seats since May 2010 qualifying for a supplement to the London living payment from April 2011
-  London area seats since May 2010

## 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	31 Mar 2015	1 Apr 2016
Prime Minister ( <i>a</i> )	100,000	113,596	124,837	126,085	127,334	129,244	130,594	130,959	132,923	132,923	132,923	76,762	77,238	77,570
Cabinet Minister ( <i>a</i> )	60,000	68,157	74,902	75,651	76,400	77,546	78,356	78,575	79,754	79,754	79,754	68,827	69,254	69,552
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	33,207	33,350
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	23,844	23,947
Government Chief Whip ( <i>b</i> )	36,613	68,157	74,902	75,651	76,400	77,546	78,356	78,575	79,754	79,754	79,754	68,827	33,207	33,350
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	33,207	33,350
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	19,358	19,441
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	19,358	19,441
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	63,489	63,762
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	33,207	33,350
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	19,358	19,441
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	19,358	19,441
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	76,236	76,564
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	41,626	41,626
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	36,585	36,585
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	36,585	36,585
Attorney General ( <i>c</i> )	63,756		In Lords							108,624	108,624	95,772	96,366	96,780
Solicitor General ( <i>d</i> )	In Lords	59,386	65,263	65,916	66,569	67,568	68,273	68,464	69,491	69,491	69,491	59,248	59,615	59,871
Advocate General for Scotland ( <i>e</i> )		59,386	65,263	In Lords										
Lord Chancellor ( <i>g</i> ) ( <i>h</i> )			In Lords			77,546	78,356	78,575	79,754	79,754	79,754	68,827	69,254	69,552

45 Members' pay and expenses and ministerial salaries 2016/17

**(b) 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	31 Mar 2015	1 Apr 2016
Lord Speaker <i>(f)</i>				102,685	103,701	105,257	106,356	106,654	108,253	108,253	108,253	101,038	101,664	102,101
Cabinet Minister <i>(a)</i>	77,963	88,562	101,668	102,685	103,701	105,257	106,356	106,654	108,253	108,253	108,253	101,038	101,664	102,101
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	79,380	79,721
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	69,136	69,433
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	79,380	79,721
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	69,136	69,433
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	63,931	64,206
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	69,136	69,433
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	63,931	64,206
Lord Chancellor <i>(g)</i>	140,665	173,875	213,899	102,685	103,701	<i>(h)</i>								
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	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	79,076	79,076
Solicitor General <i>(d)</i>	78,072		In Commons											
Attorney General <i>(c)</i>	In Commons	92,826	106,358	107,422	108,485	110,112	111,262	111,574	113,248	113,248		In Commons		
Advocate General for Scotland <i>(e)</i>		In Commons		93,249	94,173	95,586	96,584	96,854	98,307	98,307	98,307	91,755	92,324	92,721

(c) Notes to Appendix 3

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

- a) 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.

- b) 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 been paid at the same level as a Minister of State's salary, in accordance with Schedule 1, Part II of the *Ministerial and other Salaries Act 1975*.

- c) Office in Lords from 29 July 1999. The *Attorney General's Salary Order 2000*, SI 2000/1827, implemented a 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 the formation of the Coalition Government in May 2010, office in Commons. From May 2010 to July 2014, the Attorney General took a Cabinet Minister's salary.

- d) Office in Commons in 1992-1997 Parliament, and as from 28 July 1998.

- e) 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.

- f) The Lord Speaker took office on 4 July 2006; the *Constitutional Reform Act 2005* no longer required the Lord Chancellor to fulfil this role.

- g) 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 *Public Service Pensions Act 2013* set the Lord Chancellor's salary at the same level as that of other Cabinet ministers.

- h) Under the *Constitutional Reform Act 2005*, the Lord Chancellor no longer has to sit in the House of Lords.

## Appendix 4: Ministerial salaries a comparison of entitlements and amounts received (since 2008), £ per annum

	31-Mar-08	01-Apr-08	01-Apr-09	01-Apr-10	10-May-10	01-Apr-11	14-Jul-11	01-Apr-12	01-Apr-13	01-Apr-14	31-Mar-15	01-Apr-15	08-May-15	01-Apr-16
<b>(1) Prime Minister</b>														
<b>Entitlement</b>														
Minister	130,594	130,959	132,923	132,923	132,923	132,923	76,762	76,762	76,762	76,762	77,238	77,238	77,238	77,570
Member	61,820	63,291	64,766	65,783	65,783	65,783	65,783	65,783	66,396	67,060	67,060	67,060	74,000	74,962
<b>Total</b>	<b>192,414</b>	<b>194,250</b>	<b>197,689</b>	<b>198,706</b>	<b>198,706</b>	<b>198,706</b>	<b>142,545</b>	<b>142,545</b>	<b>143,158</b>	<b>143,822</b>	<b>144,298</b>	<b>144,298</b>	<b>151,238</b>	<b>152,532</b>
<b>Amount received</b>														
Minister	130,594	130,594	130,594	130,594	76,762	76,762	76,762	76,762	76,104	75,440	75,440	75,440	75,440	75,440
Member	61,820	63,291	63,291	63,291	65,738	65,738	65,738	65,738	66,396	67,060	67,060	67,060	74,000	74,962
<b>Total</b>	<b>192,414</b>	<b>193,885</b>	<b>193,885</b>	<b>193,885</b>	<b>142,500</b>	<b>142,500</b>	<b>142,500</b>	<b>142,500</b>	<b>142,500</b>	<b>142,500</b>	<b>142,500</b>	<b>142,500</b>	<b>149,440</b>	<b>150,402</b>
Note: Before the 2010 General Election, Gordon Brown further reduced the amount of total salary he received to £150,000														
<b>(2) Cabinet Minister</b>														
<b>Entitlement</b>														
Minister	78,356	78,575	79,754	79,754	79,754	79,754	68,827	68,827	68,827	68,827	69,254	69,254	69,254	69,552
Member	61,820	63,291	64,766	65,783	65,783	65,783	65,783	65,783	66,396	67,060	67,060	67,060	74,000	74,962
<b>Total</b>	<b>140,176</b>	<b>141,866</b>	<b>144,520</b>	<b>145,537</b>	<b>145,537</b>	<b>145,537</b>	<b>134,610</b>	<b>134,610</b>	<b>135,223</b>	<b>135,887</b>	<b>136,314</b>	<b>136,314</b>	<b>143,254</b>	<b>144,514</b>
<b>Amount received</b>														
Minister	78,356	78,356	78,356	78,356	68,827	68,827	68,827	68,827	68,169	67,505	67,505	67,505	67,505	67,505
Member	61,820	63,291	63,291	63,291	65,738	65,738	65,738	65,738	66,396	67,060	67,060	67,060	74,000	74,962
<b>Total</b>	<b>140,176</b>	<b>141,647</b>	<b>141,647</b>	<b>141,647</b>	<b>134,565</b>	<b>134,565</b>	<b>134,565</b>	<b>134,565</b>	<b>134,565</b>	<b>134,565</b>	<b>134,565</b>	<b>134,565</b>	<b>141,505</b>	<b>142,467</b>
<b>(3) Minister of State</b>														
<b>Entitlement</b>														
Minister	40,646	40,759	41,370	41,370	41,370	41,370	33,002	33,002	33,002	33,002	33,207	33,207	33,207	33,350
Member	61,820	63,291	64,766	65,783	65,783	65,783	65,783	65,783	66,396	67,060	67,060	67,060	74,000	74,962
<b>Total</b>	<b>102,466</b>	<b>104,050</b>	<b>106,136</b>	<b>107,153</b>	<b>107,153</b>	<b>107,153</b>	<b>98,785</b>	<b>98,785</b>	<b>99,398</b>	<b>100,062</b>	<b>100,267</b>	<b>100,267</b>	<b>107,207</b>	<b>108,312</b>
<b>Amount received</b>														
Minister	40,646	40,646	40,646	40,646	33,002	33,002	33,002	33,002	32,344	31,680	31,680	31,680	31,680	31,680
Member	61,820	63,291	63,291	63,291	65,738	65,738	65,738	65,738	66,396	67,060	67,060	67,060	74,000	74,962
<b>Total</b>	<b>102,466</b>	<b>103,937</b>	<b>103,937</b>	<b>103,937</b>	<b>98,740</b>	<b>98,740</b>	<b>98,740</b>	<b>98,740</b>	<b>98,740</b>	<b>98,740</b>	<b>98,740</b>	<b>98,740</b>	<b>105,680</b>	<b>106,642</b>





## Appendix 5 Library Research Papers on Members' pay and allowances since 2001

[Parliamentary Pay and Allowances: Current Rates](#), RP 01/43, 3 April 2001

[Parliamentary Pay, Allowances and Pensions: the Reviews of 2001](#), RP 01/86, 8 November 2001

[Parliamentary Pay and Allowances: Current Rates](#), RP 01/87, 8 November 2001

[Members' office costs – the new system](#), RP 01/88, 8 November 2001

[Parliamentary pay and allowances](#), RP 03/64, 16 July 2003

[Parliamentary pay and allowances](#), RP 04/40, 18 May 2004

[Parliamentary pay and allowances](#), RP 05/42, 9 June 2005

[Parliamentary pay and allowances](#), RP 06/47, 9 October 2006

[Parliamentary pay, allowances and pensions](#), RP 08/31, 31 March 2008

[Members' pay and the independent review process](#), RP 09/29, 31 March 2009

[Members' allowances](#), RP 09/60 25 June 2009

[Members' pay and expenses – current rates and a review of developments since 2009](#), RP 12/29, 22 May 2012

[Members' pay and expenses – current rates from 1 April 2013](#), RP 13/33, 31 May 2013

[Members' pay and expenses 2015/16](#), CBP 7546, 31 March 2016

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