



RESEARCH PAPER 03/64
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(Replaces Research Paper 01/87)

Parliamentary pay and allowances

This paper summarises the current levels of pay and allowances of Members of Parliament, Members of the House of Lords and Ministers in both Houses. It provides some background on the formulae used to set levels of pay and allowances. In general, the figures given are maximum entitlements and are not necessarily those actually claimed by an individual Member.

Members seeking advice and information on the calculation of or arrangements relating to their salaries or allowances should consult the Operations Directorate, Department of Finance and Administration (previously *The Fees Office*) or their handbook, *Parliamentary Salaries, Allowances and Pensions* (the “Green book”).

This edition replaces Research Paper 01/87 of 8 November 2001.

Chris Sear

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Summary of current rates With effect from 1 April 2003

Table 1: Summary of current rates

With effect from April 2003

| | |
|--------------------------------------|--|
| Members' Parliamentary Salary | £56,358 |
| New allowances: | |
| Staffing Allowance | £64,273-£74,985 per annum |
| Incidental Expenses Allowance (IEP) | £18,799 per annum |
| IT equipment (centrally provided) | [worth circa £3,000] |
| Pension provision for Members' staff | 10% of employee's gross salary |
| London Supplement | £1,574 |
| Additional Costs Allowance | £20,333 per annum |
| Winding up Allowance | One third of the sum of the staffing provision and the IEP |
| Car Mileage Higher | 56.1p per mile |
| Lower | 25.9p per mile |
| Bicycle allowance | 7.2p per mile |

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I Introduction

The Senior Salaries Review Body most recently investigated MPs' pay in March 2001.¹ Their report included the finding that Members' pay had fallen behind that of their comparators, 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 2002.² The Prime Minister, in February 2001, accepted the recommendation and said that the formula increase would also apply to ministers' pay.³

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,⁴ 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.⁵ This last recommendation was implemented in June 2001 following the general election. Significant changes to the Office Costs Allowance were also proposed.

Following the 2001 SSRB review, the House debated a series of motions relating to parliamentary pay, allowances and pensions and to related issues on 5 July 2001.⁶ The resolutions agreed by the House that day made significant changes to the rates of parliamentary pay, pensions and some allowances⁷. 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.⁸ The resolutions agreed on that date are still in place and the new pay and some of the allowances are based on the uprating formulae given in the resolutions.

For comparative purposes, the pay rates for the devolved assemblies are included. Each section includes details of the latest figures, a note on the uprating formula and details of the relevant resolution in the House. Tables giving comparative information over a number of years are also provided.

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

² Ibid, para 2.13

³ HC Deb 9 Feb 2001 Vol 362 c701W

⁴ Ibid, para 2.21

⁵ Ibid, para 2.17

⁶ HC Deb 5 July 2001 Vol 371 cc421-77. Information on Members' pensions can be found in Library standard note, SN/BT/1844, *MPs pensions scheme*, July 2002

⁷ *Parliamentary Pay, Pensions and Allowances: the 2001 Review*, Research Paper 01/86, <http://www.parliament.uk/commons/lib/research/rp2001/rp01-086.pdf>

⁸ *Members' Office Costs: the new system*, Research Paper 01/88, <http://www.parliament.uk/commons/lib/research/rp2001/rp01-088.pdf>

Parliamentary pay and allowances are set in accordance with the specific resolutions cited in this paper. The Operations Directorate - Dept of Finance and Administration (The “Fees Office”) provides details of pay and allowances for Members in its publication *Parliamentary salaries, allowances and pensions* (summarised in a *Quick Guide*) and by notices to Members.

II Salary Entitlement

A. Members’ pay

Members’ pay rose on 1 April 2003 from £55,118 to **£56,358**. This followed the Twenty-Fifth report on senior salaries from the Senior Salaries Review Body⁹ and a statement by the Prime Minister on 7 February 2003 in which he announced:

The 2003 report of the Review Body on Senior Salaries, which makes recommendations about the pay of the senior civil service, senior military personnel and the judiciary, is being published today...Pay increases for Members of Parliament and Ministers are linked automatically to the increase in pay bands for the senior civil service. Their pay entitlement will therefore increase from 1 April 2003 by 2.25 per cent.

Uprating formula: Pay increases for Members are linked automatically to the increase in pay bands for the Senior Civil Service. This follows the recommendation of the Review Body on Senior Salaries (SSRB) report of 4 July 1996.¹ Further changes to the pay levels were made on 5 July 2001

[Resolution debated and agreed](#): 10 July 1996, no division¹⁰

[Resolution debated and agreed](#): 5 July 2001, on division (276 to 42)¹¹

Table 2 shows Members’ pay since 1997. Members’ pay has increased by 28.5 percent over that period.¹²

⁹ Cm 5718, February 2003, <http://www.ome.uk.com/downloads/SSRB%2025th%20Report.pdf>

¹⁰ HC Deb 10 July 1996 cc488-543, at c533 (motion approving SSRB report including these proposals agreed to 279-154, c530)

¹¹ HC Deb 5 July 2001 cc469-71

¹² Further information is available in Library standard note SN/SG/1993, *Members’ and Ministers’ pay: changes in recent years*, 3 December 2002, available on the Intranet.

Table 2: Members' pay since 1997

| | |
|-----------------------------|---|
| 1 April 1997 | £43,860 |
| 1 April 1998 | £45,066 |
| 1 April 1999 | £47,008 |
| 1 April 2000 | £48,371 |
| 1 April 2001 | £49,822 |
| 20 June 2001 ^(a) | £51,822 |
| 1 April 2002 ^(b) | £55,118 |
| 1 April 2003 | £56,358 |
| Subsequent years | Previous year's salary + formula increase |

^(a) Comprises formula increase of 3 percent plus £2,000 from meeting of the new parliament on 20 June 2001

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

B. Dual Mandate MPs and Devolved Legislature Members

Members of Parliament who are also members of devolved legislatures or the European Parliament receive a full parliamentary salary, currently **£56,358** per annum. In addition, they receive one third of the salary in respect of their membership of the devolved legislature or European Parliament, although proposals before the European Parliament would, if approved, mean that there will be no such dual mandate MPs after 2009. There are currently two dual mandate MPs in the European Parliament, who receive an additional salary of £18,786. Prior to dissolution of the Northern Ireland Assembly there were 12 dual mandate MPs. There are no dual mandate MPs in the National Assembly for Wales or the Scottish Parliament.

The standard level of pay of the Members of the Devolved Assemblies is as follows:

1. National Assembly for Wales

With effect from 1 April 2003 the salary payable to Members of the National Assembly for Wales is **£42,434** p.a.¹³. In addition, Members who hold any of the following offices are entitled to receive an additional salary as follows:

¹³ Assembly Members who are also Members of Parliament or Members of the European Parliament will have their Assembly salary reduced by two-thirds in accordance with the *National Assembly for Wales (Assembly Members)(Salaries)(Limitation)Order 1999* (SI 1999 No 1083)

Table 3: National Assembly for Wales additional salaries

| | Addition | Total |
|---|----------|----------|
| Assembly First Minister | £69,862 | £112,296 |
| Assembly Minister | £37,056 | £79,490 |
| Presiding Officer | £37,056 | £79,490 |
| Leader of the largest non-cabinet party | £37,056 | £79,490 |
| Deputy Presiding Officer | £23,211 | £65,645 |
| Chairs of Subject Committees (a) | £5,399 | £47,833 |
| Assembly Member | | £42,434 |

(a) Established in accordance with s57 of the Government of Wales Act 1998 (Cap 58)

Details of allowances available to Members of the National Assembly for Wales are available in the *National Assembly for Wales (Assembly Members and Officers) (Salaries, Allowances, etc.) Determination 2002*.

2. Northern Ireland Assembly¹⁴

From 1 April 2002 until the suspension of the Assembly in October 2002 the salary payable to Members of the Northern Ireland Assembly (MLAs) was £41,321 per annum. Following the suspension of the Assembly on 14 October 2002, however, MLAs were entitled to the pay level paid prior to devolution adjusted for the subsequent increases to date, which was £31,817 per annum.¹⁵ The Presiding Officer received an additional £48,850. These salaries were in place until the passing of the *Northern Ireland Assembly (Elections and Periods of Suspension) Act 2003*,¹⁶ which postponed the Assembly elections to the Autumn 2003 and included provisions to allow former Members to receive salaries and allowances up to the last nomination day for the next election, and, if nominated, up to the end of the day of the poll for that election. These salaries, which amount to **£20,660** for MLAs and **£37,692** for the Presiding Officer, have been determined by the Secretary of State.

3. Scottish Parliament¹⁷

On 21 March 2002¹⁸ the Scottish Parliament approved a new *Scottish Parliament Salaries Scheme*¹⁹ meaning that with effect from 1 April 2003, the salary payable to Members of the Scottish Parliament is **£49,315**. The *Scottish Parliament Salaries Scheme* provides for

¹⁴ Source: Northern Ireland Assembly Fees Office

¹⁵ Northern Ireland Office press notice, "Secretary of State announces determination of Assembly salaries and allowances", 6 November 2002

¹⁶ See Library Research Paper 03/43, <http://hcl1.hclibrary.parliament.uk/rp2003/rp03-043.pdf>

¹⁷ Source: Scottish Parliament Information Centre draft paper, *Parliamentary pay and allowances*, May 2002

¹⁸ *Meeting of the Parliament*, 21 March 2002, O.R. cc10577-10587, 10592-10600

¹⁹ See Scottish Parliament Paper 554

an annual review of MSPs' salaries commencing on 1 April 2003 to maintain those salaries at 87.5% of the salary payable to Members of the House of Commons. Officeholders' salaries are to be increased by a percentage to retain the differential between Members at Westminster and in the Scottish Parliament.

Table 4 summarises current salaries in the Scottish Parliament:

Table 4: Scottish Parliament salaries

| | Addition | Total |
|------------------------------------|----------|----------|
| First Minister | £71,433 | £120,748 |
| Presiding Officer | £37,056 | £86,371 |
| Deputy Presiding Officer | £23,210 | £72,525 |
| Lord Advocate (a) | £48,413 | £97,728 |
| Solicitor General for Scotland (a) | £35,006 | £84,321 |
| Other Member of Scottish Executive | £37,056 | £86,371 |
| Junior Scottish Minister | £23,210 | £72,525 |
| MSP | | £49,315 |

(a) Law Officers need not be MSPs, as is the case at present. They are paid the total salary regardless.
See *Scottish Parliament Salaries Scheme (SP Paper 554)*, para 4(2)

Details of allowances available to Members of the Scottish Parliament can be found in the Scottish Parliament Official Report²⁰.

4. European Parliament

With effect from 1 April 2001, the salary payable to UK Members of the European Parliament is the same as for Members of Parliament, currently **£56,358**.

C. Parliamentary salary for ministers etc.

Ministers' pay is currently made up of two elements, the parliamentary salary (Members' pay) and a ministerial salary. Until 1 July 1996 ministers received a reduced parliamentary salary. Since then they have received the full rate.

Upating formula: Parliamentary salary, see Section I.A; ministerial salary, see Section I.D.

²⁰ SPOR 21 June 2001 cc1907-17

D. Ministers' pay

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.²¹ However the 1996 SSRB report,²² which was accepted by the Commons, recommended that the uprating formula and 1 April implementation date should also apply to ministers and other paid office holders.

Uprating formula: Pay increases for ministers are linked automatically to the increase in pay bands for the Senior Civil Service, under a formula set out in section 1 of the *Ministerial Salaries Act 1997*.¹ This is, in effect, the same formula that is used for uprating Members' pay.

The following three tables summarise trends in ministerial pay since 1997/98.

Table 5: Ministers and office-holders in Commons: Ministerial salary entitlements,

| £ | 1997/98 | 1998/99 | 1999/00 | 2000/01 | 2001/02 | 2002/03 | 2003/04 |
|------------------------------------|----------|---------|---------|---------|----------|---------|---------|
| Prime Minister (<i>a</i>) | 102,750 | 107,179 | 110,287 | 113,596 | 113,596 | 116,436 | 119,056 |
| Cabinet Minister (<i>a</i>) | 61,650 | 64,307 | 66,172 | 68,157 | 68,157 | 69,861 | 71,433 |
| Minister of State | 31,981 | 33,359 | 34,326 | 35,356 | 35,356 | 36,240 | 37,055 |
| Parliamentary Under Secretary | 24,273 | 25,319 | 26,053 | 26,835 | 26,835 | 27,506 | 28,125 |
| Government Chief Whip (<i>b</i>) | 37,620 | 64,307 | 66,172 | 68,157 | 68,157 | 69,861 | 71,433 |
| Government Deputy Chief Whip | 31,981 | 33,359 | 34,326 | 35,356 | 35,356 | 36,240 | 37,055 |
| Government Whip | 20,580 | 21,467 | 22,090 | 22,753 | 22,753 | 23,322 | 23,847 |
| Assistant Government Whip | 20,580 | 21,467 | 22,090 | 22,753 | 22,753 | 23,322 | 23,847 |
| Leader of the Opposition | 56,513 | 58,949 | 60,659 | 62,479 | 62,479 | 64,041 | 65,482 |
| Opposition Chief Whip | 31,981 | 33,359 | 34,326 | 35,356 | 35,356 | 36,240 | 37,055 |
| Deputy Chief Opposition Whip | 20,580 | 21,467 | 22,090 | 22,753 | 22,753 | 23,322 | 23,847 |
| Assistant Opposition Whip | 20,580 | 21,467 | 22,090 | 22,753 | 22,753 | 23,322 | 23,847 |
| Speaker | 61,650 | 64,307 | 66,172 | 68,157 | 68,157 | 69,861 | 71,433 |
| Chairman of Ways and Means | 31,981 | 33,359 | 34,326 | 35,356 | 35,356 | 36,240 | 37,055 |
| First Deputy Chairman | 28,107 | 29,318 | 30,168 | 31,073 | 31,073 | 31,850 | 32,567 |
| Second Deputy Chairman | 28,107 | 29,318 | 30,168 | 31,073 | 31,073 | 31,850 | 32,567 |
| Attorney General (<i>c</i>) | 65,509 | 68,332 | | | In Lords | | |
| Solicitor General (<i>d</i>) | In Lords | 56,031 | 57,656 | 59,386 | 59,386 | 60,871 | 62,241 |
| Advocate General for Scotland | | 56,031 | 57,656 | 59,386 | 59,386 | 60,871 | 62,241 |

²¹ 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

²² Cm 3330

Table 6: Ministers and office-holders in Commons: Full salary entitlements, £

| | 1997/98 | 1998/99 | 1999/00 | 2000/01 | 2001/02 | 2002/03 | 2003/04 |
|------------------------------------|----------|---------|----------|----------|----------|----------|----------|
| Prime Minister (<i>a</i>) | 147,816 | 156,776 | 159,959 | 163,418 | 165,418 | 171,554 | 175,414 |
| Cabinet Minister (<i>a</i>) | 106,716 | 111,434 | 114,543 | 117,979 | 119,979 | 124,979 | 127,791 |
| Minister of State | 77,047 | 80,367 | 82,697 | 85,178 | 87,178 | 91,358 | 93,413 |
| Parliamentary Under Secretary | 69,339 | 72,327 | 74,424 | 76,657 | 78,657 | 82,624 | 84,483 |
| Government Chief Whip (<i>b</i>) | 82,686 | 111,434 | 114,543 | 117,979 | 119,979 | 124,979 | 127,791 |
| Government Deputy Chief Whip | 77,047 | 80,367 | 82,697 | 85,178 | 87,178 | 91,358 | 93,413 |
| Government Whip | 65,646 | 68,475 | 70,461 | 72,575 | 74,575 | 78,440 | 80,205 |
| Assistant Government Whip | 65,646 | 68,475 | 70,461 | 72,575 | 74,575 | 78,440 | 80,205 |
| Leader of the Opposition | 101,579 | 105,957 | 109,030 | 112,301 | 114,301 | 119,159 | 121,840 |
| Opposition Chief Whip | 77,047 | 80,367 | 82,697 | 85,178 | 87,178 | 91,358 | 93,413 |
| Deputy Chief Opposition Whip | 20,580 | 68,475 | 70,461 | 72,575 | 74,575 | 78,440 | 80,205 |
| Assistant Opposition Whip | 65,646 | 68,475 | 70,461 | 72,575 | 74,575 | 78,440 | 80,205 |
| Speaker | 106,716 | 111,315 | 114,543 | 117,979 | 119,979 | 124,979 | 127,791 |
| Chairman of Ways and Means | 77,047 | 80,367 | 82,697 | 85,178 | 87,178 | 91,358 | 93,413 |
| First Deputy Chairman | 73,173 | 76,326 | 78,539 | 80,895 | 82,895 | 86,968 | 88,925 |
| Second Deputy Chairman | 73,173 | 76,326 | 78,539 | 80,895 | 82,895 | 86,968 | 88,925 |
| Attorney General (<i>c</i>) | 110,575 | 115,340 | In Lords | In Lords | In Lords | In Lords | In Lords |
| Solicitor General (<i>d</i>) | In Lords | 103,039 | 106,027 | 110,208 | 111,208 | 115,989 | 118,599 |
| Advocate General for Scotland | | 103,039 | 106,027 | 110,208 | 111,208 | 115,989 | 118,599 |

Table 7: Ministers and office-holders in Lords: Full salary entitlements, £

| | 1997/98 | 1998/99 | 1999/00 | 2000/01 | 2001/02 | 2002/03 | 2002/03 |
|----------------------------------|------------|---------|---------|------------|---------|---------|---------|
| Cabinet Minister (<i>a</i>) | 80,107 | 83,560 | 85,983 | 88,562 | 88,562 | 94,826 | 96,960 |
| Minister of State | 53,264 | 64,426 | 66,294 | 68,283 | 68,283 | 74,040 | 75,706 |
| Parliamentary Under Secretary | 44,832 | 55,631 | 57,244 | 58,961 | 58,961 | 64,485 | 65,936 |
| Government Chief Whip | 53,264 | 64,426 | 66,294 | 68,283 | 68,283 | 74,040 | 75,706 |
| Government Deputy Chief Whip | 44,832 | 55,631 | 57,244 | 58,961 | 58,961 | 64,485 | 65,936 |
| Government Whip | 40,547 | 51,161 | 52,645 | 54,224 | 54,224 | 59,630 | 60,972 |
| Leader of the Opposition | 44,832 | 55,631 | 57,244 | 58,961 | 58,961 | 64,485 | 65,936 |
| Opposition Chief Whip | 40,547 | 51,161 | 52,645 | 54,224 | 54,224 | 59,630 | 60,972 |
| Lord Chancellor (<i>e</i>) | 148,850 | 160,011 | 167,760 | 173,875 | 173,875 | 180,045 | 202,736 |
| Chairman of Committees | 53,264 | 64,426 | 66,294 | 68,283 | 68,283 | 74,040 | 75,706 |
| Principal Deputy Chairman | 49,052 | 60,032 | 61,773 | 63,626 | 63,626 | 69,267 | 70,826 |
| Lord Advocate | 80,219 | | | | | | |
| Solicitor General (<i>d</i>) | 80,219 | | | In Commons | | | |
| Attorney General (<i>c</i>) | In Commons | 87,585 | 90,125 | 92,826 | 92,826 | 99,200 | 101,432 |
| Minister in neither House | | | | | | | |
| Solicitor General (Scotland) | 68,648 | | | | | | |

Notes on ministers' pay tables:

- (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.

In 1999-2000 the ministerial salary entitlement for the Prime Minister was £110,287 but he drew £64,580 (plus the parliamentary salary of £47,008). Cabinet Ministers were entitled to £66,172 (plus parliamentary salary of £47,008, Commons) and £85,983 (Lords); they drew £48,516 and £72,729 in ministerial salary respectively

In 2000-2001 the Prime Minister received £112,951 (ie £64,580 ministerial salary + £48,371 parliamentary) and a Cabinet Minister £96,887 (ie £48,516 ministerial salary + £48,371 parliamentary, Commons) or £72,729 (Lords). (The entitlement for the ministerial salary element was - £110,287, £66,172 and £85,983 respectively).

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, so receives Cabinet Minister's salary.
- (c) Office in Lords from 29 July 1999 [*Attorney General's Salary Order 2000*, SI 2000/1827] - implementing 1996 SSRB recommendation that the salary should have same differential over the rate for a Cabinet Minister in Lords as it had in the Commons. From April to July 1999, the Commons ministerial salary was £68,332.
- (d) Office in Commons in 1992-1997 Parliament, and as from 28 July 1998.
- (e) 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. The Lord Chancellor receives 14% of his salary from the House of Lords in respect of his Speaker's salary. The remainder of 86% is paid from the Consolidated Fund. In February 2003 the Lord Chancellor announced that he would not take his full pay entitlement from 1 April 2003 of £202,736 and would instead take £184,096, in line with the increase given to MPs and ministers.

The June 2001 and April 2002 salaries include the increases recommended by the SSRB in 2001 (£2000 from 20 June 2001 and a further £2000 in addition to the annual uprating in April 2002).

III Members' Allowances

A. Staffing allowance

The March 2001 Review Body on Senior Salaries (SSRB) report on Members' pay and allowances²³, examined a number of other issues in addition to recommending an increase in MPs' pay. One of these was the Office Costs Allowance (OCA). The report recommended fundamental changes to the way in which Members of Parliament are reimbursed for their office expenses. The proposals were adopted by the Government and debated by the House on 5 July 2001, together with other motions on Members' pay, etc.²⁴ Further details of the new system are available in a separate Library Research Paper;²⁵ the main points are:

- The Office Costs Allowance was phased out on 31 March 2003.
- Under the new system, staff salaries are paid centrally by the House Authorities, although staff remain the employees of MPs. New staff will be employed on agreed pay scales and standard contracts, and existing staff should be moved to these as soon as possible, although with transitional arrangements.
- Members can now claim central provision and maintenance of certain IT equipment for their offices. Each Member is entitled to a standard package of 3 PCs, 1 laptop computer, 2 combined printers/scanners/copiers/answer machines (or dedicated printers) and associated software. This includes provision for constituency offices.
- A new Incidental Expenses Provision is available for other expenses involved in running an office (e.g., office rents and rates).
- A new General Services Budget has been established to provide central funding for such items as: training of Members and their staff; appropriate insurance provision; exceptional expenses incurred by MPs who have constituencies with particular problems (to date, no scheme of payments for exceptional needs has yet been activated); additional payments in respect of security precautions; reimbursing disabled Members for additional expenses.

²³ Review Body on Senior Salaries, Report No 48, *Review of parliamentary pay and allowances*, Cm 4997, 2 volumes

²⁴ HC Deb 5 July 2001 c421-77

²⁵ *Members' office costs - the new system*, Research Paper 01/88, <http://hcl1.hclibrary.parliament.uk/rp2001/rp01-088.pdf>

- A Speaker's Advisory Panel has been set up to supervise the transition and advise on the implementation of the new system. The Leader of the House announced membership of the new Panel on 19 July 2001.²⁶

Uprating formula: the staffing allowance will be uprated annually to reflect changes in pay levels for equivalent jobs outside the House.

[Resolution debated and agreed:](#) 5 July 2001, as amended, agreed to²⁷

Staffing allowance figures are given in Table 8.

B. Supplementary London Allowance

The Supplementary London Allowance ("London Supplement") is payable to Members for Inner London seats, and certain others, to reflect higher costs in London. It is not paid to Ministers with an official residence in London.²⁸

Uprating formula: The London Supplement is uprated annually on 1 April by the percentage increase in the RPI (the general index for all items) in the year to March.

[Resolution debated and agreed:](#) 13 July 1994, *no division*²⁹

The House resolved on 27 June 1997 that the following constituencies are specified as "Inner London constituencies":³⁰

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

²⁶ HC Deb 19 July 2001 Vol 372 c317W

²⁷ HC Deb 5 July 2001 c463

²⁸ currently: Prime Minister, Deputy Prime Minister, Chancellor, Foreign Secretary, Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster, Education & Skills Secretary, President of the Council and Leader of the House of Commons

²⁹ HC Deb 13 July 1994 Vol 246 cc1105-1114. The basis of the formula, and the previous arrangements, were explained by the Leader of the House, Tony Newton, at cc1107-9

³⁰ HC Deb 27 July 1997 Vol 296 c1130

C. Additional Costs Allowance

The Additional Costs Allowance (ACA) reimburses Members with constituencies outside inner London for expenses incurred in staying overnight away from home whilst performing parliamentary duties.

Uprating formula: Since 1994, the ACA has been uprated annually on 1 April by the percentage increase in the RPI (the general index for all items) in the year to March, until, exceptionally, during the debate on pay and allowances on 5 July 2001, a backbench amendment was agreed which increased the ACA by some 42%.

[Resolution debated and agreed:](#) 13 July 1994, no division³¹

[Resolution debated and agreed:](#) 5 July 2001, on division (229 to 117)³²

D. Motor Mileage Allowance

The Motor Mileage Allowance (MMA) reimburses Members for the cost of travel by car between Westminster and Members' constituencies and homes and for other approved journeys on parliamentary business. MMA may be claimed for standard journeys by car. The MMA rate reduces after 20,000 miles in any financial year. The rate of the MMA takes account of the full cost of owning and using a vehicle. This incorporates parking, membership of a breakdown service, road tax, insurance, servicing or maintenance, depreciation, fuel etc. The rate is adjusted if a Member does not own or wholly maintain the vehicle in question.

The current scheme, introduced on 1 April 1997, introduced flat rates for all engine sizes.

Uprating formula: the Motor Mileage Allowance is uprated annually on 1 April by the percentage increase in the RPI (the general index for all items) in the year to March.

[Resolution debated and agreed:](#) 10 July 1996, on a division (376-39)³³

E. Bicycle Allowance

This is a relatively new allowance, which first took effect from 1 April 1998.

³¹ Debated: HC Deb 13 July 1994 Vol 246 cc1105-1114, no division. The basis of the formula, and the previous arrangements, were explained by the Leader of the House, Tony Newton, at cc1107-9

³² HC Deb 5 July 2001 Vol 371 cc464-6

³³ HC Deb 10 July 1996 Vol 281, cc488-542

Uprating formula: The Bicycle Allowance is uprated annually on 1 April by the percentage increase in the RPI (the general index for all items) in the year to March.

Resolution agreed formally: 20 March 1998, no debate or division³⁴

F. Temporary Secretarial Allowance

A Temporary Secretarial Allowance (TSA) is available to meet the extra cost of obtaining temporary secretarial/research assistance while a salaried permanent secretary/RA is absent from work through illness or pregnancy.

Resolution debated & agreed: 5 June 1981, no division³⁵

The underlying purpose of the allowance is to meet additional costs for a Member who incurs expenses in respect of his/her Parliamentary duties in obtaining secretarial or research assistance while his/her employee is absent from work due to illness or pregnancy.

In order to qualify for payment of the allowance a Member's secretary or researcher for whom the temporary cover is being provided must:

- be absent from work because of pregnancy, or
- be absent on sick leave for **more** than two continuous weeks
- continue to receive a salary paid from the Member's allowances
- submit supporting medical certificates or a MATB1 form
- have a valid contract of employment specifying the periods of paid absence

In the case of sickness absence, once the "more than two week" rule has been met TSA will be retrospective to the first day of absence if applicable.

The maximum entitlement will be based on the amount of the absent employee's salary for the following periods:

Sickness - 12 months salary (available to be used over a period of 4 years)

Maternity - 24 weeks salary (available for each maternity absence)

³⁴ HC Deb 20 March 1998 Vol 308 c1597

³⁵ HC Deb 5 Jun 1981 Vol 5 cc1201-1260. See brief explanation by the then Leader of the House, Mr Pym, at c1205. Based on proposal in TSRB report no. 17, Cmnd 8244, para 13

These arrangements provide for an allowance which is completely separate from the Members' staffing allowance. Where a member of staff is absent on half-pay, part of the staffing allowance will be used towards the cost of the replacement. Likewise, when the permanent employee reaches their contractual limits for salary entitlement the costs of the replacement will no longer be additional to the normal salary costs and full costs will come from the staffing allowance

More than one claim for temporary assistance may be admitted in relation to an employee's absence on sick leave provided the limit of 52 weeks sick pay in any four years is not breached.³⁶

G. Winding Up Allowance

An allowance equivalent in value to one third of the current level of the sum of the staffing allowance and Incidental Expenses Allowance is 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. Until 2001 the maximum amount was expressed in terms of multiples of the Office Costs Allowance (OCA): four-thirds of the quarterly OCA payable in the year in which the person ceases to be a Member maximum (in effect, annual OCA x $\frac{1}{3}$).³⁷ Following the abolition of the OCA, the Winding Up Allowance has been redefined.

Up-rating formula: One third of the sum of the staffing provision and the Incidental Expenses Provision (IEP).

[Resolution debated and agreed: 5 July 2001](#)³⁸

H. Summary of trends in allowance rates

Table 8 overleaf summarises recent trends in allowance rates

³⁶ Operations Directorate - Dept of Finance and Administration (The Fees Office) Guidance Note, July 2001

³⁷ [Resolution debated and agreed: 13 July 1994, no division](#)³⁷

³⁸ HC Deb 5 July 2001 Vol 371 c466

Table 8: MPs allowances: summary 1997/98 - 2003/04

| | Staffing (max) | Additional costs | Incidental expenses | Vehicle mileage (pence per mile) | | | Maximum winding-up | |
|----------------|-------------------|---------------------|------------------------|----------------------------------|---------------------|-------------|-----------------------|----------------|
| | | | | London | Car First 20,000 | Subsequent | | Bicycle |
| 1997/98 | | £12,287 | | £1,358 | 48.8 | 22.3 | | £15,856 |
| 1998/99 | | £12,717 | | £1,406 | 50.1 | 23.1 | 6.4p | £16,411 |
| 1999/00 | | £12,984 | | £1,436 | 51.2 | 23.6 | 6.5p | £16,755 |
| 2000/01 | | £13,322 | | £1,473 | 52.5 | 24.2 | 6.7p | £17,191 |
| 2001/02 | | £19,469 | | £1,507 | 53.7 | 24.8 | 6.9p | £17,587 |
| 2002/03 | £72,310 | £19,722 | £18,234 | £1,527 | 54.4 | 25.1 | 7.0p | £30,181 |
| 2003/04 | £74,985 | £20,333 | £18,799 | £1,574 | 56.1 | 25.9 | 7.2p | £31,261 |

I. Reimbursement of costs due to recall during a recess

This allowance was introduced in 1994 to cover the necessary expenses of Members returning to Westminster in the event of a recall of Parliament during a recess. Members can reclaim any “extra costs” they may incur due to a parliamentary recall.

[Resolution debated and agreed: 13 July 1994, no division](#)³⁹

J. Members’ Resettlement Grant

A person who is a Member immediately before the dissolution of Parliament and does not stand for re-election or is defeated may claim a Resettlement Grant to assist with the costs of ‘adjusting to non-parliamentary life’. The grant was introduced in 1991 following a Top Salaries Review Body⁴⁰ recommendation.

The grant is calculated as a proportion of final salary; the proportion payable depends on both age and length of service. The relevant percentages are shown in the table below. Only whole years of service are counted, and any period of service which was taken account of in the payment of a previous Resettlement Grant is not counted.⁴¹

The SSRB was asked to look at the calculation of the Resettlement Grant in its review that commenced in October 2000. It considered evidence arguing that the calculation should not be based on full years’ service, as small differences in length of service could result in significant variations between Members. It concluded, however, that no change was warranted.⁴²

³⁹ HC Deb 13 Jul 1994 Vol 246 cc1105-14. Tony Newton, then Leader of the House, explained the basis of this new allowance during his remarks in the 13 July 1994 debate, c1110

⁴⁰ The TSRB, which was the predecessor of the Senior Salaries Review Body

⁴¹ Any period of service which was *disregarded* when a previous Resettlement Grant was paid is also disregarded when any subsequent claim is made

⁴² *Review of Parliamentary Pay and Allowances*, Review Body on Senior Salaries report no 48, Cm 4997, chapter 5

[Resolution debated and agreed: 22 May 1991, no division](#)⁴³

Table 9 below shows resettlement grant rates by age and length of service:

Table 9: Resettlement grant

Percentages of final annual salary

| MP's age | Full years served | | | | | | |
|------------|-------------------|----|----|----|----|----|------------|
| | Under 10 | 10 | 11 | 12 | 13 | 14 | 15 or more |
| Under 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 |
| 50 | 50 | 50 | 52 | 54 | 56 | 58 | 60 |
| 51 | 50 | 52 | 55 | 58 | 62 | 65 | 68 |
| 52 | 50 | 54 | 58 | 63 | 67 | 72 | 76 |
| 53 | 50 | 56 | 62 | 67 | 73 | 78 | 84 |
| 54 | 50 | 58 | 65 | 72 | 78 | 85 | 92 |
| 55 to 64 | 50 | 60 | 68 | 76 | 84 | 92 | 100 |
| 65 | 50 | 58 | 65 | 72 | 78 | 85 | 92 |
| 66 | 50 | 56 | 62 | 67 | 73 | 78 | 84 |
| 67 | 50 | 54 | 58 | 63 | 67 | 72 | 76 |
| 68 | 50 | 52 | 55 | 58 | 62 | 65 | 68 |
| 69 | 50 | 50 | 52 | 54 | 56 | 58 | 60 |
| 70 or over | 50 | 50 | 50 | 50 | 50 | 50 | 50 |

Members who retire through ill health are entitled to receive an ill health retirement grant, calculated in the same way as the resettlement grant.

K. Ministers' severance payments

Generally, three months of annual ministerial salary is payable when a minister ceases to hold office. Full details are set out in section 4 of the *Ministerial and other Pensions and Salaries Act 1991*, as amended.⁴⁴

L. Former Prime Ministers' Public Duties Allowance

The Public Duties Allowance (PDA) is a financial allowance, paid from the Cabinet Office vote, to help former Prime Ministers to meet the continuing additional office costs which they are liable to incur because of their special position in public life.⁴⁵ The

⁴³ HC Deb 22 May 1991 Vol 191 cc1033-1038

⁴⁴ s.4, *Ministerial and other Pensions and Salaries Act 1991*, as amended

⁴⁵ HC Deb 27 Mar 1991 Vol 188 c428W

allowance is not payable to a former Prime Minister occupying the position of Leader of the Opposition and therefore in receipt of “Short money”.⁴⁶

The allowance was introduced in April 1991. It was not subject to a resolution of the House but was announced by the then Prime Minister, John Major.⁴⁷ Following the changes to Office Costs Allowance made on 5 July 2001 the Prime Minister, Tony Blair, made an announcement about the PDA:

Public Duties Allowance

Andrew Bennett: To ask the Prime Minister what effect the abolition of the Office Costs Allowance will have on the Public Duties Allowance payable to former Prime Ministers.

The Prime Minister: The Public Duties Allowance can be claimed by former Prime Ministers for expenses incurred for their continuing work for the public service and charity. The allowance, which was formerly linked to the Office Costs Allowance, will from 5 July 2001 be set at the same level as the ceiling under the new centralised arrangements for the payment by the House Authorities of the support and secretarial staff of Members of Parliament with London constituencies. This is currently £70,000.⁴⁸

Table 10 below shows recent trends in this allowance

Table 10: Former Prime Ministers' Public Duties Allowance: 1997/98 - 2003/04

| | Allowance | Office staff pension contributions | Total |
|-----------------|----------------|------------------------------------|----------------|
| 1997/98 | £47,568 | £4,757 | £52,325 |
| 1998/99 | £49,232 | £4,923 | £54,155 |
| 1999/00 | £50,264 | £5,026 | £55,290 |
| 2000/01 | £51,572 | £5,157 | £56,729 |
| 2001/02 | £52,760 | £5,276 | £58,036 |
| 5 July 2001 (a) | £70,000 | | £70,000 |
| 2002/03 | £72,310 | | £72,310 |
| 2003/04 | £74,985 | | £74,985 |

(a) Paid pro rata

⁴⁶ See Library Standard Note SN/PC/1663, *Short Money*, 16 June 2003, available on the Intranet.

⁴⁷ HC Deb 27 Mar 1991 Vol 188 c428W

⁴⁸ HC Deb 19 July 2001 Vol 372 c318W

M. Travel by Members to National Parliaments and European Union Institutions

The House passed a [resolution](#) on 9 May 2002 to allow the reimbursement of members travelling on parliamentary duties to European Union institutions and national parliaments.⁴⁹

N. Travel by a Member's spouse, children and staff

Special travel warrants are available for use by the spouse, and children under the age of 18, of a Member between London and the constituency and/or London and home by rail, air or sea. This concession was extended to include Members' children on 10 June 1982, where previously it applied to Members' spouses only. Each child may make up to thirty designated single journeys per calendar year and the same limit applies to spouses. Members' staff may claim an entitlement for up to 18 designated single journeys each calendar year, shared between all employees. Members' staff may also claim a nominal amount towards travel expenses for job-related training.

IV Allowances for Members of the House of Lords

The main allowances for Peers were debated and agreed on 20 July 1994.⁵⁰ The Lords ministers' night subsistence allowance was introduced by s5 of the *Ministerial and other Pensions and Salaries Act 1991*, and the Lords ministers' and office holders' secretarial allowance by an HL resolution of 22 July 1980.⁵¹ On 27 November 1996, the then Leader of the House, Viscount Cranborne, announced a new facility for the reimbursement of travel expenses of peers' spouses "in connection with attendance at parliamentary occasions".⁵²

The SSRB review, published in March 2001, included the following recommendations on Lords allowances:⁵³

House of Lords allowances

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. (Paragraph 4.14)

⁴⁹ HC Deb Vol 385 c410

⁵⁰ HL Deb Vol 557 cc235-250. For a detailed explanation, see Viscount Ullswater's speech (cc235-238).

⁵¹ HL Deb Vol 412 cc201-6

⁵² HC Deb Vol 576 c273

⁵³ *Review of Parliamentary Pay and Allowances*, Review Body on Senior Salaries report no 48, Cm 4997

Recommendation 15: The day subsistence allowance should be raised to a maximum of £60 a day. (Paragraph 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. (Paragraph 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. (Paragraph 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. (Paragraph 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. (Paragraph 4.35)

Recommendation 20: Peers should have access to free postage on House of Lords business matters. (Paragraph 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 support and to extend the range of circumstances in which member of the House would be eligible for them.

[Resolution debated and agreed: 5 July 2001 agreed, no division](#)⁵⁴

A summary of the various allowances is shown in table 11 below.

⁵⁴ HL Deb 5 July 2001 Vol 626 cc875-85

Table 11: Main Peers' allowances: current summary

| | | |
|--|---------|--|
| Backbench peers | | |
| Subsistence | | |
| Day | £62 | Per day the House sits (usually 150 days) |
| Overnight | £124 | |
| Travel | | |
| Motor mileage allowance | 56.1p | Per mile up to 20,000 |
| | 25.9p | Per mile further |
| Bicycle Allowance | 7.2p | Per mile |
| Spouse's expenses | | 2 return journeys for parliamentary occasions per year |
| Office Secretarial Allowance | £52 | Per day the House sits |
| Lords Ministers and paid office holders | | |
| Ministers' Night Subsistence Allowance | £27,280 | For those who maintain a second home in London |
| London Supplement | £1,574 | Except those in receipt of Lords' Ministers Night Allowance or with an official residence |
| Family travel expenses | | Expenses for up to 15 return journeys per calendar year for spouses and children aged under 18 |
