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Parliamentary Pay, Allowances and Pensions: the Reviews of 2001

On the 5 July 2001 the House of Commons debated various motions relating to the pay, allowances and pensions of Members. These were based on a review undertaken by the Senior Salaries Review Body (SSRB), published as Cm 4997 in March 2001.

This Research Paper summarises the changes recommended by the SSRB and the motions agreed by the House during the debate on 5 July 2001. Library Research Paper 01/87 gives details of the current rates for parliamentary pay and allowances, and Library Research Paper 01/88 gives details of the new system for Members' office costs.

Members seeking advice and information on the calculation of or arrangements relating to any item of salary or allowance should consult the Fees Office handbook, *Parliamentary Salaries, Allowances and Pensions* (the "Greenbook"), or contact the Fees Office itself. A quick guide is also produced, and updated regularly.

Chris Sear

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Summary of main points

In March 2001 the Senior Salaries Review Body made a number of recommendations relating to the pay, allowances and pensions for members of Parliament. They published two reports: *Review of Parliamentary Pay and Allowances*¹; and *Review of Parliamentary Pensions Scheme*.² The recommendations contained in these reports were debated by the House of Commons on 5 July 2001.

This Paper summarises both the reports and the debates in the House. Amongst issues covered are:

- Parliamentary pay
- Additional costs allowance
- Resettlement Grant
- Winding Up Allowance
- Disability Provisions
- Parliamentary Pensions
- Insurance for Members

Further background briefings on the history and development of Members' and ministers' pay, the office costs allowance, and finance for opposition parties are provided in the following papers:

- *Members' pay*, Research Paper 93/98, November 1993
- *Parliamentary pay and allowances: Current rates*, Research Paper 01/87, November 2001
- *The review of parliamentary pay and allowances*, Research Paper 96/79, July 1996
- *Members' office costs: the new system*, Research Paper 01/88, November 2001
- *Financial assistance for opposition parties*, Library Standard Note, July 2000
- *Ministerial and Other Salaries Bill*, Research Paper 97/95, July 1997
- *Parliamentary pay and allowances: UK Devolved Legislatures and European Parliament*: Research Paper 98/86, August 1998.
- *Parliamentary pay and allowances*, Scottish Parliament Research Note 00/96, Nov 2000

¹ *Review of Parliamentary Pay and Allowances*, Review Body on Senior Salaries report no 48, Cm 4997

² *Review of the Parliamentary Pension Scheme*, Review Body on Senior Salaries report no 47, Cm 4996

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I Introduction

A. General

On 5 July 2001³ the House of Commons debated a series of motions relating to parliamentary pay, allowances and pensions and to related issues. The Senior Salaries Review Body (SSRB) had published two relevant reports: *Review of Parliamentary Pay and Allowances*⁴, and *Review of Parliamentary Pensions Scheme*.⁵ The review of pay and allowances was conducted in consequence of a recommendation of the SSRB in 1996⁶ that a regular review of parliamentary salary levels should be carried out.

The resolutions agreed by the House on 5 July 2001 made significant changes to the rates of parliamentary pay, pensions and some allowances. Fundamental changes were made to the way in which Members are reimbursed for their office expenses, abolishing the Office Costs Allowance and replacing it with a radically different system (further details given in a separate paper⁷). The texts of the resolutions are given at Appendix 1.

The Fees Office provides details of pay and allowances for Members in its publication *Parliamentary salaries, allowances and pensions* (summarised in a *Quick Guide* – both of which are available on the Parliamentary Intranet⁸) and by notices to Members. Appendix 2 to this note sets out a summary of the 2001-02 rates of parliamentary pay and allowances before the resolutions agreed on 5 July 2001, together with revised figures, incorporating the changes agreed during the debate.

Library Research Paper 01/87 – *Parliamentary pay and allowances: current rates*⁹ – gives rates for current and previous years and provides references to the appropriate formulae for their calculation and to relevant parliamentary proceedings.

B. Background

1. The 1996 Review

In February 1996 the Government asked the SSRB to conduct a full review of parliamentary pay and allowances.¹⁰ The SSRB reported on 3 July 1996¹¹ and the House

³ HC Deb Vol 371 c 421-77

⁴ *Review of Parliamentary Pay and Allowances*, Review Body on Senior Salaries report no 48, Cm 4997

⁵ *Review of the Parliamentary Pension Scheme*, Review Body on Senior Salaries report no 47, Cm 4996

⁶ *Review of Parliamentary Pay and Allowances*, Cm 3330, Jul 1996

⁷ *Members' Office Costs: the new system*, Research Paper 01/88

⁸ <http://cfinw01/fanda/greenbk/newbk/mempayr.htm>

⁹ November 2001

¹⁰ HC Deb 6 February 1996 Vol 271 cc101-2W

¹¹ *Review of Parliamentary Pay and Allowances*, Cm 3330, July 1996

debated pay and allowances on 10 July 1996.¹² Members' pay was accordingly set at £43,000 from July 1996 (an increase of some 26% over the previous salary of £34,085), with provision for an annual uprating tied to civil service pay bands. Parliamentary pay and allowances in subsequent years have been set in accordance with specific resolutions and the general 1996 resolution:¹³

That this House takes note of the Review Body on Senior Salaries' Report on Parliamentary pay and allowances presented to Parliament on 4th July (Command Paper 3330), and calls on the Government to provide that, in the case of Members of this House whose service in the House ceases after 1st July 1996, they shall be treated for pension purposes as having had a yearly rate of salary of £43,000 and to take any necessary action to enable implementation of the other recommendations.

Further details on the 1996 review are available in Library Research Paper 96/79 – *The review of parliamentary pay and allowances*.¹⁴

The formula pay increase for 2001-02 was 3%, based on the SSRB report on senior salaries in 2001¹⁵ (which sets the increase for senior civil service bands, and to which the pay of Members is linked). The Prime Minister confirmed in February 2001 that the 3% increase would also apply to Members' and ministers' pay.¹⁶

2. The 2001 SSRB report on pay and allowances

The SSRB included in its 1996 report a recommendation that a review of Members' salary levels should be carried out every three years. Thus in October 2000 the Prime Minister commissioned a further review, requesting specifically that the following areas be covered:¹⁷

- (i) the salary of Members of the House of Commons
- (ii) the salaries of Ministers and other office-holders
- (iii) the rate and structure of Peers' expenses allowances including the Secretarial allowance for Ministers and other paid office-holders in the House of Lords
- (iv) the Office Costs Allowance in the House of Commons.

In addition, the SSRB was asked to consider the system of calculating the Resettlement Grant.

¹² HC Deb 10 July 1996 Vol 281 cc 488-543. See Research Paper 96/79

¹³ *ibid*, c533, agreed to on a division, 279-154; an amendment to insert the words from "to provide that" to "£43,000" agreed to 302-123, c527 and an amendment to insert "other" in final line agreed to without a division, c530

¹⁴ July 1996; on intranet at - <http://hcl1.hclibrary.parliament.uk/rp96/rp96-079.pdf>

¹⁵ Review Body on Senior Salaries twenty third report on senior salaries, Cm 4995, Feb 2001

¹⁶ HC Deb 9 Feb 2001 Vol 362 c701W

¹⁷ HC Deb 23 Oct 2000 Vol 355 cc68-9W

The report, published in March 2001,¹⁸ included the finding that Members' pay had fallen behind that of their comparators (including Senior Civil servants and Chief Constables)¹⁹ and the SSRB recommended that the parliamentary salary, in addition to the usual formula increase, should be increased by £2,000 in both 2001 and 2002.²⁰

The SSRB also recommended that the salaries of House of Lords ministers and other office holders be similarly increased by £2,000 in the next two years, in addition to the usual increase,²¹ and that the Prime Minister and Cabinet Ministers should draw their full salary entitlement (which they did not then do) so as to remedy the perceived distortion in the parliamentary pay system.²² Some changes to the rates for peers' allowances were recommended,²³ but the SSRB did not recommend changing the method of calculating the Members' Resettlement Grant.²⁴

A significant change to the Office Costs Allowance were proposed, details of which are available in a separate Library paper.²⁵

3. The SSRB 2001 report on pensions

At the same time as the report on senior salaries, the SSRB published a report on the Members' pension scheme, the Parliamentary Contributory Pension Fund (PCPF). It concluded that the scheme represented "an attractive and appropriate scheme for Members" and that its main features including the employees' contribution rate, the accrual rate, pension age, lump sum provision and widow/er's pension did not require change.²⁶ The SSRB did make eight specific recommendations relating to the scheme which sought to "ensure the PCPF meets best practice in pension provision and takes account of other relevant changes since the last review".²⁷ These recommendations, and alternative amendments to the scheme proposed by other Members, including the scheme's trustees, were also considered in the debate on 5 July 2001.

¹⁸ *Review of Parliamentary Pay and Allowances*, Review Body on Senior Salaries report no 48, Cm 4997

¹⁹ Cm 4997, Vol 2, Part 1, Sections 3.1 - 3.3

²⁰ Cm 4997, Vol 1, para 2.13

²¹ *ibid*, para 2.21

²² *ibid*, para 2.17

²³ *ibid*, Chapter 4

²⁴ *ibid*, Chapter 5

²⁵ *Members' Office Costs: The new system*, Research Paper 01/88

²⁶ Review Body on Senior Salaries, *Review of the Parliamentary Pension Scheme*, Cm 4996, February 2001, p 7

²⁷ *Ibid*

C. The Debate on 5 July 2001

The Government motions tabled for the debate on 5 July 2001²⁸ generally followed the recommendations of the SSRB. Several amendments were also tabled and debated, and some were successful. The Leader of the House summed up his view on the package of changes as follows:²⁹

Finally, we should not lose sight of the fact that the overall package is a dramatic change for the better. It involves higher ceilings for our staff costs, it involves better pay for the great majority of Members' staff and it gives a sound basis for access to modern technology. Whatever view hon. Members may form on the amendments, I very much hope that they will support the proposals, so that we can bring the support services of the House into the 21st century and enable us to serve our constituents better.

The text of the agreed motions, as amended, appear in Appendix 1. The changes agreed to the Office Costs Allowance are examined in a separate paper.³⁰ The other agreed changes are set out below.

II Parliamentary Pay

A. General Principles

In opening the debate on 5 July 2001 the new Leader of the House, Robin Cook, repeated the general principle adhered to by the current and previous Governments that:³¹

the pay of Members of Parliament should not be so high as to become the primary attraction of the job, nor so low as to deter suitable candidates from standing for election.

The motion tabled by the Government supported the SSRB's recommendation that the basic salary for Members should be increased by £2,000 for the 2001-02 year and by a further £2,000 for 2002-03, over and above the normal formula increase for these years. Neither the Conservative nor Liberal Democrat spokespersons opposed this motion, but Chris Mullin tabled an amendment that would have rejected the £4,000 increase over two years and rescinded 1996 formula increase. Under the proposal in his amendment, Members' pay would have been tied to the average percentage increase recommended by

²⁸ HC Deb 5 July 2001 Vol 371 c421-77

²⁹ HC Deb 5 July 2001 Vol 371 c462

³⁰ *Members' Office Costs: the new system*, Research Paper 01/88

³¹ c424

the Nurses', School Teachers', and Doctors' and Dentists' Pay Review Bodies.³² He explained his argument in the following terms:³³

I do not believe that there is any justification for awarding ourselves an extra £4,000 over the next two years, and my amendment would rescind that. Nor should we be in the invidious position of having to vote on our own pay, and my amendment would put an end to that embarrassment once and for all. It would do so by linking our fortunes not to those of some anonymous civil servant, as we have attempted to do in the past, but to a cross-section of public servants-nurses, teachers, doctors and dentists-with whom our constituents can readily identify.

Paul Tyler, the Liberal Democrat spokesman, opposed the amendment, defending the existing mechanism whereby an external body examines Members' pay, seeks appropriate comparators and delivers an objective assessment.³⁴

We would break that tradition at our peril. (...) as soon as we bring in different comparators, everyone will come up with something that is thought to be more appropriate. The SSRB may not be perfect, but it is certainly a great deal better than the House, in effect, contemplating its navel and trying to decide in a very unfortunate way how we should deal with these matters.

The House divided on the amendment, which was defeated (66 to 260);³⁵ the main motion was agreed to on division (276 to 42).³⁶ Thus the annual salary for Members for 2001-02 was increased by £2,000 from £49,822 to **£51,822** per annum.

B. Speaker's Advisory Panel

In recognition of the significant changes being made in 2001 to the remuneration of Members, the House agreed to set up a Panel, appointed by the Speaker, to advise the Speaker and the Leader of the House on the application and development of arrangements made for Members' allowances:³⁷

Advisory Panel

(4)— (1) It should be the responsibility of a Panel appointed by Mr Speaker to advise him on:

- (i) directions he may give as to the application of the provisions of this Resolution under paragraphs (2) and (3) above;

³² see c 454-6

³³ c 454

³⁴ c 445

³⁵ c 466-9

³⁶ c 469-71

³⁷ c 422

(ii) his authorisation of expenditure not otherwise specified in this Resolution but within the ambit of the Vote, pursuant to paragraph (3)(f) thereof; and

(iii) the application of the provisions of this Resolution to individual cases of difficulty.

(2) The Panel should advise Mr Speaker and the Leader of the House on the potential development of the arrangements made by or under the Resolutions in force from time to time regarding Members' allowances &c.

It was felt that the change to a radically different package would require some mechanism to supervise the transition and advise on the implementation of the new system. The Leader of the House explained:³⁸

The resolution also gives authority to the Speaker to make directions as necessary, and those will, of course, be published for Members of the House. That will assist the authorities in responding to the detailed problems that will inevitably occur in phasing in such a radically different system, and in resolving individual cases of difficulty.

The membership of the Panel, a cross-party body with senior House officials, was subsequently announced in response to a parliamentary question.³⁹

Speaker's Advisory Panel

Ms Drown: To ask the President of the Council what progress has been made in setting up the Speaker's Advisory Panel.

Mr. Robin Cook: Following the debate in the House on 5 July 2001, I am pleased to announce that the Speaker has appointed to the Advisory Panel the hon. Member for Sheffield, Hallam (Mr. Allan), my hon. Friends the Members for Cambridge (Mrs. Campbell) and for Streatham (Keith Hill), the hon. Members for Beckenham (Mrs. Lait) and for West Derbyshire (Mr. McLoughlin), my hon. Friends the Members for Dundee, West (Mr. Ross) and for Enfield, Southgate (Mr. Twigg), as well as the Director of Finance and Administration, the Head of the Fees Office and the Director of Communications. It is hoped that the first meeting of the panel will be held soon.

III Additional Costs Allowance

The Government did not table a motion on 5 July 2001 regarding the Additional Costs Allowance (ACA) – the allowance which reimburses Members with constituencies

³⁸ c429

³⁹ HC Deb 19 July 2001 Vol 372 c317W available at http://pubs1.tso.parliament.uk/pa/cm200102/cmhansrd/cm010719/text/10719w03.htm#10719w03.html_sbhd7

outside inner London for expenses incurred in staying overnight away from home. The ACA is, like most other allowances, uprated annually according to the percentage increase in the Retail Price Index (the general index for all items). The SSRB had not been asked to look specifically at this allowance and made no recommendations on it. In the debate on 5 July 2001, the Leader of the House acknowledged that there was widespread concern among many Members that the current means of calculating this allowance did not adequately reflect the accommodation costs in London⁴⁰. An amendment was tabled by Clive Betts regarding the calculation of this allowance and its relationship to allowances paid to members of the House of Lords.

A. Background and History

The forerunner of the ACA was introduced following the Top Salaries Review Body (TSRB)⁴¹ Report in 1971 (the “Boyle Committee”)⁴² when a new subsistence allowance of up to £750 per annum was agreed⁴³ for living expenses in either the constituency or in London. It was linked initially to Civil Service subsistence rates. The TSRB report in 1974⁴⁴ indicated that at £750 a year it was “slightly higher than the total of a daily subsistence allowance at the Class A(1) Civil Service ‘regular visitor’ rate for London”.

In 1994 the basis of calculation was changed and the House agreed to annual upratings using the Retail Prices Index. The method of calculating four allowances – the Office Costs Allowance, the Additional Costs Allowance, the London Supplement and the Motor Mileage Allowance – were all linked to the RPI, as explained by Tony Newton, then Leader of the House, during the debate on allowances on 13 July 1994:⁴⁵

(...) The additional costs allowance, to help with the problem of Members needing accommodation in two locations, was formerly uprated in August by reference to civil service overnight subsistence rates. With greater delegation to individual Departments, that too has ceased to be viable.

(...)

Against that background we spent some time considering the possibility of devising what might be called fancy new mechanisms which could be presented as in some way cleverly and specifically related to each of those different purposes. We concluded that all of them would be vulnerable to endless argument and probably in due course once again be overtaken by change comparable with what has caused the present problem.

We therefore decided that far and away the simplest, most straightforward and most sensible solution was to link them all to the retail prices index. That also

⁴⁰ c427

⁴¹ forerunner to the SSRB

⁴² Cmnd 4836, Dec 1971

⁴³ HC Deb 20 Dec 1971 cc1129-52

⁴⁴ Cmnd 5701

⁴⁵ HC Deb Vol 246 cc1107-9, 13 July 1994

has what I, and I suspect the House, regard as the inestimable advantage of being the most durable solution - that is, the one most likely to remain workable on an automatic basis, and thus to avoid the need for the House to have to keep passing new resolutions.

That is what the first four parts of this resolution do: they provide for all four allowances to be uprated with effect from April 1994 by reference to the RPI, and henceforth to be uprated with effect from each succeeding April by reference to the RPI.

Until 2001 the uprating formula was based on the resolution of 13 July 1994:

1(c) for any subsequent year, should be the amount obtained by increasing the limit for the immediately preceding year by the percentage by which the retail prices index for March in that immediately preceding year has increased compared with the retail prices index for the previous March.

B. House of Lords subsistence allowances

Allowances for members of the House of Lords were originally set in 1983 following the review of the TSRB that year,⁴⁶ again, linking rates to those in the Civil Service. The basis for the current method of calculating the main allowances for peers was debated and agreed on 20 July 1994.⁴⁷ Allowances are updated in August each year and increases are calculated according to rises in the Retail Prices Index. This reflected the decision in the House of Commons (see above) and followed from the fact that the Civil Service had ceased to promulgate central subsistence rates. There was comment during the debate on allowances in the Lords on 20 July 1994 that linking increases to the RPI had little to do with hotel costs.⁴⁸

The Senior Salaries Review Body (SSRB) was asked in 2000 to look at the rate and structure of allowances in the House of Lords, devoting Chapter 4 of its 2001 review of parliamentary pay and allowances to the issue⁴⁹. The SSRB recommended that the Lords' day subsistence rate should be increased from £37 to £60 a day, and the overnight allowance from £84 to £120. It noted that hotel prices in London have increased at a considerably faster rate than increases in the RPI and noted that:⁵⁰

the average cost of hotels which are reasonably accessible to the House and are of an acceptable standard for peers is now around £110-£120 a night.

⁴⁶ Twentieth report, Cmnd 8881

⁴⁷ HL Deb Vol 557 cc235-250. For a detailed explanation, see Viscount Ullswater's speech (cc235-238)

⁴⁸ see, for example, Lord Taylor of Gryfe's speech - HL Deb Vol 557 c246

⁴⁹ Review Body on Senior Salaries report no 48, *Review of parliamentary pay and allowances*, Cm 4997

⁵⁰ *ibid*, para 4.24

However, there is no standard index of rises in hotel costs and the SSRB could not identify a simple, more appropriate, alternative system for calculating the overnight allowance that would not require further analysis and judgement. The SSRB concluded that the House of Lords should consider whether to set up an alternative mechanism “on the basis of information provided by the House of Commons Library or on some other appropriate basis” (Recommendation 17).⁵¹ The SSRB further recommended that should the RPI continue to be used, then the allowance should be reviewed every three years.⁵²

Its recommendations on allowances for members of the House of Lords in full were:

- **Recommendation 14:** We recommend that the House of Lords authorities publish a guide to the reimbursement allowances which sets out the basis of entitlement and the costs which can be reclaimed. (para 4.14)
- **Recommendation 15:** The day subsistence allowance should be raised to a maximum of £60 a day. (para 4.23)
- **Recommendation 16:** The overnight allowance should be increased to a maximum of £120. It should be payable for the night following each day of attendance, and for the preceding night, where the Member certifies his or her need to stay in London. This would mean that if the House sat on a Friday it could be claimable for up to six nights that week. (para 4.26)
- **Recommendation 17:** The House should consider whether to set up a mechanism to decide annual upratings of the overnight allowance, whether on the basis of information provided by the House of Commons Library or on some other appropriate basis. (para 4.28)
- **Recommendation 18:** If the overnight allowance continues to be increased annually on the basis of increases in the RPI, it should be reviewed every three years. (para 4.29)
- **Recommendation 19:** The secretarial allowance should be raised to a maximum of £50 a day. It should be payable on the basis of expenditure certified by the Member as being made on secretarial and other claimable costs, including for days when the House is not sitting or the Member does not attend, up to a maximum of 40 days a year plus the number of days the peer attends the House, an official delegation or a Committee visit away from the House. (para 4.35)
- **Recommendation 20:** Peers should have access to free postage on House of Lords business matters. (para 4.37)

The Lords debated the SSRB recommendations on 5 July 2001 and agreed a motion to increase the maxima for allowances for day subsistence, overnight attendance and secretarial

⁵¹ *ibid*, para 4.28. The information from the House of Commons Library was, in fact, from the House of Lords Library, but it is understood that the figures were produced as a one-off exercise and were not formally submitted to the SSRB or their consultants.

⁵² *ibid*, para 4.29

support and to extend the range of circumstances in which member of the House would be eligible for them, in the following resolution.⁵³

That this House approves the following proposals with respect to expenses incurred by Members of this House after 19th June 2001—

(1) For the purposes of paragraph (1) of the resolution of 20th July 1994 (office, secretarial and research allowance), the appropriate amount for expenses incurred in the period beginning with 20th June 2001 and ending with 31st July 2001 should be £50; and paragraph (3)(b) of the 1994 resolution should apply as if that were the appropriate amount for expenses incurred in the year preceding 1st August 2001.

(2) In paragraph (1) of the 1994 resolution, the reference to attendance at relevant sittings or meetings should include a reference to attendance on visits away from the House—

- (a) as a member of an official delegation; or
- (b) as a member of a committee of this House.

(3) The days which a Lord may specify under paragraph (4) of the 1994 resolution—

- (a) should include days on which this House sits but which are not days of attendance by him; and
- (b) should be subject to a maximum of 40.

(4) In determining, in accordance with paragraph (2) of the resolution of 25th July 1991, the limit on the expenses which a Lord may recover under paragraph (1)(a) of that resolution (day subsistence), the maximum daily amount for a day in the period beginning with 20th June 2001 and ending with 31st July 2001 should be £60; and paragraph (7)(b) of the 1994 resolution should apply as if that were the maximum daily amount for a day in the year preceding 1st August 2001.

(5) In determining, in accordance with paragraph (4) of the 1991 resolution, the limit on the expenses which a Lord may recover under paragraph (1)(b) of that resolution (night subsistence), the maximum daily amount for a day in the period beginning with 20th June 2001 and ending with 31st July 2001 should be £120; and paragraph (8)(b) of the 1994 resolution should apply as if that were the maximum daily amount for a day in the year preceding 1st August 2001.

(6) For the purposes of paragraph (4) of the 1991 resolution there should be added to the maximum daily amount for the days referred to there the maximum daily amount for each other day which falls immediately before a day of attendance at a sitting of this House if the Lord incurs expenses in staying overnight away from his only or main residence before the sitting and it is necessary for him to do so for the purpose of attendance at the sitting.

The increase in the overnight allowance was 42%, from £84 to £120.

⁵³ HL Deb 5 July 2001 Vol 626 c875- 85

C. The 2001 Amendment

During the debate in the House of Commons on 5 July 2001, an amendment was tabled by Clive Betts, and supported by Members from both sides of the House, to link the Additional Costs Allowance to the increase proposed by the SSRB for the Lords' Overnight Allowance:

The House of Commons Additional Costs Allowance should be increased by the same proportion as that proposed for the House of Lords Overnight Allowance under Recommendation 16 of the Review Body on Senior Salaries Report No. 48.

The Leader of the House cautioned against agreeing the amendment and pointed out that:

(...) the terms of the amendment would result in a very large increase indeed and would produce a new ceiling of £19,300, an increase of 42 per cent.⁵⁴

During the debate, Mr Betts conceded that the two allowances were not exactly comparable, as the Lords' allowance was paid as an overnight allowance, whereas the ACA was an annual amount. However, he noted that they existed for the same purpose and that both in 1996 and in 2001 the figures were roughly similar:⁵⁵

- in 1996 the Lords' overnight allowance was £74 per night; the additional costs allowance, when divided by the number of sitting days worked out at £76.86 per night.
- in the year to March 2001, the Lords' allowance was £84 per night; the ACA, when divided by the number of sitting days was £83.79

As the Lords' overnight allowance was being increased by 42% from £84 to £120, Mr Betts argued that the equivalent Commons allowance should be increased by the same amount, and that any delay would prove problematic for new Members:

I could have plucked a figure out of thin air for the amount by which hon. Members' additional costs should be increased, referred that number to the SSRB and delayed matters for a while. However, I think that I have been able to show that the amendment is based on what the SSRB has done in the past. Its direct comparisons have caused it to determine that peers' overnight allowance and hon. Members' additional costs allowance existed for the same purpose. In its most recent report, the SSRB states that, traditionally, it has used the same basis to calculate both allowances. My conclusion, therefore, is that it is fair to say that the same percentage increase should apply to both now.⁵⁶

⁵⁴ c427

⁵⁵ c457

⁵⁶ c459

In his winding up speech the Leader of the House offered to refer the matter to the SSRB for consideration, but the amendment was moved and agreed to on division (229 to 117).⁵⁷ The new annual maximum for the Additional Costs Allowance is therefore £19,469. This will be applied pro rata for the 2001-02 year, giving a maximum of **£18,009**.

IV Other Allowances

A. Resettlement Grant

The SSRB considered the Resettlement Grant in 1996, but saw no case for altering the arrangements. The SSRB then undertook to review the grant again in 2000, following representations from Members of the European Parliament, who are subject to the same provisions as members of Parliament. They believed that because of the fixed five year terms of the European Parliament, and because the calculation was based on only full year's service, they would often lose almost a full year's eligible service depending on the date on which the election was called.

An initial government response had suggested that this 'cliff-edge' effect might be unfair⁵⁸, but a later response indicated that the Government did not believe that a change in the calculation method would make a material difference. The Government nonetheless agreed to refer the issue to the SSRB.

The SSRB said that:

MEPs would rarely benefit from any increase because the grant is in effect deducted from their Transitional End of Service Allowance (TESA) which will almost always be higher and can provide more than double the sum payable under the Resettlement Grant. While the same is not true of MPs, we note that the current grant might be considered reasonably generous, providing a minimum of six months pay to all MPs...other payments in similar circumstances, such as the statutory redundancy payment, are similarly calculated on the basis of whole years of service.⁵⁹

The SSRB also noted that "any changes on the lines suggested would increase the complications" as well as potentially raising questions "about whether those falling short of ten year's service should have reduced payments in the same way as those with more than ten years' service have increased payments."

The SSRB were therefore "not persuaded that any change in the calculation of the Resettlement Grant is warranted".

⁵⁷ c464-6

⁵⁸ Cm 4997 para. 5.07

⁵⁹ Cm 4997 para. 5.10

B. Winding Up Allowance

The SSRB was not asked to review these allowances in 2000-2001 and it made no recommendations on any of them, having received “very few comments or representations upon them”. It simply noted that the Winding Up Allowance, which is calculated on a percentage of the Office Costs Allowance (OCA), would need to be redefined⁶⁰. The motion agreed on 5 July 2001 included the following provision to relate the allowance to the new Incidental Provisions Expenses:⁶¹

Winding Up Allowance

In relation to the Winding Up Allowance, Subsection (3) of Part E of the Resolution of 13th July 1994 shall apply to Members who benefit from the provisions of paragraphs 2(a) to 2(d) of this Resolution as if for the words ‘office costs allowance’ there were substituted the words ‘sum of the incidental Expenses Provision and the relevant staff employment cost limit in force at the time they ceased to be a Member’.

C. Disability Provisions

Members with particular **disabilities** had also received allowances that were expressed in multiples of the OCA. In its 1983 report, the TSRB had drawn attention to the additional expenses of disabled MPs, suggesting that this could best be considered within the machinery of Parliament itself.⁶² This proposal was adopted, and such provision is made by means of a resolution of the House for each individual. The first was in 1987 in relation to David Blunkett MP, who has a visual disability, and subsequent recipients have included Anne Beggs and Betty Williams.⁶³

The 2001 SSRB report drew attention to the fact that such additional payments have to be voted through the House by resolution, which could be embarrassing or intrusive to the Members concerned.⁶⁴ It recommended that the House find a means to provide such allowance that would protect the Members’ privacy. The resolution agreed by the House on 5 July 2001 incorporated such allowances into the new General Services Budget:

Members with disabilities

(9) When provision is made in respect of any Members in accordance with the provisions of paragraph (4)(d) of this Resolution, any Resolution of this House

⁶⁰ one third of the level of the OCA was available to meet the cost of completing outstanding parliamentary and constituency business undertaken by or on behalf of a former Member in the event of their death, defeat or retirement

⁶¹ see c422

⁶² Top Salaries Review Body, *Review of Parliamentary Pay and Allowances*, Cm 8881, May 1983, paragraphs 156-7

⁶³ HC Deb 16 December 1987 c1205

⁶⁴ Recommendation 11, paras 3.37 and 3.42

entitling that Member to claim a multiple of the Office Costs Allowance shall cease to have effect.

and

General Services Budget

- (4) (...)
- (d) reasonable adjustments to the working conditions and equipment of Members with particular needs because of disability, and for necessary additional continuing costs;

V Parliamentary Pensions⁶⁵

The Leader of the House, Robin Cook, tabled a motion on parliamentary pensions which endorsed four of the eight recommendations contained in the SSRB report on the Parliamentary Pension Scheme.⁶⁶ The motion also called on the trustees of the scheme to consider how best to implement one other recommendation at no additional cost to the Exchequer and to consider the other three. The motion was passed with two amendments. The Parliamentary Pension Scheme is a statutory scheme: its rules are contained in regulations made under the powers conferred on the Leader of the House by section 2 of the *Parliamentary and other Pensions Act 1987*.⁶⁷ Therefore changes to the scheme will need to be implemented by amendments to the current legislation.

The four SSRB recommendations which the Leader of the House endorsed were:

- **Recommendation 1:** the lump sum death-in-service payment should be increased from three times annual basic salary to four times basic salary. The cost of this, estimated at 0.4% of Members' pensionable pay, should be met by the Exchequer.
- **Recommendation 3:** service in the devolved assemblies, where not concurrent with service at Westminster, should count towards the qualifying period for an early retirement pension.
- **Recommendation 5:** the rules of the scheme in respect of benefits for children of deceased members of the scheme should be revised to ensure equality of treatment. Certain inconsistencies which may be incompatible with equal treatment requirements were brought to the attention of the SSRB. For example, a female child is no longer treated as a relevant child, and therefore eligible for a pension, if she subsequently remarries or cohabits with another person.⁶⁸ There is no similar provision for male children.
- **Recommendation 7:** an exception should be made to the abatement rules in respect of former members of the House of Commons, in receipt of a

⁶⁵ This part is provided by Tim Jarvis of the Business & Transport Section

⁶⁶ Review Body on Senior Salaries, *Review of the Parliamentary Pension Scheme*, Cm 4996

⁶⁷ *Parliamentary Pensions (Consolidation and Amendment) Regulations*, SI 1993/3253 as amended

⁶⁸ Paragraph 5 of schedule 5 to the *Parliamentary Pensions (Consolidation and Amendment) Regulations*, SI 1993/3253

pension, who become paid office holders in the House of Lords. Currently, office holders in the House of Lords only receive so much of their pension as would, when added to their salary, equal the salary of a member of the House of Commons. In practice this means the whole pension is abated.

The Leader of the House's motion also asked the trustees of the scheme to consider implementation of the SSRB's second recommendation. This was that the rules of the scheme, which provide for the withdrawal of pensions from widows and widowers on their remarriage, should be removed. The Government had originally indicated that it could not accept that recommendation. Robin Cook stated that that the Government had looked at this issue again in the light of representations.⁶⁹ However, his motion stated that the trustees should consider implementation "but at no additional cost to the Exchequer"; the SSRB report had recommended that any additional costs should be met by the Exchequer. This part of the motion was passed without amendment and therefore the trustees may have to recommend implementation with a potential reduction in other benefits, or additional MPs' contributions, in order to meet the additional costs. Any amendment to the regulations governing the scheme will need to be proposed by the Leader of the House using the powers given to him under the *Parliamentary and other Pensions Act 1987*. In the light of recommendation 5, the SSRB recommended that some form of equality proofing of the scheme should be carried out to ensure that there is no systemic discrimination. The Leader of the House's motion called on the trustees to consider this recommendation.

The first amendment to the Leader of the House's motion, in the name of John Butterfill MP, a trustee of the scheme, stated "that this House further endorse the recommendation of the Trustees of the PCPF that the accrual rate be increased to one-fortieth and that the additional cost be borne by the Exchequer"⁷⁰. The current accrual rate of the scheme is one-fiftieth; put simply, this means that Members' pensions are calculated on the basis of one-fiftieth of their pensionable pay over the last 12 months of service multiplied by the number of years of service. Pension rights accrued in other schemes may be transferred into the scheme to increase the number of years of reckonable service and Member may purchase added years. The maximum pension payable is two-thirds of pensionable pay over the last 12 months of service. It is possible to accrue further benefits beyond age 65.

The accrual rate in the PCPF was increased from one-sixtieth to one-fiftieth on service since 1983 and was extended to the service of sitting Members with service before 1983 in 1995. Some argue that the current accrual rate is already relatively high compared to other public and many private sector schemes. However, it is difficult to compare occupational schemes directly as they are funded differently and the contribution rates and benefits paid will vary. Pension schemes may also reflect the particular circumstances of the occupational sector that the pension aims to support. A benefits

⁶⁹ HC Deb 5 July 2001 c424

⁷⁰ *ibid*, c471

rating system produced by the company Union Pension Services attempted to make such a comparison in 1996 and concluded that the Parliamentary Pension scheme was one of the best available schemes in either the private or public sectors.⁷¹ This led to some press criticism of the perceived generosity of the scheme.⁷² The 2001 SSRB report also notes that an accrual rate better than one-sixtieth remains “exceptionally rare” in the public sector. Similarly, the 1999 National Association of Pension Funds survey shows that, except for directors and senior executives in the private sector, few schemes have an accrual rate as high as the one-fiftieth available under the PCPF. The SSRB concluded that the current rate is fair: “its relative generosity helps to compensate for the unusual features of an MP’s job”.⁷³

Those arguing for a higher accrual rate point to the unique nature of a parliamentary career and the uncertainty that comes with it. Speaking on behalf of the trustees, Mr Butterfill said that many MPs took a reduction in income to enter the House of Commons and that on average they serve less than ten years. Many do not leave voluntarily. He also pointed to the apparent surplus in the fund. The Government Actuary estimates that the long-term cost of MPs’ pensions are 24.5% of pensionable pay: MPs contribute 6% of pensionable pay and therefore the Treasury’s long-term contribution rate is 18.5%. The Government Actuary’s last report on the value of the fund in as at 1 April 1996 noted that the value of the assets exceeded the value of its liabilities and it recommended that the Exchequer rate payable be reduced to 7.5% from 1 April 1999. This recommendation was effected from that date. According to the SSRB report, the Government Actuary now advises that “while the current funding position of the scheme is satisfactory, on the assumptions now being made, the Exchequer contribution will need to increase to accommodate future liabilities”.⁷⁴

Mr Butterfill also argued that the PCPF compares unfavourably with other public service schemes and schemes in different legislatures. Comparing pension schemes is difficult for the reasons outlined above. Mr Butterfill specifically mentioned the pension scheme for judges. Supporters of a faster accrual rate in the PCPF have compared the careers of judges with MPs in previous debates and pointed to the similar average period of service⁷⁵. The judicial pension scheme accrues at a rate of one-fortieth but the maximum pension payable is one half pensionable pay rather than the two-thirds available under the PCPF. However, the judicial pension scheme also pays a lump sum on retirement in addition to the pension; in the PCPF, a portion of the final pension is commuted to take into account any lump sum taken on retirement. Similarly, although the police pension scheme has an accrual rate which provides a pension of two-thirds of final salary after thirty years’ service, members of the scheme contribute a higher proportion of their

⁷¹ “MPs’ pensions: the best in the UK?”, *Pensions World*, November 1996

⁷² “MPs top of the league as gap widens”, *Guardian*, 5 October 1996

⁷³ Review Body on Senior Salaries, *Review of the Parliamentary Pension Scheme*, Cm 4996, p2

⁷⁴ *ibid*

⁷⁵ HC Deb 19 February 1981 c536

salaries, 11% of pensionable pay. Comparisons with accrual rates of pension schemes for parliamentarians in other countries are similarly problematic. However, some European countries clearly provide more generous schemes for parliamentarians. For example, the German scheme is non-contributory for members and provides a maximum pension of 69% of pensionable pay after 23 years of service.

Mr Butterfill's amendment was agreed to on division by 215 votes to 172.⁷⁶ The Leader of the House will presumably now make arrangements with the Treasury and the government actuary to cost the change after consideration of the options. Details of changes and when they will take effect will be available when draft amending regulations are published. One of the factors to be considered is the period of application for the change. It has been suggested that it could apply to future service or to the total service of all currently sitting Members.⁷⁷ The latter option would introduce a retrospective improvement to the scheme similar to that applied to the extension of the current accrual rate, in 1995, to the service of sitting Members with service before 1983. Changes to the general legislation on occupational pensions, or the particular rules of an individual scheme, are rarely retrospective largely because of the costs involved. Successive governments have applied this principle to improvements in the main public service schemes and have resisted pressure to apply improvements to service which has already accrued.⁷⁸ Ministers have argued that it would be difficult to afford any improvements if these were backdated to cover people with previous service and therefore an individual's entitlement to a pension should be based on the rules of the scheme at the time of that service.⁷⁹

The House also agreed to an amendment introduced by Dr Evan Harris MP which stated that "this House believes that survivors' benefits could apply to unmarried partners as well as spouses". The question of survivors' benefits for unmarried partners is a longstanding issue in public sector pension schemes.⁸⁰ In his speech proposing the amendment, Dr Harris made clear that he believed that MPs should meet the "small additional costs" involved in line with the Government's view that the extra costs of such provisions in public sector schemes should not be incurred by the Treasury.⁸¹ The SSRB report recommended that the trustees should canvas the views of scheme members on this issue and the Government motion asked the trustees to consider this recommendation. Dr Harris stated that by testing opinion in the House, the trustees could be invited to go further than the recommendation and act on this issue. His amendment was agreed to on

⁷⁶ HC Deb 5 July 2001 c471

⁷⁷ "A case of wait and see", *House Magazine*, 23 July 2001

⁷⁸ see, for example, campaigns relating to the Armed Forces Pension Scheme discussed in a BTS standard note, *Armed Forces Pension Scheme*, 8 August 2001

⁷⁹ See, for example, HC Deb 21 May 1997 c64W and HC Deb 19 January 1999 c405W

⁸⁰ see BTS standard note, *Survivor benefits for unmarried partners*, 11 July 2001

⁸¹ HC Deb 5 July 2001 cc459-460

division by 289 votes to 33.⁸² The trustees will need to explore the subject and make recommendations to the Leader of the House.

VI Insurance for Members

The motions before the House on 5 July the House also covered the issue of insurance protection for Members who might be sued by constituents. This followed two recent cases where legal action had been taken against individual Members: in 2000 Peter Luff was sued for defamation; at the time of the debate Jack Straw was being sued for negligence.

In May 2000 the House debated insurance schemes for Members and agreed a new policy:⁸³

Resolved, That, in the opinion of this House,—

(1) provision should be made for the insurance of Members of this House in relation to the performance of their duties as Members under arrangements (including financial limits to the cover provided) made from time to time with the approval of the Leader of this House and the Speaker;

(2) subject to the terms and conditions of any policy effected under the approved arrangements, the insurance for which provision is made under paragraph (1) of this Resolution may cover the following—

- (a) travel;
- (b) personal accident;
- (c) personal accident in respect of employees of Members;
- (d) employers' liability and public liability;
- (e) the cost of defending a civil claim for defamation and of payment in respect of any award made by a court in such a claim, where the act complained of was not covered by parliamentary privilege but arose from a Member's duty as a Member; and

(3) arrangements made for insurance of the type mentioned under paragraph (2)(a) and (b) above may provide for the spouses of Members to be covered as well as Members themselves.

A further resolution was agreed, to provide reimbursement for Mr Peter Luff for legal costs incurred in defence of an action for libel against him, which was dismissed:

Resolved, That, in the opinion of this House, provision should be made to reimburse Mr Peter Luff, honourable Member for Mid Worcestershire, for legal costs incurred in respect of his duties as a Member of this House in defence of an

⁸² *ibid*, c474

⁸³ HC Deb 23 May 2000 Vol 350 cc917-37

action for libel in the High Court of Justice (Queen's Bench Division) which was dismissed and the Plaintiff's statement of claim struck out by Order dated 16th April 1999.

The general resolution agreed in May 2000 covered Members for defamation only (under (2)(e), see above). The resolution agreed by the House on 5 July 2001 ensures that all Members would in the future be provided with insurance cover against claims for negligence as well as claims for defamation. Any expenses under this provision would come out of the General Services Budget, as set out in section (4)(b) of the resolution:⁸⁴

General Services Budget

- (4) Central funding by way of a General Services Budget should provide for:
- (a) relevant training of Members and Members' staff in connection with their parliamentary duties;
 - (b) any appropriate insurance provision;
 - (c) any additional reimbursement of exceptional expenses incurred by Members who have constituencies with particular problems;
 - (d) reasonable adjustments to the working conditions and equipment of Members with particular needs because of disability, and for necessary additional continuing costs;
 - (e) any additional payments to Members in respect of safety precautions to safeguard their staff, their office equipment and themselves, where such safety precautions have been recommended by the police; and
 - (f) other appropriate expenditure within the ambit of the Vote, under the authority of the Speaker.

A further specific resolution was agreed to provide Jack Straw with compensation for legal costs in the present action against him:⁸⁵

Resolved, That, in the opinion of this House, provision should be made to reimburse the Right honourable Member for Blackburn for reasonable legal expenditure including damages arising in consequence of an action brought against him alleging vicarious liability for an act of negligence committed in the course of his duties as a Member of this House.

During the debate Angela Browning asked about employer's insurance and public liability insurance in relation to constituency offices.⁸⁶ The Leader of the House confirmed that employer's liability and personal accident insurance costs would continue to be centrally covered.⁸⁷ The House also purchases accident and travel insurance on behalf of Members.

⁸⁴ HC Deb 5 July 2001 Vol 371 c421

⁸⁵ c477

⁸⁶ c437

⁸⁷ c461

VII Further Reading

Relevant documents:

- *Review of Parliamentary Pension Scheme*, Review Body on Senior Salaries, Report No. 47, Cm 4996
- *Review of Parliamentary Pay and Allowances*, Review Body on Senior Salaries, Report No. 48, Cm 4997-I
- *Review of Parliamentary Pay and Allowances—Volume 2: Independent study on pay and allowances*, Review Body on Senior Salaries, Report No. 48, Cm 4997-II
- *Parliamentary Pensions (Amendment) (Pension Sharing) Regulations 2001*
- *Parliamentary Pensions (Amendment) (No. 2) Regulations 2001*
- *Draft Ministerial and other Salaries Order 2001*
- *Information Technology Provision for Members*, Information Committee, HC 758 1999-2000

Background briefing on the history and development of Members' and ministers' pay, the office costs allowance, and finance for opposition parties is provided in the following papers:

- *Members' pay*, Research Paper 93/98, November 1993
- *Parliamentary pay and allowances: Current rates*, Research Paper 01/87, November 2001
- *The review of parliamentary pay and allowances*, Research Paper 96/79, July 1996
- *Members' office costs: the new system*, Research Paper 01/88, November 2001
- *Financial assistance for opposition parties*, Library Standard Note, July 2000
- *Ministerial and Other Salaries Bill*, Research Paper 97/95, July 1997
- *Parliamentary pay and allowances: UK Devolved Legislatures and European Parliament*: Research Paper 98/86, August 1998.
- *Parliamentary pay and allowances*, Scottish Parliament Research Note 00/96, Nov 2000⁸⁸

⁸⁸ http://www.scottish.parliament.uk/whats_happening/research/pdf_res_notes/rn00-96.pdf

Appendix 1 – Text of resolutions⁸⁹

a. Resolution on pay

Resolved, That, in the opinion of this House, the following provision should be made with respect to the salaries of Members of this House-

(1) In respect of service in the period starting with 20th June 2001 and ending with 31st March 2002 the salary of a Member shall be increased by £2,000 per annum.

(2) That salary shall be increased by a further £2,000 per annum from 1st April 2002.

(3) The increases referred to above shall be additional to any increase resulting from the operation of paragraph (2) of the Resolution of this House of 10th July 1996.

b. Resolution on allowances

Resolved, That, in the opinion of this House-

(1) Provision should be made, with effect from 5th July 2001, to implement Chapter 3 of the report of the Review Body on Senior Salaries on parliamentary pay and allowances (Cm 4997-1) a copy of which was laid before this House on 16th March, to establish a General Services Budget under the Members' Vote, and with regard to related matters;

(2) These provisions should be applied as follows (subject to transitional arrangements under (6) and (7) below, and any directions which may from time to time be given by Mr Speaker with regard to their application):

(a) the salaries of staff employed by Members to help them in their duties as Members of Parliament, and pensions contributions equivalent to ten per cent. of each employee's salary, should be paid centrally by the Department of Finance and Administration;

(b) all such staff who become employed by a Member should be employed on pay rates to be linked to job descriptions and standard contracts prepared by the Department of Finance and Administration;

⁸⁹ *Votes & Proceedings*, 5 July 2001

(c) the total costs of employing such staff, attributable to a particular Member, excluding the pension contribution outlined in (a) above should not in any financial year exceed-

(i) £70,000 in the case of a Member representing a London constituency; and

(ii) £60,000 in the case of any other Member, plus £3,500 in respect of each full-time (or full-time equivalent) staff person employed by that Member whose duties are wholly or mainly required to be performed within Greater London, provided that the aggregate sum payable in respect of any Member shall not exceed £70,000,

these figures to be updated annually to reflect changes in pay levels for equivalent jobs outside the House.

(d) a new provision called an Incidental Expenses Provision should be established (at a rate of £18,000 per year for each Member, and updated annually in line with the Retail Prices Index), to meet any other expenditure which Members may incur wholly necessarily and exclusively in discharging their duties as Members.

(e) specific financial provisions should be made for the supply and maintenance of a standard package of information technology equipment and services for each Member to be used exclusively in discharging their duties as Members; and

(f) the Office Costs Allowance should be abolished after a transitional period ending on 31st March 2003.

(3) The House of Commons Additional Costs Allowance should be increased by the same proportion as that proposed for the House of Lords Overnight Allowance under Recommendation 16 of the Review Body on Senior Salaries Report No. 48.

General Services Budget

(4) Central funding by way of a General Services Budget should provide for:

(a) relevant training of Members and Members' staff in connection with their parliamentary duties;

(b) any appropriate insurance provision;

(c) any additional reimbursement of exceptional expenses incurred by Members who have constituencies with particular problems;

(d) reasonable adjustments to the working conditions and equipment of Members with particular needs because of disability, and for necessary additional continuing costs;

(e) any additional payments to Members in respect of safety precautions to safeguard their staff, their office equipment and themselves, where such safety precautions have been recommended by the police; and

(f) other appropriate expenditure within the ambit of the Vote, under the authority of the Speaker.

Advisory Panel

(5)-(1) It should be the responsibility of a Panel appointed by Mr Speaker to advise him on:

(i) directions he may give as to the application of the provisions of this Resolution under paragraphs (2) and (4) above;

(ii) his authorisation of expenditure not otherwise specified in this Resolution but within the ambit of the Vote, pursuant to paragraph (4)(f) thereof; and

(iii) the application of the provisions of this Resolution to individual cases of difficulty.

(2) The Panel should advise Mr Speaker and the Leader of the House on the potential development of the arrangements made by or under the Resolutions in force from time to time regarding Members' allowances &c.

Transitional Provisions

(6) The following provisions should be made regarding the allowances of Members who, having sat in the previous Parliament, are returned to the present Parliament (subject to directions which may be given from time to time by Mr Speaker with regard to application):

(a) Members may, whether or not they take advantage of central Information Technology provision, opt to retain their entitlement to the Office Costs Allowance, payable at the level and subject to provisions for uprating in force at 1st April 2001;

(b) Any reasonable contractual commitments entered into by Members who transfer to the new provisions in respect of staff and IT should be honoured through central funding until they can reasonably be terminated;

But these provisions should cease to have effect from 1st April 2003.

(7) Transitional provisions for all Members transferring to the new arrangements in 2001-02 should be determined by Mr Speaker, having taken advice where appropriate from the Panel set up under paragraph (5) of this Resolution.

Winding Up Allowance

(8) In relation to the Winding Up Allowance, Subsection (3) of Part E of the Resolution of 13th July 1994 shall apply to Members who benefit from the provisions of paragraphs 2(a) to 2(d) of this Resolution as if for the words 'office costs allowance' there were substituted the words 'sum of the incidental Expenses Provision and the relevant staff employment cost limit in force at the time they ceased to be a Member'.

Members with disabilities

(9) When provision is made in respect of any Members in accordance with the provisions of paragraph (4)(d) of this Resolution, any Resolution of this House entitling that Member to claim a multiple of the Office Costs Allowance shall cease to have effect.

c. *Resolution on pensions*

Resolved, That this House endorses the proposals for changes to the Parliamentary Pensions Scheme to give effect to recommendations 1, 3, 5, and 7 contained in the SSRB Report on the Scheme laid on 16th March 2001 and calls on the Trustees of the Scheme to consider how best to implement recommendation 2 but at no additional cost to the Exchequer and to consider recommendations 4, 6 and 8.

And that this House further endorses the proposals for changes in this scheme and the avc scheme pursuant to the Welfare Reform and Pensions Act 1999 in relation to pension sharing on divorce.

And that this House further endorses the recommendation of the Trustees of the Parliamentary Contributory Pension Fund that the accrual rate be increased to 1/40th and that the additional cost be borne by the Exchequer.

And that this House believes that survivors' benefits could apply to unmarried partners as well as spouses.

d. *Resolution on insurance*

Resolved, That, in the opinion of this House, provision should be made to reimburse the Right honourable Member for Blackburn for reasonable legal expenditure including damages arising in consequence of an action brought against him alleging vicarious liability for an act of negligence committed in the course of his duties as a Member of this House.

Appendix 2 - Summary of rates 2001-02

MEMBERS' PAY AND ALLOWANCES: Summary of revised rates (2001-02)		
	to 5 July	revised rate
Members' Parliamentary Salary	£49,822	£ 51,822
Members' Office Costs Allowance (max)	£52,760 pa	OCA ABOLISHED AFTER THE FIRST QUARTER OF 2001/02 – A BUDGETARY ALLOWANCE OF £13,190 (25% OF THE FULL OCA WILL BE AVAILABLE)
New allowances:		
Staffing Allowance		£60,000-£70,000 per annum = £45,000 - £52,000 pro rata
Incidental Expenses Allowance (IEP)		£18,000 per annum = £13,500 pro rata
IT equipment (centrally provided)		[worth circa £3,000]
Pension provision for Members' staff (max)	£ 5,276	10% of employee's gross salary
Supplementary London Allowance	£ 1,507	£ 1,507
Additional Costs Allowance (max)	£ 13,628	£ 19,469 per annum £ 18,009 pro rata
Winding up Allowance (max)	£ 17,587	one third of the sum of the staffing provision and the IEP
Motor Mileage Allowance (per mile)	53.7p (higher)	53.7p (higher)
	24.8p (lower)	24.8p (lower)
Bicycle allowance (per mile)	6.9p	6.9p