



Members' pay from April 2011

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On 21 March 2011, the House agreed that Members' salaries should be frozen at their April 2010 level (£65,738 per annum) for up to two years.

In July 2008, the House of Commons agreed a Resolution that had the effect of setting Members' salaries at £63,291 from April 2008 and provided for automatic annual increases in their salaries – determined by changes in the salaries of 15 groups of public service workers. The resolution was proposed as a means of ending Members' involvement in setting their own salaries.

The formula in the resolution led to increases in Members' salaries in April 2009 and April 2010 of 2.33 per cent and 1.5 per cent, respectively, taking Members' salaries to £65,738 from 1 April 2010.

On 19 January 2011, the Chairman of the Senior Salaries Review Body (SSRB) wrote to the Speaker informing him that the SSRB calculated the increase due from 1 April 2011, according to the formula, was 1 per cent. The Chairman noted that the SSRB had no discretion in making the determination but that it would not have recommended this figure if it had been able to have regard to all circumstances, including the Government's pay freeze for public sector workers paid more than £21,000 per annum.

On 20 January 2011, the Leader of the House of Commons issued a written ministerial statement in which he announced that "a motion will be brought forward to invite the House to rescind the 2008 resolution, so that the one per cent pay increase will not take effect".

On 10 March 2011, the motion to freeze Members' salaries at April 2010-March 2011 levels was published, and the Leader of the House announced that the motion would be debated on 21 March 2011.

This note sets out the 3 July 2008 Resolution; the letter from the Chairman of the SSRB to the Speaker of 19 January 2011; the Leader of the House's written ministerial statement of 20 January 2011, and reaction to it. It reports the motion to freeze Members' salaries; and the debate on 21 March 2011, when the House agreed to the pay freeze.

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1 Resolution on Members' salaries of 3 July 2008

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

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

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

(2) the public sector groups are:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(12) the Speaker shall lay before the House:

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

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

(13) an additional salary payable to a Member under Resolutions of this House in respect of service as a chairman of select or general committees shall be changed by the same percentage and from the same time as the salary of a Member.— [*Ms Harman.*]¹

In opening the debate on a series of motions relating to Members' salaries, Harriet Harman, the then Leader of the House, explained that:

I suggest that there are three principles for hon. Members' salaries. First, MPs should be properly paid for the work that they do to ensure that anyone can be a Member, not just the wealthy. Secondly, given that MPs are paid from the public purse, we should show the same discipline in our pay increases as we expect from the public sector. Thirdly, for the future, and following today's debate, we, like everyone else, should not determine our own pay or vote on our own pay increases.²

For the Conservative Party, the shadow Leader of the House, Theresa May also welcomed the motion that meant that Members would not decide their own pay levels:

We welcome the principle of the proposal put forward by Sir John Baker for a mechanism to determine the level of pay at the start of a Parliament, and for decisions

¹ HC Deb 3 July 2008 cc1092-1094

² HC Deb 3 July 2008 c1062

on annual pay changes thereafter to be made by the same outside body, the Senior Salaries Review Body, rather than by this House.³

David Cameron, as Leader of the Opposition, made the same point in February 2008:

One of the burning issues this week is this place. Is it good value for money? Are we sufficiently transparent? Do we debate the issues that people care about? Do we do it in a way that switches them on, rather than turns them off? I wanted to ask the Prime Minister some questions about that. Let me start with pay. I have long believed that Members of Parliament should not vote for their own pay. I know that the Prime Minister has instituted a review. Will he put it beyond doubt today and give us a guarantee that MPs will not vote for their pay again?⁴

2 Members' salaries: annual increment 2011 – letter from the SSRB to the Speaker, 19 January 2011

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

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

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

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

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

I am sending a copy of this letter to the Leader of the House of Commons.⁵

3 Government response to the SSRB determination

On 20 January 2011, the Leader of the House of Commons, Sir George Young issued a written ministerial statement in response to the SSRB determination:

³ HC Deb 3 July 2008 c1067

⁴ HC Deb 27 February 2008 c1082

⁵ Report of the Senior Salaries Review Body on Calculation of the MPs' Pay Uprating Mechanism for 2011; the Report was laid before the House by the Speaker on 19 January 2011, House of Commons, *Votes and Proceedings*, 19 January 2011, Appendix Item 7

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

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

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

The 2008 resolution also requires the SSRB to conduct a review of Members' salaries in the first year of each new Parliament. By rescinding the resolution in its entirety, the motion removes the requirement for the SSRB to conduct such a review this year. The review of Members' salaries will instead take place following the commencement of the relevant sections of the Constitutional Reform and Governance Act 2010, which provides for the future independent determination of Members' salaries.⁶

3.1 Reaction to the Government's proposal to freeze Members' salaries

At Business Questions, Sir George Young was asked about the Government's decision to ask the House to overturn the outcome of the independent review process:

Mr Mark Field (Cities of London and Westminster) (Con): Following the Leader of the House's written statement this morning, might I respectfully suggest to him that, just for once on MPs' pay and conditions, he tries to be wise before the event? Regaining the trust of the general public after the calamitous expenses scandal requires that this House abides in full by the independent reviews, come rain or shine.

Sir George Young: I am grateful to my hon. Friend. It will be for the House to decide whether to go ahead with the 1% pay increase that has come about through the machinery that was set up in 2008. The coalition Government have made their position on public sector pay very clear: we think that there should be a two-year pay freeze; that unless one earns less than £21,000 a freeze is a freeze; and that for those who earn under £21,000 the increase should amount to £250. Members earn substantially more than £21,000, and I believe that the House will want to reflect very carefully before it takes a 1% pay increase against the background of the restraint that many other people, earning much less than we do, have to face over the next two years. So I hope the House will come to a collective view when the motion is laid and agree that it is right for Members to exercise restraint for the time being.⁷

⁶ HC Deb 20 January 2011 cc52-53WS

⁷ HC Deb 20 January 2011 c1022

3.2 Motion to freeze Members' salaries in 2011-12

On 10 March 2011, at Business Questions, sir George young, the Leader of the House, announced that a motion relating to Members' salaries had been provisionally scheduled for debate on Monday 21 March 2011.⁸ On the same day, the following motion appeared among the Remaining Orders and Notices on the Order Paper:

MEMBERS' SALARIES

Sir George Young

Mr David Heath

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

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

- (a) Members' salaries, and
- (b) additional salaries payable to Members under Resolutions of this House in respect of service as chairs of select or general committees,

shall be the same as those salaries as at 31 March 2011.

(2) In paragraph (1) the "relevant day" means—

- (a) the day before the day on which the first determination of Members' salaries by the Independent Parliamentary Standards Authority comes into effect, or
- (b) 31 March 2013.

whichever is the earlier.

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

(4) The remaining provisions of that Resolution cease to have effect on 1 April 2011.⁹

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

It would also rescind provisions in the Resolution of 3 July 2008 that provided for the SSRB to conduct a review of Members' salaries in the first year of each new Parliament.

Under the terms of the motion, the remaining provisions of the Resolution of 3 July 2008 that provided for the automatic implementation of salary increases determined by the SSRB and the formula for determining them would be rescinded with effect from 1 April 2011, one the pay freeze had taken effect.

⁸ HC Deb 10 March 2011 c1063

⁹ House of Commons, *Remaining Orders and Notices*, 10 March 2011, Item 50

From 1 April 2011, until the provisions in the *Parliamentary Standards Act 2009*, as amended by the *constitutional Reform and Governance Act 2010*, which give IPSA responsibility for determining Members' pay are brought into force, there will be no mechanism for setting or changing Members' salaries. IPSA's first determination on Members' salaries does not have to come into effect before 1 April 2012.¹⁰

The Leader of the House issued an Explanatory Memorandum to accompany the motion.¹¹

3.3 Debate on the motion to freeze Members' salaries

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

... Hon. Members must now decide whether their constituents would welcome Parliament exempting itself from that policy and thus insulating itself from decisions that are affecting households throughout the country, or whether, as I believe, the public expect their elected representatives to be in step with what is being required of other public servants. I believe that it is right for us, as Members of Parliament, to forgo the pay increase that the current formula would have produced.¹²

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

... the system that was introduced in 2008 provided an objective mechanism for determining our pay, but it was a long way from being independent. The formula was devised by the previous Government and endorsed by the House, and in no sense could it be said to be independent.¹³

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

The resulting figure is not what the SSRB would have recommended had we been able to have regard to all the circumstances including, this year, the Government's pay freeze for public sector workers paid more than £21,000 a year.¹⁴

Sir George also re-stated that the Government intended shortly to commence to the provisions in the *constitutional Reform and Governance Act 2010* that give IPSA responsibility for determining Members' pay.¹⁵

At the end of the short debate – in which further comments were made about interfering in an independent review process; and whether the Government or backbenchers should have tabled the motion – the House agreed the motion without a division.¹⁶

¹⁰ *Constitutional Reform and Governance Act 2010* (chapter 25), section 29(2)

¹¹ *Members' Salaries*, Explanatory Memorandum relating to the Motion in the name of the Leader of the House, 21 March 2011

¹² HC Deb 21 March 2011 c807

¹³ HC Deb 21 March 2011 c808

¹⁴ HC Deb 21 March 2011 c809 [citing letter from the SSRB to the Speaker]

¹⁵ HC Deb 21 March 2011 c809

¹⁶ HC Deb 21 March 2011 cc807-824

4 Legislative provision for IPSA to determine Members' salaries

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

The IPSA is to pay the salaries of members of the House of Commons in accordance with the relevant resolutions of the House.¹⁷

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

Recommendation 43: The independent determining of MPs' pay and pensions should be entrenched in primary legislation in the same way as expenses. The independent regulator should therefore be given statutory responsibility for setting MPs' pay levels and overseeing MPs' pensions as well as for dealing with expenses.¹⁸

The Government and the other political parties accepted the recommendations from the CSPL, and the Government brought forward amendments to the *Parliamentary Standards Act 2009* in the *Constitutional Reform and Governance Act 2010*. Section 29 of the Act replaced section 4 of the *Parliamentary Standards Act 2009* with new sections 4 and 4A. New section 4(4) stated that "The amounts of the salaries are to be determined by the IPSA (see section 4A)". The Act states that IPSA must make determinations in the first year of each Parliament (beginning after April 2012) and "at any other time it considers appropriate". But IPSA's first determination of Members' salaries does not have to come into effect before 1 April 2012.¹⁹ These provisions have not yet been brought into force.

The Leader of the House's Explanatory Memorandum on the motion to freeze Members' pay states that:

The [Constitutional Reform and Governance] Act specifies that first salary determination [by IPSA] does not have to take come into effect before 1 April 2012. The Government expects that IPSA will take responsibility for setting the level of Members' salaries from that date.²⁰

¹⁷ *Parliamentary Standards Act 2009* (chapter 13), section 4(1)

¹⁸ Committee on Standards in Public Life, *MPs' expenses and allowances: Supporting parliament, safeguarding the taxpayer*, November 2009 Cm 7724

¹⁹ *Constitutional Reform and Governance Act 2010* (chapter 25), section 29

²⁰ *Members' Salaries*, Explanatory Memorandum relating to the Motion in the name of the Leader of the House, 21 March 2011