



RESEARCH PAPER 09/29
31 MARCH 2009

Members' pay and the independent review process

On 3 July 2008, the House of Commons agreed a resolution that established a new mechanism for determining Members' pay.

The new mechanism linked annual increases in Members' salaries to the median pay increase of 15 groups of specified public sector workers. It also provided for a review of Members' salaries at the start of each parliament. The outcomes of both elements were to be notified to the Speaker by the Senior Salaries Review Body and then implemented automatically.

The new mechanism was used to determine the level of Members' salaries from 1 April 2008. The Chairman of the Senior Salaries Review Body wrote to the Speaker on 25 September 2008, and informed him that under the formula agreed by the House, Members' salaries should increase by 2.38 per cent to £63,291, with effect from 1 April 2008.

This paper reviews the background to the introduction of the new mechanism for determining Members' pay and provides an overview of the developments in Members' pay since salaries were introduced in 1911.

Richard Kelly

PARLIAMENT AND CONSTITUTION CENTRE

HOUSE OF COMMONS LIBRARY

Recent Library Research Papers include:

List of 15 most recent RPs

09/14	Apprenticeships, Skills, Children and Learning Bill: apprenticeship & training provisions [Bill 55 of 2008-09]	18.02.09
09/15	Apprenticeships, Skills, Children and Learning Bill: provisions for children, education and learners [Bill 55 of 2008-09]	18.02.09
09/16	Saving Gateway Accounts Bill: Committee Stage Report	24.02.09
09/17	Autism Bill [Bill 10 of 2008-09]	25.02.09
09/18	Northern Ireland Bill [Bill 62 of 2008-09]	02.03.09
09/19	Small Business Rate Relief (Automatic Payment) Bill [Bill 13 of 2008-09]	03.03.09
09/20	Economic Indicators, March 2009	04.03.09
09/21	Statutory Redundancy Pay (Amendment) Bill [Bill 12 of 2008-09]	11.03.09
09/22	Industry and Exports (Financial Support) Bill [Bill 70 of 2008-09]	12.03.09
09/23	Welfare Reform Bill: Committee Stage Report	13.03.09
09/24	Royal Marriages and Succession to the Crown (Prevention of Discrimination) Bill [Bill 29 of 2008-09]	17.03.09
09/25	Fuel Poverty Bill [Bill 11 of 2008-09]	17.03.09
09/26	Unemployment by Constituency, February 2009	18.03.09
09/27	Coroners and Justice Bill: Committee Stage Report	19.03.09
09/28	Geneva Conventions and United Nations Personnel (Protocols) Bill [HL] [Bill 69 of 2008-09]	20.03.09

Research Papers are available as PDF files:

- *to members of the general public on the Parliamentary web site,
URL: <http://www.parliament.uk>*
- *within Parliament to users of the Parliamentary Intranet,
URL: <http://hcl1.hclibrary.parliament.uk>*

Library Research Papers are compiled for the benefit of Members of Parliament and their personal staff. Authors are available to discuss the contents of these papers with Members and their staff but cannot advise members of the general public. We welcome comments on our papers; these should be sent to the Research Publications Officer, Room 407, 1 Derby Gate, London, SW1A 2DG or e-mailed to PAPERS@parliament.uk

Summary of main points

The basic Members' salary in 2008/09 is £63,291. Additional salaries are paid to chairmen of select and general committees. Most select committee chairmen receive an additional salary of £14,039. The additional salary of a general committee chairman depends on length of service:

Length of service	Additional salary (£ per annum)
Less than one year	2,802
1-3 years	7,862
3-5 years	10,669
At least 5 years	14,039

These rates were implemented automatically, after the House agreed, on 3 July 2008, to a new resolution which no longer required Members to vote on their own pay.

In accordance with the resolution, Members' salaries will increase to £64,766, from 1 April 2009, an increase of 2.33 per cent. The additional salaries for select and general committee chairmen will increase by the same amount. Select committee chairmen's salaries will increase to £14,366. The additional salary of a general committee chairman, which depends on length of service, will increase to the following rates:

Length of service	Additional salary (£ per annum)
Less than one year	2,867
1-3 years	8,045
3-5 years	10,918
At least 5 years	14,366

Salaries for Members of Parliament were first introduced in modern times in 1911 by resolution of the House of Commons. The salary was initially set at £400 per annum. For the first 60 years, it was only occasionally reviewed and increased.

It was not until the establishment of the Top Salaries Review Body (TSRB) in 1971 that anything other than ad hoc reviews of Members' salaries took place. However, in the 1970s and 1980s, TSRB reviews were not implemented automatically, but by resolution. Frequently, governments argued against implementing TSRB recommendations in full because of economic conditions.

From 1988 a resolution provided for Members' salary increases to be linked to the Civil Service pay scale, providing annual increases in salary. Changes to civil service pay structures, in the early 1990s, were accommodated by an increase in salary, a revised linkage mechanism and a process of regular reviews by the Senior Salaries Review Body (SSRB). These changes were accepted by the House by resolution on 10 July 1996 and the system continued until 2007/08.

The SSRB's 2007 review, under this resolution, was published in 2008. It recommended changes to the annual uprating mechanism and slightly longer periods between regular

reviews. It also recommended that the 2007/08 salary should be higher than the formula increase.

The Government proposed staging the additional 2007/08 increase to keep the total increase below two per cent, in line with public sector pay policy. It also initiated a further review in order to identify an approach that would no longer require Members of Parliament to vote on their pay. Sir John Baker CBE, the retiring chairman of the SSRB conducted the review. The Government accepted some of his recommendations but rejected others:

Baker Review Recommendation

Government Response

- | | |
|---|---|
| <ul style="list-style-type: none"> • The level of pay at the end of the financial year 2007/08, £61,820, was the appropriate level to base further increases on. • Members' pay should increase in line with the Public Sector Average Earnings Index. • He endorsed the SSRB's previous conclusion that Members should receive £650 more than the formula increase in each of 2008, 2009 and 2010. • The SSRB should be the independent body that reviews Members' pay towards the beginning of each new parliament. • The outcomes of these regular reviews and the formula increases would be conveyed to the Speaker for implementation. | <p>Agreed</p> <p>Disagreed. Pay increases should be linked to 15 specific public sector groups*</p> <p>Rejected</p> <p>Agreed</p> <p>Agreed</p> |
|---|---|

The House supported the Government's proposals on 3 July 2008 and agreed a resolution to allow pay increases and regular reviews to be implemented automatically. In September 2008, the SSRB notified the Speaker that Members' salaries should increase to £63,291, with effect from 1 April 2008.

* The 15 public sector groups whose pay increases determine Members' pay increases are:	
(1) senior military	(6) NHS staff
(2) holders of judicial office	(7) school teachers
(3) very senior NHS managers	(8) the Armed Forces
(4) doctors and dentists	(9) police officers
(5) the Prison Service	(10) Local Government
non-Senior Civil Service staff in each of the	
(11) Department for Work and Pensions	(13) the Ministry of Defence
(12) Her Majesty's Revenue and Customs	(14) the Home Office
And (15) the Senior Civil Service	

CONTENTS

I	Introduction	7
II	The Baker Review and the 2008 Resolutions on Members' pay	8
	A. Background	8
	1. Calls for alternative mechanisms for setting Members' pay	9
	B. Terms of reference of the Baker Review	10
	C. Debate on the SSRB Review and proposals for the Baker Review (24 January 2008)	11
	1. Decision on Members' pay	11
	2. Resolution of 24 January 2008	13
	D. Conduct of the Review	14
	E. Proposals and recommendations	16
	1. Summary of recommendations	18
	2. Independent Body	18
	3. Uprating mechanism	20
	4. The base level of Members' pay	21
	F. Government Response	22
	G. Decisions of the House	23
	1. Resolution of 3 July 2008	25
	H. Implementation	26
	1. Members' salaries from 1 April 2008	26
	2. Members' salaries from 1 April 2009	27
III	The 1996 Resolution on Members' pay and subsequent developments	28
	A. Introduction	28
	B. 2001 SSRB Review	30
	C. 2004 SSRB Review	30
	D. Staging of the 2006 increase	30
	E. 2007 Review	31

1.	The SSRB's recommendations on Members' salaries	32
F.	Additional salaries for select and general committee chairmen	33
1.	Select committee chairmen	33
2.	General Committee Chairmen	36
IV	Members' pay 1911-1996	38

I Introduction

On 3 July 2008, the House of Commons agreed a resolution that established a new mechanism for determining Members' pay. The resolution linked increases in Members' salaries to increases in the pay of 15 public sector groups: it provided that increases would be implemented automatically. It also provided for the Senior Salaries Review Body (SSRB) to review Members' salaries in the first year of each new parliament, unless a review had taken place within the previous two years. Conclusions of these periodic reviews would also be automatically implemented.

This resolution was adopted following a *Review of Parliamentary Pay and Pensions* by Sir John Baker CBE, who had retired as the chairman of the SSRB early in 2008. In January 2008, the House agreed to a Government proposal that he should conduct such a review. It also decided that the previous resolution on Members' pay, agreed in July 1996, should cease to have effect.

In Section II this paper describes the background to the establishment of the review by Sir John Baker, his recommendations and the Government's response. Section III provides a brief review of the operation and effect of the 1996 resolution on Members' pay and reviews other developments relating to Members' salaries between 1996 and 2007. Section IV charts the procedures that have been used to determine Members' pay since its introduction in 1911.

Recent developments in Members' pay are summarised in the table below and compared with changes in prices and earnings in the following graph. The Appendix charts the changes in the level of Members' salaries since they were introduced in 1911.

Table 1: 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
1 April 2004	£57,485
1 April 2005	£59,095
1 April 2006 (c)	£59,686
1 November 2006 (c)	£60,277
1 April 2007 (d)	£61,181
1 November 2007 (d)	£61,820
1 April 2008 (e)	£63,291
1 April 2009 (e)	£64,766

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

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

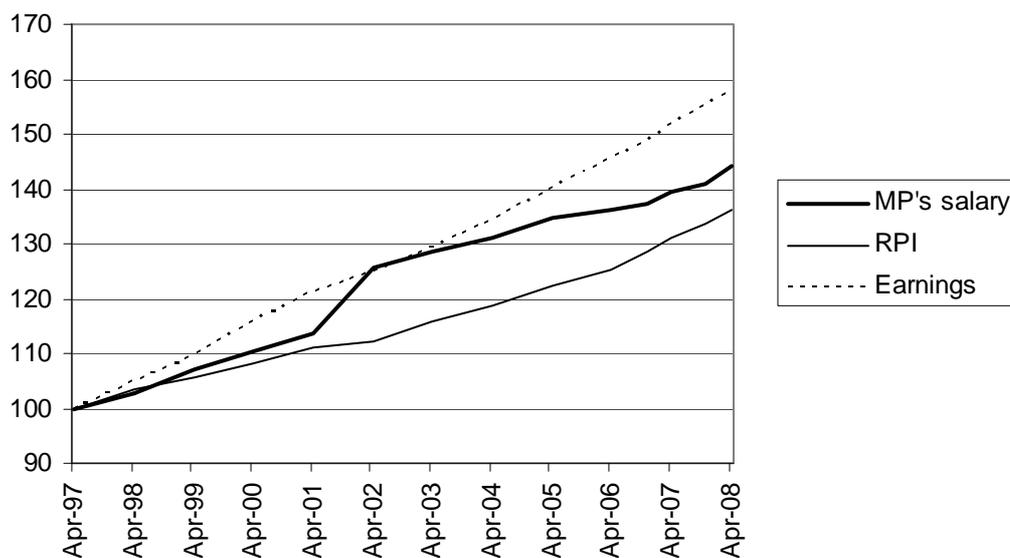
(c) In 2006/07 the formula increase (2 per cent) was implemented in two equal stages

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

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

Trends in MPs' salaries, the RPI and average earnings 1997-2008

Indices, where 1997=100



Over the period between 1997 and 2008, MP's pay rose by some 44 per cent, compared to increases of 36 per cent in prices and 58 per cent in earnings.

II The Baker Review and the 2008 Resolutions on Members' pay

A. Background

On 16 January 2008, the Government published the *Review of Parliamentary Pay, Pensions and Allowances 2007*,¹ which it had received from the SSRB in July 2007.² On the same day, Harriet Harman, the Leader of the House of Commons, published a written ministerial statement setting out the Government's response to the report.³ The following day, she announced that the report would be debated on 24 January 2008.⁴

The SSRB had recommended that Members' salaries should have been increased to £61,820 with effect from 1 April 2007; that a new method of uprating, based on the changes in the earnings of senior civil servants rather than their pay scales, should have been introduced; and that, in addition to the uprating formula, Members' salaries should have increased by a further £650 in April 2008, April 2009 and April 2010. (Fuller details of the SSRB recommendations are set out in Section III.E.)

However, the Government rejected the SSRB's recommendations. It wanted to limit public sector pay increases to below two per cent and argued that, by staging their

¹ Review Body on Senior Salaries, *Review of parliamentary pay, pensions and allowances 2007*, Report No 64, Cm 7270-1, January 2008

² HC Deb 26 July 2007 c107WS

³ HC Deb 16 January 2008 cc32WS-36WS

⁴ HC Deb 17 January 2008 c1077

increase, Members would adhere to this limit. It called for an increase from £60,277 at the end of the 2006/07 financial year, to £61,181 with effect from 1 April 2007, and to £61,820 with effect from 1 November 2007, giving an overall increase of 1.9 per cent.⁵ It rejected the additional increases of £650 in each of the three following years.⁶

Ms Harman announced that the Government considered it “inappropriate that MPs should vote on their own pay and pensions”, and that Sir John Baker, who was retiring as chairman of the SSRB, had been asked to conduct a review on options for setting pay and pensions by the summer recess:

The Government therefore intend to examine options that find objective criteria for determining the appropriate comparator used for MPs’ pay awards within a framework that does not require MPs to vote in future years, and accordingly has asked Sir John Baker, CBE—the retiring chair of SSRB—to conduct a review and make proposals on options for consideration. It would be a significant constitutional reform for MPs to be explicitly removed from the process of voting on and determining their own pay and pensions. In some other countries, elected representatives’ pay and pensions are determined entirely independently of the legislature. We hope to draw on this international experience so as to find a suitable mechanism that will work within our parliamentary system. We intend this work to be completed so that the House can resolve it before the summer recess.⁷

1. Calls for alternative mechanisms for setting Members’ pay

Before the SSRB report was published, press coverage noted that the Prime Minister had called on Members to limit their pay increase to 1.9 per cent, in line with other increases in the public sector. It also reported that David Cameron, the Conservative Party leader, wanted to end Members’ involvement in setting their own salaries.⁸

Labour backbenchers David Crausby and Don Touhig were reported to have made similar comments. The *Daily Telegraph* reported Mr Crausby’s comments,⁹ and the *Financial Times* reported that Don Touhig had “said he hoped the dispute would prompt an end to the ‘bonkers’ situation where MPs voted on their own pay rises”.¹⁰

On 14 January 2008, David Cameron “launched” the findings of the Conservative Party’s Democracy Taskforce’s third report, *Trust In Politics – A programme for restoring public respect for the political system*. As well as considering the subjects of peerages and the honours system, the Ministerial Code, and ministerial appointments, the report also addressed the question of Members’ pay, pensions and allowances. It made the following recommendations:

⁵ As a result of the automatic uprating of Members’ salaries, in line with changes in the pay scales of the Senior Civil Service, Members had been paid £60,675, since 1 April 2007.

⁶ HC Deb 16 January 2008 c33WS

⁷ HC Deb 16 January 2008 c32WS

⁸ Robert Winnett, “Pay for MPs – Ministers must make do with 1.9pc”, *Daily Telegraph*, 7 January 2008

⁹ Andrew Porter, “Brown faces rebellion from MPs over pay”, *Daily Telegraph*, 10 January 2008

¹⁰ George Parker, Jimmy Burns and Jim Pickard, “MPs ordered to accept wage restraint”, *Financial Times*, 10 January 2008

- MPs should no longer vote on their own pay and allowances. The implementation of review body recommendations should only be overturned by primary legislation. To avoid the need for major one-off adjustments, changes in MPs' pay should be based on a representative benchmark such as the change in average earnings or in public sector pay.
- The current MPs' pension scheme should be closed to new entrants, with a new system based on defined contributions.
- There should be greater clarity in separating out those elements of allowances which do not go directly to MPs (such as staff salaries and stationery) and those that do. The direct payments should be subject to greater clarity and more rigorous audit.
- The Communications Allowance should be abolished.¹¹

The BBC reported that Nick Clegg, the leader of the Liberal Democrats had written to the Prime Minister suggesting that rises in Members' pay should be linked to increases in the state pension:

"As MPs, we are basically public servants and it seems only right to me that our pay rise should not be more than the rise in the basic state pension," Mr Clegg said. "Those receiving a state pension have contributed to society throughout their whole lives and whatever rise is deemed acceptable for them should therefore be acceptable to MPs too."¹²

B. Terms of reference of the Baker Review

When it set out its response to the SSRB's 2007 review, the Government also announced that it had commissioned Sir John Baker, the retiring chairman of the SSRB to conduct a review of Members' salaries.¹³ The day before the debate on the SSRB's report, the Leader of the House issued a written ministerial statement setting out the terms of reference that the Prime Minister had given to Sir John:

Review of the mechanism for determining the pay and pensions for Members of Parliament.

to examine options and make recommendations for a mechanism for independently determining the pay and pensions of Members of Parliament which does not involve MPs voting on their own pay; the appropriate comparator; and the frequency with which reviews of the use of the comparator take place;

to ensure that the independent mechanism takes account of the Government's policy on public sector pay and its target for inflation and;

to have regard to the need for any independent mechanism to maintain the support and trust of the public and Members of Parliament.

¹¹ Conservative Party Democracy Taskforce, *Trust In Politics – A programme for restoring public respect for the political system*, January 2008, p1

¹² BBC News, [Cameron urges MPs' pension reform](#), 14 January 2008 [last viewed 23 March 2009]

¹³ HC Deb 16 January 2008 cc32WS-36WS

The review should seek to:

- examine comparable international mechanisms and the resulting experience;
- address the constitutional framework alongside legal and legislative considerations;
- consider the range of evidence that should be considered by the recommended independent mechanism in determining an appropriate comparator;
- consider the membership and remit of any independent body that may be part of the pay setting process;
- give due consideration to consistency with other public service wage setting mechanisms and wage settlements across the public service and;
- outline a recommended timetable for transition to any new system.¹⁴

C. Debate on the SSRB Review and proposals for the Baker Review (24 January 2008)

On 24 January 2008, the House debated the SSRB's Report and the Government's proposals for dealing with the SSRB's recommendations on pay, pensions and allowances. As indicated in its initial response to the SSRB Report, published as a written ministerial statement on 16 January 2008 (see section II.A), the Government proposed that there should be a review of Members' salaries and that the increase for 2007/08 recommended by the SSRB should be paid in two stages. The Government also made proposals on allowances and pensions, which are not discussed here.¹⁵

1. Decision on Members' pay

In opening the debate, the Leader of the House sought agreement on four issues relating to pay:

Although the issue of MPs' pay, pension and allowances is a thorny one, I hope that there will be agreement across the House on at least four things: that MPs should be properly paid for the important work that they do; that MPs should be reimbursed for what they spend doing their job, as are people in any other line of work; that as MPs are paid from the public purse, we should show the same discipline in our pay increases as other public sector workers; and that, like everyone else, we should not decide on our own pay and should not vote on our pay increases.¹⁶

She argued that abandoning the pay uprating mechanism that had been agreed in 1996 was an incentive to reform and prevented reverting to it in future:

¹⁴ HC Deb 23 January 2008 c56WS

¹⁵ For details of the decisions on allowances and pensions taken on 24 January 2008, see House of Commons Library Research Paper 08/31, *Parliamentary pay, pensions and allowances*, 31 March 2008

¹⁶ HC Deb 24 January 2008 c1654

Our concern is that we should clear the decks now, at this vote, showing the House's intention that we move forward to a different system. If we leave the current system in place, it can always continue.¹⁷

However, Nick Harvey, a member of the Members Estimate Committee, expressed some concern about this approach:

I wish to flag up some serious misgivings about what the Government now propose. They are asking us to rescind and tear up the resolution of July 1996, which has governed how such matters are dealt with for the past 12 years. Effectively they want us to sign them a blank cheque. We have to buy a pig in a poke, leave matters with them, and they will have a review conducted by someone of their choosing who will report back to them. We all just have to relax: it will all be okay because they will see us right.¹⁸

When Martin Salter and John Maples commented that the Government should implement the recommendations of any review body, Harriet Harman replied that "Hon. Members will have seen the terms of reference that the Government set out for Sir John Baker, and it is precisely to identify proposals that would put into practice the sentiments expressed by my hon. Friend that we have asked Sir John to conduct that review and report to the House".¹⁹

In his speech, Tony Lloyd, the chairman of the Parliamentary Labour Party, reiterated that independence had to be a crucial feature of any mechanism: "We need a mechanism that we believe to be independent and that we respect as being independent of Members of Parliament. It must also be independent of Government".²⁰

There was broad support for taking the determination of Members' salaries out of their hands.²¹ However, the constitutional question of the sovereignty of Parliament was also raised, and some Members questioned whether it was appropriate for them to give the right of setting their pay to another body.²²

John Spellar, chairman of the Advisory Panel on Members' Allowances, said that he was "astonished that anyone would agree to be linked to someone else's pay rate rather than their earnings".²³ He suggested that rather than linking Members' pay to another job, "we would be better considering a basket of agreements and taking the median or another average".²⁴ John Maples noted the widespread support for a linkage either to a job or grade, or to an index; however, he highlighted the difficulty of setting the base level of Members' pay.²⁵

¹⁷ HC Deb 24 January 2008 c1656

¹⁸ HC Deb 24 January 2008 c1694

¹⁹ HC Deb 24 January 2008 cc1656-1657. The same question was asked of Theresa May (cc1664-1665)

²⁰ HC Deb 24 January 2008 c1671

²¹ e.g. HC Deb 24 January 2008 cc1662-1663

²² HC Deb 24 January 2008 cc1673-1674

²³ HC Deb 24 January 2008 c1682

²⁴ HC Deb 24 January 2008 c1685

²⁵ HC Deb 24 January 2008 cc1700-1705

At the end of the debate, the House agreed to the Government's proposals without a division. As a result, Members' salaries increased from £60,277 at the end of the 2006/07 financial year, to £61,181 with effect from 1 April 2007, and to £61,820 with effect from 1 November 2007.²⁶ The decision left no mechanism in place to provide an automatic increase in salary from 1 April 2008.

2. Resolution of 24 January 2008

MEMBERS' SALARIES (EXPRESSION OF OPINION)

Resolved,

That, in the opinion of this House, the system for determining the salaries of Members of Parliament should be reviewed, in particular with a view to removing the need for final decisions on salaries to be subject to approval by this House; and that—

(1) the yearly rate for salaries of Members of this House, including the additional salaries of chairmen of select and general committees, should be increased (in addition to the increase of 0.66 per cent. provided for in respect of the year starting with 1st April 2007 under the resolution of 10th July 1996 relating to Members' Salaries (No. 2))—

(a) with effect from 1st April 2007, by 0.84 per cent. of the rate as it stood on 31st March 2007, and

(b) with effect from 1st November 2007, by a further 1.06 per cent. of the rate as it stood on 31st March 2007;

(2) from 31st March 2008, the resolution of 10th July 1996 relating to Members' Salaries (No. 2) should cease to have effect.

MEMBERS' SALARIES

Queen's recommendation having been signified—

Ordered,

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

(1) the yearly rate for salaries of Members of this House, including the additional salaries of chairmen of select and general committees, shall be increased (in addition to the increase of 0.66 per cent. provided for in respect of the year starting with 1st April 2007 under the resolution of 10th July 1996 relating to Members' Salaries (No. 2))—

(a) with effect from 1st April 2007, by 0.84 per cent of the rate as it stood on 31st March 2007, and

(b) with effect from 1st November 2007, by a further 1.06 per cent of the rate as it stood on 31st March 2007;

(2) from 31st March 2008, the resolution of 10th July 1996 relating to Members' Salaries (No. 2) shall cease to have effect.²⁷

²⁶ As a result of the automatic uprating of Members' salaries, in line with changes in the pay scales of the senior civil service, Members had been paid £60,675, since 1 April 2007.

²⁷ HC Deb 24 January 2008 cc1718-1720

D. Conduct of the Review

On 18 March 2008, in a written ministerial statement, the Leader of the House informed the House that Sir John Baker had begun his review of parliamentary pay and pensions, and that he had issued a consultation paper. She told the House that written submissions had been requested by 11 April 2008.²⁸

In his consultation paper, after a brief introduction and setting out his terms of reference (noting that he was to report by the end of May), Sir John provided a “Review of Issues”. He then asked 12 questions on:

- identifying comparators;
- approaches to uprating MPs’ pay;
- the starting point for a new system;
- frequency of uprating;
- the scope of an independent review body;
- taking into account the Government’s policy on public sector pay;
- international comparisons;
- Members no longer voting on their pay and pensions;
- determining pensions;
- the relationship between an independent body and the SSRB;
- public trust; and
- transition arrangements.

Sir John stated that he did not intend to publish responses received but he noted that responses could be the subject of freedom of information requests.²⁹

In his report, he briefly reviewed the evidence that he had received:

The timescale for this report was extremely tight. Nevertheless, I have been able to solicit sufficient responses to a consultation document I prepared to believe that I have assembled a sound evidence base for my recommendations. In reaching my recommendations I have met the Speaker and representatives at all levels of the three largest parties. I have also met the Prime Minister and other members of the Cabinet who set out the Government’s concerns about the possible signals sent by MPs’ pay and the effects on public sector pay policy and expenditure. I have considered the debate on Members’ pay in the House on 24 January, and drawn upon the significant amount of research conducted for and reflected in the 2007 SSRB report. I have examined how other countries address the issue of parliamentary pay. I am, of course, also aware of much media commentary on the subject of MPs’ pay and allowances. In the time available, I have not been able to conduct my own public opinion research.³⁰

²⁸ HC Deb 18 March 2008 c62Ws

²⁹ *Review of MPs’ pay and pensions*, Consultation document prepared by Sir John Baker

³⁰ Sir John Baker, *Review of Parliamentary Pay and Pensions*, June 2008, Cm 7416, Main Report, para 11

The Government submitted evidence to Sir John Baker, which it published in June 2008.³¹ Sir John provided a summary of the Government's evidence:

18. I received a memorandum from the Government dealing with four issues: the starting point for MPs' pay; the comparator, by which the Government means what I have termed the uprating mechanism; the review mechanism, i.e. what I call the Independent Body; and pensions.

19. The Government proposes that the new arrangements for setting MPs' pay "should be sustainable, and have the effect that, in future, MPs would not be required to vote on their own pay; that Government would no longer be involved in the decision making process; and that the revised system must carry the confidence of the public and the House".

20. On the starting point for MPs' pay, the Government argues that it did not accept the SSRB's proposals for a staged increase totalling £1,950 in addition to annual uprating, because of Government public sector pay policy and its approach to other groups of public sector employees. The memorandum states that on 24 January the House of Commons concurred with the Government's view by accepting without amendment the motions tabled by the Government. Therefore **the Government believes that the current level of MPs' pay should be adopted as the base line** for future annual uprating beginning with effect from April 2008.

21. On the comparator or uprating mechanism, the Government's memorandum discusses the options of linkage to earnings, to headline pay settlements, to a specific group such as the SCS [Senior Civil Service] or to a basket of workforce groups. It argues that, "given the signalling position of MPs", linkage to an earnings index would have the potential seriously to undermine the Government's approach to public sector pay policy. Instead **the Government proposes that MPs' pay should be uprated annually by the increase in the paybill per head of the SCS.**

22. On the review mechanism or Independent Body, the Government commends the New Zealand model whereby an independent Remuneration Authority determines MPs' salaries and allowances annually on the basis of job evaluation and comparison across the public and private sectors (see Appendix 3). The memorandum recommends that **the linkage mechanism should be reviewed by an Independent Body from time to time but not more than once each Parliament.** The Government says it would not expect to be able to overrule the recommendations stemming from such reviews.

23. Finally, on pensions the Government notes that it is likely that a review of the Parliamentary Contributory Pension Fund will soon take place, as recommended by the SSRB, because the underlying Exchequer contribution to the Fund is likely to reach 20 per cent of the paybill. The memorandum states that pensions were included in the terms of reference for this review only so that any pensions consequences of the recommendations on pay could be considered. The

³¹ Leader of the House of Commons, *Parliamentary pay, pensions and allowances – Government memorandum to Sir John Baker's review of the mechanism for determining the pay of Members of Parliament*, June 2008, Cm 7418

Government therefore proposes that I should not consider any change to the pension scheme.³²

At Business Questions on 24 April 2008, Helen Goodman, the Deputy Leader of the House of Commons, explained how the House would consider Sir John's report:

Sir Michael Spicer (West Worcestershire) (Con): When Sir John Baker reports to the House in the next few weeks on Members' pay, will that be the last word that will be said on the next settlement, or will it merely be part of a report on the process for the future?

Helen Goodman: As the hon. Gentleman knows, the last word will be had by this House when it debates the Baker report, which will, as I am sure he also knows, examine two things—not only the comparator and the settlement in the current year but how to establish an independent mechanism, which the whole House voted for in January. He can rest assured that he and all hon. Members will have an opportunity to come back before the summer recess to discuss that important issue.³³

E. Proposals and recommendations

Sir John Baker's report, *Review of Parliamentary Pay and Pensions*, was published on 17 June 2008.³⁴ In the foreword to his report, Sir John reflected on Members setting their own pay:

1. Parliament is sovereign and MPs rightly guard that sovereignty on behalf of us all as citizens. Hitherto, MPs have regarded determining their own pay and expenses (allowances) as an essential aspect of their exercise of sovereignty. But times have changed: very few people are able to set their own pay and expenses, and the practice of MPs doing so has properly been questioned, inside and outside the House of Commons.

2. MPs' pay is a highly sensitive issue. It receives substantial attention in the media and is accorded great significance politically. That has created an environment in which it has been difficult for the Government and MPs to reach decisions on MPs' pay. I have found, in the course of discussions with MPs, an increasing acceptance that they should not be determining their own terms and conditions and a desire for an independent, objective alternative.

3. In conjunction with a debate on MPs' pay in the House of Commons on 24 January 2008 in response to the Senior Salaries Review Body report on parliamentary pay, pensions and allowances, the Government announced that it had asked me to review the options for determining MPs' remuneration and to identify an independent mechanism for doing so in future. Given the conflicting political and practical considerations, I did not underestimate the difficulty of the

³² Sir John Baker, *Review of Parliamentary Pay and Pensions*, June 2008, Cm 7416, Main Report, paras 18-23

³³ HC Deb 24 April 2008 c1468

³⁴ Sir John Baker, *Review of Parliamentary Pay and Pensions*, June 2008, Cm 7416; the Department for Business Enterprise and Regulatory Reform issued a press release on 17 June 2008: *Press notice from Sir John Baker CBE – Review of MPs' pay and pensions by Sir John Baker*, 17 June 2008

task but I believe it is something which needs to be done, not least to protect the reputation of the Commons, and I set out in this report what I see as the issues, the options and my recommended way forward.³⁵

He reiterated this in his main report:

It is important to keep in mind the purpose of this exercise. It has not been prompted by a widespread view that MPs are underpaid or overpaid (although both views, often strongly held, exist), but by a general concern, shared by many though certainly not all MPs, that it is wrong in principle that MPs should set their own pay. Consequently, my most important objective is to develop and recommend a mechanism for setting MPs' pay which is independent, robust, fair, easy to understand and impossible to subvert. If such a system can be accepted by the House of Commons, this will create the opportunity for mature review, discussion and consideration of the issues affecting MPs' pay and pensions in the years ahead.³⁶

Sir John set out a number of principles that had guided the SSRB in its 2007 review of Members' pay and allowances. He added a further "fundamental principle" that reflected the decision that Members would no longer set their own salaries:

I now add a further and, in my view, fundamental principle: that **if MPs are prepared to relinquish their control over their salaries, then the Government also has to forgo any possibility of directly seeking to intervene in the process** (although it can obviously still provide views or evidence). A system in which the Government retained the means to override independent recommendations would not deserve the support and trust of MPs or the public.³⁷

After presenting the background to his task and after reviewing the evidence that he had received, Sir John summarised his task in the following way:

There are three main elements to identifying a new independent mechanism for determining MPs' pay:

- an uprating mechanism that will adjust pay automatically (either annually or at some other interval);
- an Independent Body which can, as the SSRB has done from time to time, review whether MPs' pay remains adequate for the job and recruitment and retention, in line with suitable public sector comparators and appropriate in the light of any changes to the role and responsibilities of MPs. The Independent Body would also monitor the working of the uprating mechanism and change it if it ceased to be appropriate. Crucially, the Independent Body's recommendations on MPs' pay would be determining and not advisory. It would be for the House authorities to implement them without intervention by the House itself or the Government of the day; and

³⁵ *Ibid*, Foreword, paras 1-3

³⁶ *Ibid*, Main Report, para 6

³⁷ *Ibid*, Main Report, para 10

- fixing the pay level for MPs as at 1 April 2008 as the base level for the uprating mechanism to kick in.³⁸

1. Summary of recommendations

In his *Review of Parliamentary Pay and Pensions*, Sir John Baker recommended that:

- The level of pay at the end of the financial year 2007/08, £61,820, was the appropriate level to base further increases on;
- Members' pay should increase in line with the Public Sector Average Earnings Index;
- He endorsed the SSRB's previous conclusion that Members should receive £650 more than the formula increase in each of 2008, 2009 and 2010; and
- The SSRB should be the independent body that reviews Members' pay towards the beginning of each new parliament.

The outcomes of the regular (once a parliament) reviews and the formula increases would be conveyed to the Speaker for implementation.

Taken together Sir John's recommendations would have led to a salary of £64,634 from 1 April 2008.³⁹

2. Independent Body

Sir John argued that "Whatever the uprating mechanism, there will be a need for an effective Independent Body". He suggested that its role would be to:

- take into account changing circumstances in the work of Parliamentarians – for example the role of MPs, the number of MPs or the implications of constitutional reform;
- review the effectiveness and impact of the uprating mechanism;
- monitor what is happening to public and private sector pay, determine from time to time by job weight analysis what the appropriate comparators are and if necessary to reset the level of the MPs' salary to which the uprating mechanism would continue to apply between reviews;
- monitor the Parties' assessments of the quality of those putting themselves forward as candidates;
- deal with any ad hoc issues as they arise, such as the creation of new office-holder posts;

³⁸ *Ibid*, Main Report, para 27

³⁹ *Ibid*, Main Report, para 51

- review the value of MPs' pensions to establish the worth of MPs' total remuneration; and
- take an overview of the total remuneration package and its interaction with the allowances/expenses regime.⁴⁰

He considered that the SSRB was best placed to fulfil the role of Independent Body. He also noted that there had been "broad support for putting the Independent Body on a statutory basis".⁴¹

However, he noted that a number of potential difficulties, including the reluctance of MPs to "cede control of their own pay to a body which is created, appointed and subject to terms of reference dictated by the Government".⁴²

He argued that subject to certain conditions a legislative solution was not necessary:

It is possible and, I think, preferable that such reluctance could be overcome by **the Government giving clear undertakings to maintain the SSRB's independence and to allow the SSRB's determinations in relation to MPs to be applied automatically**. For example, the Government could undertake that:

- the terms of appointment of SSRB members will make clear their independence;
- the advertising of vacancies and selection of members will continue to be supervised by the Office of the Commissioner for Public Appointments;
- the Government will continue to provide sufficient resources and independent support staff for the SSRB to carry out its functions properly; and
- the Government will consult the House before any change to the SSRB's terms of reference in relation to MPs.

If this could be achieved to MPs' satisfaction, it would be a simple solution and need not await a suitable legislative vehicle.⁴³

He summarised his recommendations on the Independent Body:

- the current SSRB should become the Independent Body which determines MPs' pay. The House of Commons should identify a mechanism, such as an advisory panel, to represent the views of MPs to the Body;
- the Body should conduct reviews every four years or so, as far as possible in the first year of a Parliament, or when requested by MPs; and

⁴⁰ *Ibid*, Main Report, para 28

⁴¹ *Ibid*, Main Report, paras 29-30

⁴² *Ibid*, Main Report, para 57

⁴³ *Ibid*, Main Report, para 58

- the simplest way to give effect to the role of the Independent Body is through a resolution of the House but consideration should be given to securing the independence of the Body by Government undertaking or in statute.⁴⁴

3. Uprating mechanism

Sir John noted that the new uprating mechanism would have to “keep MPs’ pay broadly in line with external comparators”. He identified a number of “key criteria which should be applied to the uprating mechanism”:

- it must be easy to understand, independent and authoritative, transparent and not capable of manipulation;
- it should be sustainable over a number of Parliaments;
- it should be based on pay comparators and not price comparators;
- it should reflect movements in earnings and not settlements; and
- it should be linked in some form to the public sector.

In his Main Report, he assessed three options against these criteria. The three options were: a continuing link to the Senior Civil Service (SCS); a link to a basket of comparators; and indexation. He noted that other options were reviewed in an appendix.⁴⁵

He concluded that a possible link to the civil service would no longer be a sound, independent mechanism, for three main reasons. First, the Government controlled civil service pay and that, if a linkage was created, the Government would effectively determine Members’ salary increases. Secondly, a fundamental review of the Senior Civil Service (SCS) workforce and reward strategy that was underway could have unintended knock-on effects. Thirdly, he identified a number of ways in which the Government could affect the calculation of SCS pay. In summary, he wrote:

Thus it is clear that **linkage to the SCS does not satisfy the criteria of independence, transparency, simplicity or freedom from risk of manipulation** and would be unsuitable as an automatic uprating mechanism.⁴⁶

He identified a number of practical obstacles to using a basket of comparators. He reported that the Government directly controlled the pay of at least four of the comparators, identified in the SSRB’s most recent review of parliamentary pay and allowances. He noted a number of problems in calculating an average:

There is no official, independently produced means of tracking pay of the comparators in the basket. It would require a special exercise every year to collect the data and make the calculation. Even where the comparators are very precisely specified, as in the case of the last SSRB review, calculating their

⁴⁴ *Ibid*, Main Report, para 67

⁴⁵ *Ibid*, Main Report, para 33

⁴⁶ *Ibid*, Main Report, paras 34-37

annual increases is not necessarily straightforward and may depend on assumptions.

He also noted that in a small basket, a change affecting one of the comparators could have an effect on MPs' pay despite not being relevant to them.⁴⁷

He noted that indexation could be based on a readily available index and that it would be more stable than a small selected basket of comparators. After reviewing the different average earnings indices that were published by the Office for National Statistics and the nature of the role of a Member of Parliament, Sir John settled on the Public Sector Average Earnings Index (PSAEI). Because of fluctuations during the year, he recommended that Members' salaries should be uprated, from 1 April each year, in line with the PSAEI three month average for January, published in March.⁴⁸

4. The base level of Members' pay

Sir John identified three possible choices for determining the base level of pay:

The third element of the system is to set the level of pay to apply to MPs as from 1 April 2008, the pay of MPs having been fixed at £61,820 with effect from 1 November 2007 by resolution of the House on 24 January 2008. There are, broadly, three choices:

- to apply the uprating mechanism to the MPs' salary as it was on 31 March 2008;
- to take account of the evidence and recommendations in the most recent SSRB report on MPs' pay, and to augment the salary by the further modest increases recommended by the SSRB. Most of the MPs to whom I have spoken have expressed support for this approach; or
- to increase the pay to some other, higher level. Many MPs have argued in evidence to me for a significantly higher salary, on the grounds of workload and what they believe to be the comparators they identify.⁴⁹

After a brief review of the evidence presented to the SSRB, Sir John indicated that he broadly supported the recommendations made by the SSRB in 2007. He recommended that:

... the MPs' salary with effect from 1 April 2008 should be £64,634. This is the current salary of £61,820 plus 3.5 per cent (the annual increase in the three month average Public Sector Average Earnings Index (ONS series LNNE) in January) plus £650. The MPs' salary should increase again by the PSAEI annual percentage increase plus £650 on 1 April 2009 and 1 April 2010. Thereafter the salary should be increased each year simply by the PSAEI annual percentage increase unless the Independent Body determines differently following a review.⁵⁰

⁴⁷ *Ibid*, Main Report, para 39

⁴⁸ *Ibid*, Main Report, paras 40-45, para 67

⁴⁹ *Ibid*, Main Report, para 47

⁵⁰ *Ibid*, Main Report, para 51

F. Government Response

In announcing the publication of Sir John's report, the Government set out its response, in a written ministerial statement on 17 June 2008:

The Government accept Sir John's recommendation that the SSRB should remain the independent body which conducts reviews of MPs' pay, that these reviews should occur once in each Parliament and that the outcome of these reviews should be implemented without the need for further debates or votes in the House.

The debate comes at a time when it is vital for economic stability that there is a disciplined, responsible approach to pay in both the private and the public sector to hold down inflationary pressures. It is important that senior figures in the public and private sector lead by example in taking a disciplined and restrained approach to pay.

The Government do not accept Sir John's recommendation that MPs salaries should be increased by £650 a year for the next three years. MPs should set the example at a time of public sector pay restraint. The Government will also not be supporting a link between MPs' salaries and the three-month average public sector average earnings index. Instead, the Government propose, in line with an alternative proposal provided by Sir John Baker, that MPs should receive the median average of the settlements of a wide basket of public sector workforces.⁵¹

At Business Questions on 19 June 2008, the Leader of the House announced that motions on Members' pay would be debated on 3 July 2008.⁵²

At Business Questions on 26 June 2008, Sir Michael Spicer, the chairman of the Conservative 1922 Committee queried why the Government had appointed an independent person to review Members' pay and then disagreed with his conclusions:

Sir Michael Spicer (West Worcestershire) (Con): What is the point in having an independent review body on Members' pay if its recommendations are always turned down, however modest they may be?

Ms Harman: The point of an independent review is that it can be reported to the House, as has happened with the review by Sir John Baker, whom I should like to thank once again most warmly for his work. The House will have a choice whether to accept his proposals or the alternative resolutions tabled by the Government. That will be a matter for the House, but I pay tribute to Sir John Baker: he has given the House a review, which it can choose, if it so wishes.⁵³

The Government published a *Q&A Briefing on 3 July Debate* on the Leader of the House's website.⁵⁴

⁵¹ HC Deb 17 June 2008 c46WS

⁵² HC Deb 19 June 2008 c1081

⁵³ HC Deb 26 June 2008 c530

⁵⁴ Leader of the House of Commons, [Q&A Briefing on 3 July Debate](#) [last viewed 23 March 2009]

G. Decisions of the House

For the debate on 3 July 2008, the Government tabled motions to implement Sir John's recommended mechanism for salary increases and its preferred alternative – a link to specific public servants; and, despite being opposed to the additional £650 increases, it tabled a motion that would allow these. The Leader of the House of Commons provided the following brief resumé of Sir John's recommendation and the Government's response to them:

Sir John's report made several recommendations. I shall list the key ones. First, the Senior Salaries Review Body should be the mechanism for periodic reviews of Members' pay. The Government agree with that. Secondly, the SSRB's periodic review should be once per Parliament. The Government agree with that. Thirdly, MPs' pay should be increased each year at the rate of the public sector average earnings index. The Government do not agree with that, and propose an alternative. Fourthly, there should be £650 a year catch-up for each of the three years 2008-09, 2009-10 and 2010-11. The Government do not agree with that and propose that it be rejected.⁵⁵

Ms Harman explained that Sir John's recommended mechanism, linking Members' pay increase to the Public Sector Average Earnings Index, would have resulted in 3.5 per cent increase in Members' pay from 1 April 2008 and that the Government's proposal would deliver a 2.25 per cent increase. A 3.5 per cent increase "would not be consistent with the approach that we are taking to the rest of the public sector".⁵⁶

Theresa May on the Conservative front bench supported the Government's position.⁵⁷ However, the Government was criticised by its own and Conservative back benchers for rejecting Sir John's recommended mechanism. Both Tony Lloyd, chairman of the Parliamentary Labour Party, and Sir John Butterfill argued that the Government had not taken itself out of the process.⁵⁸

A number of amendments were tabled that would have delayed the increases delivered by Sir John's recommended uprating mechanism and/or delayed the payment of the additional £650 in 2008, 2009 and 2010. In the course of her speech, the Leader of the House explained why the Government opposed these amendments:

Let me turn to the catch-up payments in opinion motion No. 3. The Government do not accept Sir John's recommendation that Members' salaries should be increased by an additional £650 each year for the next three years. MPs do important work, which is the foundation stone of our democracy. We do not hear about this in the media, but over the past five years our pay has fallen behind inflation. The Government do not reject the catch-up because we think that MPs are overpaid—far from it—but only because it would not be consistent with the approach that we are taking to the rest of the public sector. Combined with Sir John's comparator, the annual £650 catch-up would bring our annual pay increase to 4.55 per cent. On that basis, we reject it.

⁵⁵ HC Deb 3 July 2008 c1062

⁵⁶ HC Deb 3 July 2008 cc1063-1064

⁵⁷ HC Deb 3 July 2008 c1067

⁵⁸ For example, Tony Lloyd (c1070); Sir John Butterfill (c1078)

Let me turn to the amendments on the Order Paper. Amendment (d) to opinion motion No.1, which stands in the name of my hon. Friend the Member for Manchester, Central (Tony Lloyd) and of other hon. Members, would have the effect of implementing the Baker comparator, but limiting the increase to hon. Members' salaries to no more than 2.75 per cent. this year, 2.3 per cent. next year and 2.25 per cent. in 2010-11. Amendment (d) would then provide for the increases forgone under the Baker comparator to be paid from 1 April 2011, in addition to the increase that year due to the average earnings index. That would amount to an increase of approximately 6.7 per cent. in 2011-12. That is not consistent with the Government's public sector pay approach and we ask the House to reject it.

Amendment (a) to opinion motion No. 1 stands in the name of my right hon. Friend the Member for Islwyn (Mr. Touhig) and of many other hon. Members. It would implement the Baker comparator, but limit the increase to hon. Members' salaries for the current year to no more than 2.3 per cent. Amendment (a) would then provide for the 1.2 per cent. forgone from the Baker comparator to be paid from 1 April 2009, in addition to the Baker comparator increase that year due to the average earnings index. That would amount to an increase of approximately 4.7 per cent. in 2009-10. That is also not consistent with our public sector pay policy and we ask the House to reject it.

Finally, amendment (e) to opinion motion No.1, which stands in the name of my hon. Friend the Member for Manchester, Central, would have the effect of ensuring that Members' pensions entitlements would be the same as they would have been if the Baker pay proposal had been implemented in full. The parliamentary pension scheme bases pensions on a Member's salary in their last 12 months of service. A principle of public service pensions is that pensions are based on pay that people have received and contributions that they have made, not the pay that they would have received if circumstances had been different. Accepting amendment (e) would create a precedent. If we allowed that approach for MPs, it would be more difficult for the Government to resist the same approach from elsewhere in the public sector. We therefore ask the House to reject amendment (e).

Let me turn to amendments (b) and (a) to opinion motion No.3. Amendment (b) to that motion, which stands in the name of my hon. Friend the Member for Manchester, Central, would have the effect of delaying until 2010 the three separate £650 catch-up payments proposed by Sir John, although the full amount of £1,950 would be paid in one go in 2010, rather than being spread over the preceding three years. Again for the reasons that I have explained, that is not consistent with the Government's approach and we ask the House to reject amendment (b).

Amendment (a) to opinion motion No. 3, which stands in the name of my right hon. Friend the Member for Islwyn and of many other hon. Members, proposes to accept the Baker catch-up payments of £650, but delay their start date by one year. Even though the catch-up would be delayed, starting next year rather than this year, catch-ups are not consistent with the Government's approach to public sector pay, as I have said. We therefore ask the House to reject amendment (a). The combined effect of the two amendments standing in the name of my right

hon. Friend the Member for Islwyn would be an increase of about 5.7 per cent. next year, which would be the combination of the deferred indexation increase and the catch-up of £650.⁵⁹

At the end of the debate, the House voted on an amendment (amendment (a)) to the motion to implement Sir John Baker's proposed linkage. The amendment, which would have limited the annual salary increase to 2.3 per cent from 1 April 2008 but paid the balance in 2009, before the formula was applied, was defeated by 196 votes to 155.⁶⁰ The House then voted on the motion to implement the linkage mechanism recommended by Sir John. It rejected the motion by 216 votes to 141.⁶¹

The House then agreed to the "expression of opinion" motion outlining the Government's preferred linkage mechanism, without a division. The resolution is set out below.

After agreeing to the Government's preferred linkage mechanism, the House rejected the proposal that Members should receive an additional £650 in each of the next three years by 224 votes to 123.⁶²

Finally, the House agreed to a resolution to give effect to the Government's proposal, without a division.⁶³

1. Resolution of 3 July 2008

The House agreed:

MEMBERS' SALARIES (EXPRESSION OF OPINION) (No. 2)

[...]

That this House notes Sir John Baker's Review of Parliamentary Pay and Allowances (Cm 7416), and is of the opinion that the policy set out in the Written Ministerial Statement by the Leader of the House of 17th June Official Report col 46WS should be implemented, such that—

(1) the salary of a Member of this House should be increased from 1st April 2008, and from 1st April of each subsequent year, by an uprating formula which increases the salary by a percentage equal to the median of relevant increases for the following public sector groups:

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

⁵⁹ HC Deb 3 July 2008 cc1064-1065

⁶⁰ HC Deb 3 July 2008 cc1083-1085

⁶¹ HC Deb 3 July 2008 cc1085-1088

⁶² HC Deb 3 July 2008 cc1088-1092

⁶³ HC Deb 3 July 2008 cc1092-1094

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

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

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

(b) as regards the public sector groups listed above, such amendments to the list as appear to it to be necessary to reflect changes in the pay setting arrangements for those groups;

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

(4) each year the SSRB chair should notify the Speaker of the change in salary (expressed as a percentage) and, on such notification to the Speaker, that change shall have effect, subject to any further notification given following a review under paragraph (2);

(5) the Speaker should lay before the House:

(a) any notification received from the SSRB chair under paragraph (4); and

(b) any report from the SSRB following a review under paragraph (2) above;

(6) an additional salary payable to a Member under Resolutions of this House in respect of service as a chairman of select or general committees shall be changed by the same percentage and from the same time as the salary of a Member.⁶⁴

H. Implementation

1. Members' salaries from 1 April 2008

In accordance with the procedure set out in the resolution of 3 July 2008, the SSRB was required to notify the Speaker of the change in Members' salaries that should take place from 1 April 2008. Bill Cockburn CBE TD, the Chairman of the SSRB, wrote to the Speaker in September 2008. His letter was laid before the House on 6 October 2008,⁶⁵ and Members' salaries increased by 2.38 per cent from £61,820 to £63,291, with effect from 1 April 2008.

In his letter, the Chairman of the SSRB, included a note on the calculation of the salary increase for Members of Parliament in 2008. That note concluded with the following summary:

⁶⁴ HC Deb 3 July 2008 cc1088-1089

⁶⁵ *Votes and Proceedings*, 6 October 2008, Item 159: Senior Salaries,—Notification of Change in Members' Salaries from the Senior Salaries Review Body [pursuant to Resolution] [The Speaker].

MP's Pay Index: Settlement Summary

Order for Median Calculation	Organisations (listed in ascending order of settlement size)	%
1	Ministry of Defence (MOD)	0.0
2	Home Office (HO)	0.0
3	NHS Very Senior Managers (VSM)	1.3
4	Senior Civil Service (SCS)	1.4
5	Senior Military	2.0
-	Doctors and Dentists*	-
6	Work & Pensions (DWP)	2.0
7	Revenue & Customs (HMRC)	2.29
8	Local Government	2.475
9	Judiciary	2.49
10	Prison Service	2.5
11	NHS Staff	2.5
12	School Teachers	2.5
13	Police Officers	2.5
14	Armed Forces	3.3

* Omitted from calculations this year

Median Calculation

Excluding Doctors and Dentists leaves 14 settlements. The position of the median is the mean of positions 7 and 8 = **2.38%**.⁶⁶

2. Members' salaries from 1 April 2009

Bill Cockburn wrote to the Speaker again in March 2009, informing him that the SSRB had completed the annual exercise to determine the increase in Members' salaries to apply from 1 April 2009. He noted that two groups had been excluded from the calculation because "settlements for the groups ... were not finalised and implemented in 2008", and a further group had been excluded because "it involved a complicated package of pay restructuring and we were unable to identify a single percentage increase in pay scales". He reported that Members salaries should increase by 2.33 per cent from £63,291 to £64,766, with effect from 1 April 2009.⁶⁷

⁶⁶ House of Commons Unprinted Paper 1425, 2007-08

⁶⁷ Review Body on Senior Salaries, *Salary Increase for Members of the House of Commons*, 27 March 2009

III The 1996 Resolution on Members' pay and subsequent developments

A. Introduction

In July 1996, the SSRB submitted a full review of Parliamentary pay and allowances to the Government.⁶⁸ This was the first Review Body review of Members' pay since 1983.

On the basis of analysis of international comparators and a study by consultants of domestic pay rates for comparators in the public and private sector, the SSRB concluded that Members' salaries should be set at £43,000.⁶⁹ It also reviewed approaches that could be adopted to uprate Members' and Ministers' pay.⁷⁰ It recommended:

Recommendation 14: that a review mechanism be applied automatically henceforward to the salaries of MPs, Ministers and paid office holders, consisting of:

- (i) an annual adjustment, whereby salaries are changed by the same percentage as the average of the movements in the mid-points of the nine Senior Civil Service pay bands;
- (ii) an automatic review of Parliamentary pay levels every three years by the SSRB, starting in the year 2000.⁷¹

On 10 July 1996, the House agreed the following resolutions, which implemented these recommendations:

Resolved,

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.

And that:

(1) In respect of service in the period starting with 1st July 1996 and ending with 31st March 1997, the salary of a Member shall be at a yearly rate of £43,000.

(2) For each year starting with 1st April, from 1997 onwards, the yearly rate shall be increased by the average percentage by which the mid-points of the Senior

⁶⁸ Review Body on Senior Salaries, *Review of Parliamentary pay and allowances*, Report No 38, Cm 3330, July 1996

⁶⁹ *Ibid*, paras 29-37

⁷⁰ *Ibid*, para 66-78

⁷¹ *Ibid*, Recommendation 14

Civil Service pay bands having effect from 1st April of that year have increased compared with the previous 1st April.

(3) The mid-point of a Senior Civil Service pay band is the point half way between the maximum and the minimum.⁷²

The resolutions provided for periodic reviews of Members' salaries and a formula for the annual uprating of their salaries. If the periodic reviews recommended increases in excess of the annual formula increase, the House had to agree further resolutions to implement such recommendations – this gave rise to the concerns, later expressed, that Members were deciding their own salaries. The 1996 resolution also established the level of Members' pay for the period from July 1996 to March 1997.

During the operation of this resolution, the SSRB undertook three periodic reviews of Members' salaries:

- *Review of parliamentary pay and allowances*, published in March 2001;⁷³
- *Review of Parliamentary Pay and Allowances 2004*, published in October 2004;⁷⁴ and
- *Review of parliamentary pay, pensions and allowances 2007*, published in January 2008.⁷⁵

The reviews considered both pay and allowances. Allowances are not discussed in this paper.

Each of the reviews is considered in turn below. Any developments to Members' pay between the reviews are noted in chronological order.

In addition the SSRB was asked to consider the question of additional salaries for chairmen of select and general (formerly standing) committees:

- *Pay for Select Committee Chairmen in the House of Commons*, published in July 2003;⁷⁶ and
- *Pay for Standing Committee Chairmen in the House of Commons*, published in June 2005.⁷⁷

⁷² HC Deb 10 July 1996 vol 281 c533

⁷³ Review Body on Senior Salaries, *Review of parliamentary pay and allowances*, Report No 48, Cm 4997-I, March 2001

⁷⁴ Review Body on Senior Salaries, *Review of Parliamentary Pay and Allowances 2004*, Report No 57, Cm 6354-1, October 2004

⁷⁵ Review Body on Senior Salaries, *Review of parliamentary pay, pensions and allowances 2007*, Report No 64, Cm 7270-1, January 2008

⁷⁶ Review Body on Senior Salaries, *Pay for Select Committee Chairmen in the House of Commons*, Report No 55, Cm 5673, July 2003

⁷⁷ Review Body on Senior Salaries, *Pay for Standing Committee Chairmen in the House of Commons*, Report No 60, Cm 6566, June 2005

B. 2001 SSRB Review

Following a request from the Prime Minister in October 2000, the SSRB's next review of Parliamentary pay and allowances was published in March 2001.⁷⁸ It included reviews of peers' expenses, the Office Costs Allowances in the House of Commons, and the system of calculating the resettlement grant. The SSRB recommended significant changes to the Members' allowances system and the central provision of ICT equipment. These changes are described in more detail in earlier Library Research Papers.⁷⁹

In its 2001 report, the SSRB also concluded that Members' pay had fallen behind that of their comparators, and recommended that the parliamentary salary, in addition to the usual formula increase, should be increased by £2,000 in both 2001 and 2002. The SSRB also recommended that the salaries of House of Lords Ministers and other office holders be similarly increased by £2,000 in each of the next two years, in addition to the usual increase; 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.⁸⁰ This last recommendation was implemented in June 2001 following the general election.

The proposals were adopted by the Government and debated by the House on 5 July 2001, together with other motions on Members' pay, etc. The House agreed to the additional increases in 2001 and 2002.⁸¹

C. 2004 SSRB Review

In November 2003, the Government asked the SSRB to conduct its next review of Parliamentary pay and allowances. The SSRB published its report in October 2004.⁸² It recommended no changes to the structure of allowances but it did recommend some increases.

On 3 November 2004, the House debated the SSRB's recommendations. Debate centred on allowances rather than pay.⁸³

D. Staging of the 2006 increase

Members' salaries rose on 1 April 2006 from £59,095 to £59,686. They rose again on 1 November 2006 to £60,277 (giving a two per cent increase on the 2005/06 salary, by the end of the year). The decision to pay the 2006/07 increase in two stages was

⁷⁸ Review Body on Senior Salaries, *Review of Parliamentary pay and allowances*, Report No. 48, Cm 4997-I, 2001

⁷⁹ House of Commons Library Research Paper RP 01/86, *Parliamentary Pay, Pensions and Allowances: the 2001 Review*, 8 November 2001; House of Commons Library Research Paper RP 01/88, *Members' Office Costs: the new system*, 8 November 2001

⁸⁰ Review Body on Senior Salaries, *Review of Parliamentary pay and allowances*, Report No. 48, Cm 4997-I, 2001, para 2.13, para 2.21 and para 2.17

⁸¹ HC Deb 5 July 2001 cc421-77

⁸² Review Body on Senior Salaries, *Review of Parliamentary Pay and Allowances 2004*, Report No 57, October 2004, Cm 6354-1

⁸³ HC Deb 3 November 2004 cc315-369

announced by the Prime Minister in a written ministerial statement, on the publication of the Twenty-Eighth report from the SSRB,⁸⁴ on 30 March 2006:

The 28th 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 movement of the mid point of the pay bands for the senior civil service. This therefore results in an increase to their salaries of 2 per cent. However, the Government proposes that this increase should also be paid in two stages—1 per cent. with effect from 1 April 2006, and the remainder with effect from 1 November 2006.⁸⁵

However, before the pay rise could be implemented in two stages, the House had to agree to do so, as the 1996 Resolution on Members' pay only provided for a single yearly salary. In a brief debate on the staging of the increase, Jack Straw, the Leader of the House, explained the reasons for staging the salary increase:

The motion on Members' salaries will give effect to the proposal announced by my right hon. Friend the Prime Minister on 30 March that the pay increases for Members of Parliament for 2006/07 should be staged, with the full increase being deferred until 1 November rather than being payable from 1 April last. The proposal is made in the context of the Government's response to the 28th report of the Senior Salaries Review Body, which provides that the award to the senior civil service, to which Members' pay is linked under the formula agreed in 1996, is being staged in a similar way.⁸⁶

E. 2007 Review

On 25 July 2006, Jack Straw, the Leader of the House of Commons, announced that the Prime Minister had written to the SSRB, requesting it to undertake a review of Members' pay and allowances.⁸⁷

On 26 July 2007, the final sitting day before the Summer Recess, in a written ministerial statement, Harriet Harman, the Leader of the House of Commons, announced that the SSRB's review of parliamentary pay and allowances had been completed and that the Government planned "to publish the report in the autumn, followed shortly thereafter by consideration by both Houses in the normal way".⁸⁸

At Business Questions on 10 January 2008, Harriet Harman announced that the SSRB's report would be published on 16 January and debated on 24 January.⁸⁹

⁸⁴ Review Body on Senior Salaries, *Twenty-Eighth Report on Senior Salaries*, Report No 62, Cm 6727, March 2006 [

⁸⁵ HC Deb 30 March 2006 cc96WS-97WS

⁸⁶ HC Deb 18 May 2006 c1152

⁸⁷ HC Deb 25 July 2005 cc102WS-103WS

⁸⁸ HC Deb 26 July 2007 c107WS

⁸⁹ HC Deb 10 January 2008 c535

The review was published on 16 January 2008.⁹⁰ On the same day, Harriet Harman published a written ministerial statement setting out the Government's response to the SSRB's report.⁹¹

1. The SSRB's recommendations on Members' salaries

At the end of the summary of its report, the SSRB argued that it had produced a coherent package, not a "menu for selection".⁹² It reiterated this point in its chapter on Members' pay, when it said:

Our recommendations are intended to form a balanced package. That balance can be lost if, as has happened to some extent on recent occasions, MPs 'cherry pick' our recommendations.⁹³

It argued that the total effect of its recommendations was "broadly neutral".⁹⁴ It also stressed the importance of taking into account the "total reward" (that is both pay and pensions) to Members in making its recommendations.⁹⁵

Members' salaries had increased by 0.66 per cent in April 2007, in line with the uprating formula in the 1996 Resolution. The SSRB recommended that they should be increased by a further 1.9 per cent (of the November 2006 salary), giving a total increase of 2.56 per cent on the November 2006 salary.⁹⁶ The SSRB recommended that the new salary of £61,820 should be paid from 1 April 2007 (Recommendation 1).

It proposed that the uprating formula should be amended. In accordance with the 1996 Resolution, Members' salaries were uprated in line with movements in the mid-points of senior civil service pay bands. The SSRB recommended that in future the uprating formula should be based on the change in the average base pay of senior civil servants or, if possible, the change in the base pay of Pay Band 1 of the senior civil service (Recommendation 2):

By 'the average percentage increase in the base pay of the SCS' we mean the amount by which the average base salary of all SCS members increases year on year as a result of individual performance awards. (As noted above, that figure for 2007-08 was 2.6 per cent [compared with the formula increase of 0.66 per cent].)⁹⁷

The SSRB recommended that the new uprating mechanism should be used to determine the 1 April 2008 increase and thereafter. It also recommended that an additional £650

⁹⁰ Review Body on Senior Salaries, [Review of parliamentary pay, pensions and allowances 2007](#), Report No 64, Cm 7270-1, January 2008 [last viewed 23 March 2009]

⁹¹ HC Deb 16 January 2008 cc32WS-36WS

⁹² Review Body on Senior Salaries, [Review of parliamentary pay, pensions and allowances 2007](#), Report No 64, Cm 7270-1, January 2008, para 50 and para 7.12 [last viewed 23 March 2009]

⁹³ *Ibid*, para 3.30

⁹⁴ *Ibid*, para 49

⁹⁵ *Ibid*, para 1.17, see also para 3.3

⁹⁶ From 1 November 2006, Members' salaries had increased to £60,277

⁹⁷ Review Body on Senior Salaries, [Review of parliamentary pay, pensions and allowances 2007](#), Report No 64, Cm 7270-1, January 2008, para 3.25

per annum should be paid in each of following three years (starting April 2008, April 2009 and April 2010), in addition to the formula-based uprating of Members' salaries (Recommendation 3).

It recommended that the SSRB should continue to review Members' pay and allowances on a regular basis but that these reviews should take place every four years, rather than every three years (Recommendation 4).

It recommended that in the period covered by the current review, the additional salaries of select and public bill committee chairmen should increase at the same rate as the basic Member's salary (Recommendation 5).

Details of the Government's response to the SSRB's review were given in a written ministerial statement published on the same day as the SSRB's review⁹⁸ and is discussed in Section II.A.

F. Additional salaries for select and general committee chairmen

1. Select committee chairmen

On 30 October 2003, the House agreed to pay certain select committee chairmen an additional salary of £12,500, from the beginning of the 2003-04 Session, following a recommendation to that effect from the Review Body on Senior Salaries (SSRB).

In its report "*Shifting the Balance*", the Liaison Committee⁹⁹ reviewed the 1979 select committee system. It expressed concern that members of select committees were "easily tempted" away from select committees by government or opposition appointments.¹⁰⁰

The Liaison Committee wanted to see "a better *balance* between the attractions of government office and service on select committees". It believed that the recommendations in its report could shift that balance, and one outcome would be that Members would "see service on select committees as a career path which, in terms of status and influence, will be a proper reward for their hard work and commitment".¹⁰¹

It called for the position of chairmen to be considered and suggested that they received either an additional salary or were eligible for a higher Office Costs Allowance. It argued that these matters needed "entirely independent assessment" and invited the SSRB to consider the matter.¹⁰²

⁹⁸ HC Deb 16 January 2008 cc32WS-36WS

⁹⁹ A committee consisting of all Chairmen of select committees

¹⁰⁰ Liaison Committee, *Shifting the Balance: Select Committees and the Executive*, 2 March 2000, HC 300 1999-2000, xii, para 29

¹⁰¹ *Ibid*, xii, para 30

¹⁰² *Ibid*, xii-xiii, paras 31-34

Both the Hansard Society's Commission on parliamentary scrutiny and the Commission to Strengthen Parliament, which was established by the then leader of the Conservative Party, William Hague, in 1999, recommended additional salaries for select committee chairmen.¹⁰³

In its 2002 report on select committees, the Modernisation Committee reviewed the debate on select committee work as an alternative career structure for Members of Parliament. It acknowledged that there was no consensus on whether select committee chairmen should receive salaries, within the House, among select committee chairmen, or even among members of the Modernisation Committee. It reached the following conclusion:

As long as Government office is the principal parliamentary role to be recognised by additional payment, it need not be surprising that the role of scrutiny should be regarded by the world as inferior. Accordingly **we recommend that the value of a parliamentary career devoted to scrutiny should be recognised by an additional salary to the chairmen of the principal investigative committees.** We envisage such committees including the departmental select committees and other major committees of scrutiny such as the Public Accounts Committee and the Public Administration Committee, together with the Deregulation and Regulatory Reform Committee, European Scrutiny Committee and Procedure Committee.

The appropriate body to assess what such an additional salary might be is the SSRB who make recommendations on parliamentary pay and allowances. However, we are unanimous in our view that the decision in principle of whether or not such an extra payment should be made is a matter for the House. When the House is given an opportunity to endorse the recommendations in this Report as a whole, there should be a specific opportunity to vote on the principle of payment to chairmen.¹⁰⁴

The House debated the Modernisation Committee's proposals for select committees, on 14 May 2002. It approved a motion that requested the SSRB to consider the level of remuneration for select committee chairmen by 199 votes to 158.¹⁰⁵ Throughout the debate, various views on paying select committee chairmen were expressed.

The SSRB undertook a review.¹⁰⁶ It found that:

... the Chairmen of departmental and scrutiny committees have jobs clearly bigger than those of most other MPs, and broadly equivalent in job weight terms to at least the median of Parliamentary Under-secretary, mitigated by their time commitment.¹⁰⁷

¹⁰³ Hansard Society, *The Challenge for Parliament: Making Government Accountable*, (2001) paras 2.33-2.34; Commission to Strengthen Parliament, *Strengthening Parliament*, July 2000, p36

¹⁰⁴ Modernisation Committee, *Select Committees*, 6 February 2002, HC 224-I, 2001-02, 15 paras 41-42

¹⁰⁵ HC Deb 14 May 2002 cc723-726

¹⁰⁶ Review Body on Senior Salaries, *Pay for Select Committee Chairmen in the House of Commons*, Report No 55, Cm 5673, Appendix A

¹⁰⁷ *Ibid*, 6 para 2.16

It made the following recommendations:

Recommendation 1: Payment should be made only to the Chairmen of the departmental Select Committees, and to the Chairmen of the externally focussed 'cross-departmental' committees such as the following: Environmental Audit, European Scrutiny, Human Rights, Public Accounts, Public Administration, Deregulation and Regulatory Reform, and Statutory Instruments. The final decision on which committees to include should be determined by the House itself. (Paragraph 2.21)

Recommendation 2: A single level of additional payment should be introduced for the Chairmen of the relevant committees. (Paragraph 2.24)

Recommendation 3: An extra payment of £12,500 per annum should be made to the Chairmen of the relevant committees, over and above their other parliamentary entitlements. (Paragraph 2.31)

Recommendation 4: The House of Commons should decide on whether or not Chairmen of the relevant committees should relinquish paid or conflicting outside interests. Such a decision should be made before introducing the extra payment for Chairmen. (Paragraph 2.34)¹⁰⁸

Having previously agreed in principle to pay select committee chairmen, and to limit their tenure to two parliaments, on any one committee, on 30 October 2003, the House agreed that the initial level of the additional salary should be £12,500, from the beginning of the 2003-04 Session, in line with the SSRB recommendation. The resolution made provision for the additional salary to increase, annually, from 1 April, in line with Members' salaries.¹⁰⁹

In line with a report from the Committee on Standards and Privileges,¹¹⁰ the House accepted that select committee chairmen could continue to have outside interests, subject to full declaration.

In October 2008, the Department of Resources informed Members that salaries would increase by 2.38 per cent, with effect from 1 April 2008. From that date, the additional salary for chairmen of select committees is £14,039.

From 1 April 2009, select committee chairmen's salaries will increase to £14,366.

Fuller details are provided in the Library Standard Note *Modernisation: Select Committees – pay for chairmen*.¹¹¹

¹⁰⁸ *Ibid*, ii

¹⁰⁹ HC Deb 30 October 2003 cc504-505

¹¹⁰ Committee on Standards and Privileges, *Pay for Select Committee Chairmen*, 15 October 2003, HC 1150 2002-03, 4

¹¹¹ House of Commons Library Standard Note SN/PC/2725, [Modernisation: Select Committees – pay for chairmen](#)

2. General Committee Chairmen

From 1 November 2005, the Members of the Chairmen's Panel – who chair general committees – who are not chairmen of select committees have received additional salaries, depending on when they were first appointed to the Chairmen's Panel. The additional salary is uprated in line with changes in Members' pay and it is pensionable.

In October 2004, the SSRB was asked to consider the question of additional pay for standing committee chairmen.¹¹²

It found that “the workload of Panel members is very variable”, identified a number of reasons for this and presented some analysis of the time spent on Chairmen's Panel duties by its members.¹¹³ It also summarised the arguments it had received both for and against additional pay for standing committee chairmen, and concluded that:

On balance, we consider that a good case can be made for additional payment for at least those Chairmen of Standing Committees undertaking more substantial duties. Payment could support membership of the Panel as a possible step in a career path leading ultimately to the role of Deputy Speaker, or possibly even Speaker. However payment would also require a minimum time commitment on the part of the individual to be formalised, and some of the flexibility of the current arrangements, which has both advantages and disadvantages, would undoubtedly be lost. We now turn to consideration of the payment options.¹¹⁴

It identified five different approaches to structuring the payment to reflect that, although the job weight of a standing committee chairman was the same as that of a select committee chairman, different members of Chairman's Panel were able to offer differing levels of commitment to the Panel. In summary its five approaches were:

- Option 1: Tiered structure, based on length of service (which, it noted, was “argued strongly for” by the Chairman of Ways and Means);
- Option 2: A two-tier Panel, with higher payment for members undertaking minimum time commitment;
- Option 3: Substantially reduced Panel, with higher uniform payment for all members;
- Option 4: Payment per session chaired; and
- Option 5: Uniform lower payment for all Panel members.

¹¹² Review Body on Senior Salaries, *Pay for Standing Committee Chairmen in the House of Commons*, Report No 60, Cm 6566, June 2005, Appendix A

¹¹³ *Ibid*, paras 2.5-2.6

¹¹⁴ *Ibid*, para 2.11

It provided an indication of the costs associated with the five options. It concluded that the two-tier Panel was, in its professional view, “the best way to match contribution and reward”. It expressed a number of concerns about Option 1.¹¹⁵

It made the following recommendations:

Recommendation 1: We recommend that whatever allowance structure is decided upon, the allowance(s) should be set by reference to the uprated level of the payment to Select Committee Chairmen (i.e. £13,107 as from 1 April 2005), and thereafter should be uprated annually on the same basis as the pay of MPs and Ministers generally, i.e. by reference to movement in the mid-point of Senior Civil Service pay bands.

Recommendation 2: We recommend that, like the additional payment for Select Committee Chairmen, the additional pay for Standing Committee Chairmen should be treated for pension’s purposes in a similar way to Ministers’ pay.

Recommendation 3: We recommend that it would not be appropriate for any Members of Parliament who both serve on the Chairmen’s Panel and chair a Select Committee to receive payment in respect of both roles.

Recommendation 4: We recommend that before payment of Standing Committee Chairmen is introduced, the House should give consideration to the question of Chairmen’s outside interests, and payment for activities outside the House.¹¹⁶

In contrast to the position with pay for select committee chairmen, the House was not initially asked for an opinion on the merits of an additional salary for standing committee chairmen. Instead, the Government tabled a motion setting out an approach to introduce pay for standing committee with effect from 1 November 2005.

The motion allowed for a tiered structure of salary. It also allowed for past service to be taken into account in determining the initial level of additional salary, and for breaks in service to be discounted in calculating the additional salary.

The House debated the Government’s proposals for paying the standing committee along with motions on the membership of various select committees and other House motions on 13 July 2005.

After rejecting an amendment, the House approved the Government’s motion by 226 votes to 74.¹¹⁷

The 2008/09 increase, payable from 1 April 2008, was announced in October 2008, following the review of Members’ salaries by Sir John Baker. The additional salary rates for members of the Chairmen’s Panel, in 2008/09, are as follows:

¹¹⁵ *Ibid*, paras 2.27-2.29

¹¹⁶ *Ibid*, pp13-14

¹¹⁷ *Ibid* c924

Length of service	Additional salary (£ per annum)
Less than one year	2,802
1-3 years	7,862
3-5 years	10,669
At least 5 years	14,039

From 1 April 2009, the additional salary of a general committee chairman, which depends on length of service, will increase to the following rates:

Length of service	Additional salary (£ per annum)
Less than one year	2,867
1-3 years	8,045
3-5 years	10,918
At least 5 years	14,366

IV Members' pay 1911-1996

This final section provides an overview of the developments in Members' pay since a system of remuneration was introduced by the Liberal Government in 1911. Changes in the level of Members' salaries, since they were introduced in 1911, are charted in the Table 2.

Salaries for Members of Parliament were first introduced in modern times in 1911. The salary was initially set at £400 per annum and stayed at that level until 1937, when it was increased to £600, although salaries were temporarily reduced between 1931 and 1935 because of the economic crisis.

Salaries were increased again in 1946, to £1,000 per annum, and in 1957, to £1,750. In 1953 a salary increase was recommended but not implemented, although a sessional allowance of £2 per sitting day was made available to Members.

In 1964 salaries were increased, in line with the Lawrence Committee recommendation, to £3,250 per annum.

It was not until the establishment of the Top Salaries review Body (TSRB) in 1971 that anything other than ad hoc reviews of Members' salaries took place.

The 1971 TSRB review recommended that Members' salaries should be set at £4,500. This recommendation was implemented and became effective from 1 January 1972.

The TSRB's second review of Members' salaries, in 1975, recommended that the salary increase to £8,000. However, although the Government accepted that the recommendation was "justified", it could not support its full implementation. Salaries were set at £5,750. They were increased in 1976, 1977 and 1978 in line with Government pay policies.

The TSRB took as its starting point for its next review, in 1979, the £8,000 salary it had recommended in 1975. It recommended that Members' salaries should be set at £12,000 per annum, from 13 June 1979. The new Conservative Government accepted the recommendation but decided not to implement it in full until June 1981, although the TSRB would be asked to revise the proposed second payment.

It did that. But following the establishment of a select committee on Members' salaries, the TSRB did not put forward any new figures for the 1981 salary.

In 1983, the TSRB recommended that Members' salaries should be increased to £19,000. The Government suggested £15,090. The House agreed that Members' salaries should reach £18,500 from 1 January 1987 and from then on they should be linked a point on the Civil Service pay scale, subject to the approval of a new parliament.

In 1987, the new House of Commons made the linkage more explicit and salaries increased, to £22,548 from 1 January 1988, because they were linked to the grade earning £18,500 in 1983. Until changes to civil service pay structures in the early 1990s, the linkage mechanism continued to provide Members with annual increases in their salaries. However, in 1993 pay was frozen for Members, in line with public sector pay constraints. Pay increased in 1994, and a new formula was applied in 1995 and 1996, taking Members' pay to £34,085 in January 1996.

In July 1996, the Senior Salaries Review Body (SSRB) reviewed Members' pay and recommended that pay should be set at £43,000. It recommended a new method for annual uprating and a process of regular reviews. The House accepted these recommendations by resolution on 10 July 1996 and the system of annual increases and regular reviews – some recommending additional increases – continued until 2007/08.

Table 2: Members' salaries, 1911-2008

Date	Salary (£)	Date	Salary (£)
August 1911	400	1 July 1996	43,000
October 1931	360	1 April 1997	43,860
July 1934	380	1 April 1998	45,066
July 1935	400	1 April 1999	47,008
June 1937	600	1 April 2000	48,371
April 1946	1,000	1 April 2001	49,822
May 1954 (a)	1,250	20 June 2001	51,822
July 1957	1,750	1 April 2002	55,118
October 1964	3,250	1 April 2003	56,358
January 1972	4,500	1 April 2004	57,485
June 1975	5,750	1 April 2005	59,095
June 1976	6,062	1 April 2006	59,686
June 1977	6,270	1 November 2006	60,277
June 1978	6,897	1 April 2007	61,181
June 1979	9,450	1 November 2007	61,820
June 1980	11,750	1 April 2008	63,291
June 1981	13,950		
June 1982	14,510		
June 1983	15,308		
1 January 1984	16,106		
1 January 1985	16,904		
1 January 1986	17,702		
1 January 1987	18,500		
1 January 1988	22,548		
1 January 1989	24,107		
1 January 1990	26,701		
1 January 1991	28,970		
1 January 1992	30,854		
1 January 1993	30,854		
1 January 1994	31,687		
1 January 1995	33,189		
1 January 1996	34,085		

(a) Including sessional allowance. From May 1954 to July 1957 an allowance of £2 for each day the House sat (except Fridays) was paid to Members. The figure here is based on the average number of sitting days in that period