

Chapter 17 – Resources

17.1 Our recommendations on the composition of the reformed second chamber are designed to produce a second chamber with the expertise and authority to fulfil the role and functions that we believe it should carry out. But it is not sufficient just to have the right people. They also need to have adequate resources.

17.2 The range and quality of the facilities and support available to members of the House of Lords have been improved significantly over the last 40 years. Expenses incurred in attending the House are refunded up to specified limits and the Library provides a valuable reference and research service. In recent years, the House has embraced modern information and communications technology. Computers are provided to members who wish to have them and all House of Lords papers, reports and debates are posted on the Internet.

17.3 Nevertheless, the support available to members of the House of Lords is still well below the standards enjoyed by members of the House of Commons and other legislatures. The number of desks available to members is insufficient, despite the cramped conditions resulting from an average of four desks being packed into every room. In addition, the modest level of expenses which are refundable for office support means that most members receive little if any support in scrutinising the mass of documents laid before Parliament and responding to the correspondence which this and other Parliamentary business generates. Finally, members receive no payment for the time they devote to their Parliamentary duties, nor recompense for the income that they may lose as a direct consequence.



17.4 A system of office support and expenses that relied upon members having a substantial private income may have been appropriate in the days when the House of Lords was both amateur and voluntary and the inheritance of a peerage may have carried with it substantial financial resources. Such a system would not be appropriate for a second chamber with the workload and membership we have proposed in this report. Members of the reformed second chamber will require adequate support if they are to meet the demands placed upon them.

17.5 It is the responsibility of the Review Body on Senior Salaries (SSRB) to determine the level at which allowances and other payments available to members of the second chamber should be set. We need do no more than set out some broad principles which we believe should be applied.

17.6 The support required by members falls into three categories:

- recompense for time devoted to Parliamentary duties and lost income;
- office and secretarial support; and
- travel and overnight costs.

Recompense for time and lost income

17.7 Members of the present House of Lords receive no payment for the time they devote to their Parliamentary duties. If they are to attend more than infrequently, members have to supplement any expenses they may claim with income from other sources. Many are able to do this because they are retired from their former employment and receive an occupational pension. Others are able to arrange their outside employment around their Parliamentary duties. However, this is effectively restricted to those working in London in senior positions, or those in certain very limited professions. Members living away from London or who are in full-time employment find it extremely difficult to take an active part in the House and many suffer considerable financial loss as a result of taking their Parliamentary duties seriously. As a consequence, the active membership of the House is currently heavily skewed towards retired people based in the South East of England. One outcome of our recommendations for the composition of the reformed second chamber would be to broaden representation and provide a voice for the nations and regions. It is therefore essential that the financial arrangements which apply to members of the reformed second chamber should support their active involvement.

Recommendation 119: The financial arrangements which apply to members of the second chamber should make regular attendance economically viable for people who live outside the South East of England and who do not have a separate source of income.

17.8 While there are many areas of public service where people give their time without payment, for example as school governors, these tend to be local posts and operate on the basis that the people concerned should be able to fit their commitments around a full-time job, rather than *vice versa*. Even so, they often receive a basic allowance plus payment for each meeting attended, as is the case with local councillors, in addition to expenses. By contrast, active membership of the second chamber may leave minimal time available for other employment, yet no payment for time is made. This has particular relevance for those based outside London, since they may have to add considerable travelling time to the already long hours the House sits.

17.9 In 1911, when proposing MPs should be paid for their attendance, Lloyd George argued that this was essential “to enable men to come here, men who would render incalculable service to the State, and whom it is an incalculable loss to the State not to have here, but who cannot be here because their means do not allow it.” We believe the same considerations apply in principle to members of the reformed second chamber and that payment should be made to compensate for the time members devote to their Parliamentary duties.

Recommendation 120: Payment should be made for the time members of the second chamber devote to their Parliamentary duties.

17.10 Current arrangements for defraying the expenses of members of the House of Lords are related to daily attendance. This is consistent with the fact that many members attend on a part-time basis, or not at all, and that the principle behind the arrangements has been to meet expenses rather than to pay an allowance. The question that arises now is whether any payment made in recognition of the time which members of the reformed second chamber devote to their Parliamentary duties should be related to attendance, or paid in the form of a salary regardless of attendance. We think it is desirable that the reformed second chamber should contain a significant proportion of people who will contribute on a less than full-time basis, allowing them to remain active in other walks of life. We were also very struck by the widespread concern expressed during our consultation exercise that the second chamber should not become a forum for yet another layer of salaried politicians. It must be emphasised that the core function of members of the reformed second chamber will be to make a contribution *in Parliament*. In particular, we would be concerned to avoid anything which might be misinterpreted as implying that members of the second chamber had duties ‘at large’ on behalf of individual members of the public. That is the function of constituency MPs. For all these reasons we recommend that financial support for members of the reformed second chamber should be related to attendance in Parliament.

Recommendation 121: Financial support for members of the reformed second chamber should be related to attendance in Parliament.

17.11 The SSRB will need to consider what cumulative total of payments made for time and lost income would be appropriate if a member of the second chamber were to attend every sitting in an average year. Given the absence of constituency duties, we believe that over an average session payment should certainly be less than the basic salary of an MP.¹ As it would be an allowance, rather than a refund of expenses, it would be taxable.

Recommendation 122: Total payments made to members for time and lost income should be less than the basic salary of an MP over an average session.

17.12 While we agree that the second chamber should not be a forum for salaried politicians, a number of members of the chamber will have significant additional duties over and above those of other members. These include the Chairman of Committees and the Principal Deputy Chairman of Committees, who is also Chairman of the European Union Committee. These office holders currently receive salaries in respect of their duties² and we recommend that this should continue to be the case. We also recommend that salaries should be payable to those members who take on the burden of chairing other significant Committees of the second chamber.

Recommendation 123: Chairmen of significant Committees of the second chamber should receive a salary in respect of their additional duties.

¹ Currently £47,008 per year.

² Since they receive salaries, they are not eligible to claim expenses for subsistence and overnight accommodation.

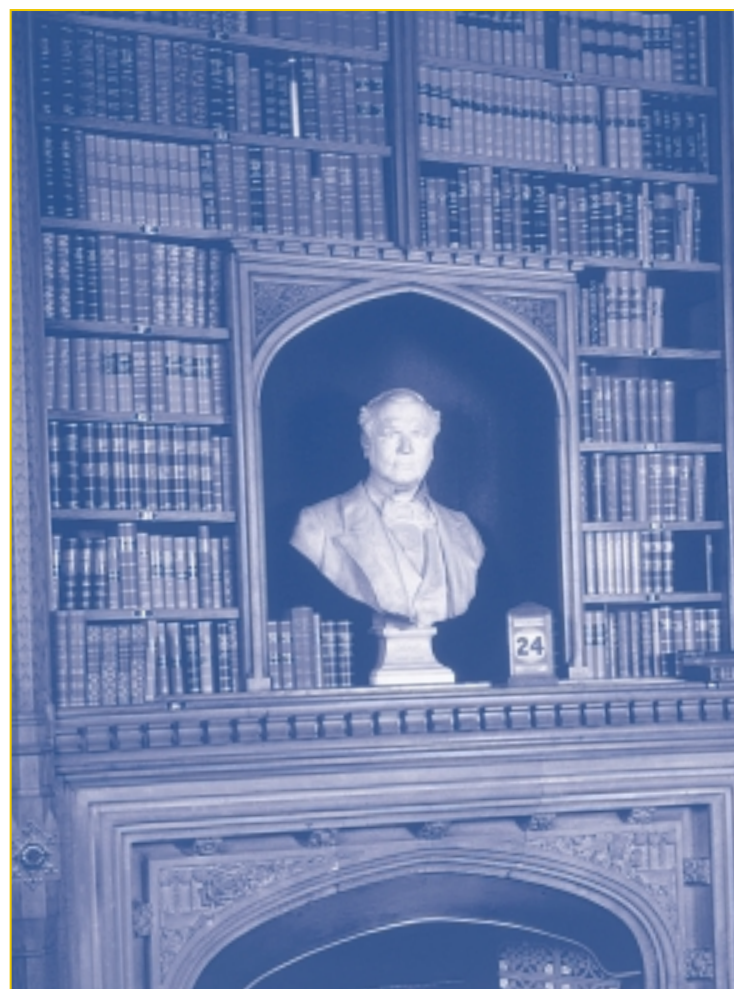
17.13 Our recommendation that membership of the second chamber should be for a fixed term makes it necessary to consider, for the first time, arrangements for members leaving the chamber. Although we expect many members of the reformed second chamber will attend part-time and will keep contact with their outside occupation, the loss of income resulting from active membership is likely to have a long-term effect on individuals, even after they have left the chamber. Former members may not immediately be able to replace from other sources the income from their former Parliamentary duties and may have a reduced pension entitlement from their main occupation. We note that MPs have access to severance payments and a pension scheme and invite the SSRB to consider these matters in respect of the second chamber.

Recommendation 124: The SSRB should consider the issue of severance payments and pension arrangements for members of the reformed second chamber.

Office and secretarial support

17.14 Members of the current House of Lords have access to the Library, a computer, a desk (usually in a room shared with others), and an allowance of £35.00 per day for secretarial support. This allowance may be claimed only for days on which members attend the House, and for a maximum of 30 additional days per year. A member attending every one of the 160 sitting days in an average Session could therefore claim a maximum of £6,650 per year, sufficient only to employ a part-time assistant. This is a far cry from the allowances available to each MP,³ although the tasks they perform are very different from those undertaken by members of the second chamber. Whereas an important role of MPs is to act as roving representatives of the people, taking up a wide range of cases on behalf of their constituents, the focus for members of the second chamber should be on their role in Parliament itself.

17.15 Our recommendation therefore is that additional office and secretarial resources should be made available to the reformed second chamber corporately, rather than to individual members. These resources might be targeted in particular at the various Committees of the House, ensuring that members of those Committees collectively have suitable assistance in carrying out their responsibilities. Some additional space is already available following the departure of most of the hereditary peers and more will be available by summer 2001. In addition the existing Parliamentary Data and Video



The House of Lords library

³ A maximum of £54,155, including an element for staff pension costs, payable in addition to the member's annual salary.

Network is being extended. Although office space will still be limited, these factors should make it possible for each member to be assigned a desk with a computer and have access to staff, employed by the second chamber, who would provide the support necessary to enable Committees and individual members to fulfil their Parliamentary duties more effectively. This arrangement should allow more extensive office support to be provided in a cost effective and appropriate manner.

Recommendation 125: The second chamber should provide additional office and secretarial resources to enable Committees and individual members to fulfil their Parliamentary duties more effectively.

17.16 Members may find it necessary to employ office support additional to that provided centrally. The allowance for such costs should be maintained at broadly the current level, such that it would not encourage or enable members to take on any ‘constituency’ work.



Travel and overnight costs

17.17 Attendance at the House of Lords requires members to be in Central London, often until late at night. For those members living outside London, this may involve substantial amounts of travel and many nights spent away from home. It seems likely that the same will be true for members of the reformed second chamber. The current arrangements for reimbursing expenses incurred as a result of attendance are somewhat inflexible and cause many members to suffer financial difficulties or lead them to subsidise their participation in the work of the House. We have earlier argued that the financial arrangements which apply to members of

the second chamber should make regular attendance by people who live outside the South East of England economically viable. We understand that the SSRB considered these issues in their 1996 report on House of Lords allowances,⁴ but that its recommendations were not adopted. We would therefore invite the SSRB to review once again the rules governing the payment of expenses incurred by members of the second chamber in the course of their Parliamentary duties, with a view to ensuring that these rules support our overall objective.

Recommendation 126: The SSRB should review the rules governing the payment of expenses incurred in respect of travel and overnight costs by members of the second chamber in the course of their Parliamentary duties with a view to ensuring that regular attendance is economically viable for people who live outside London.

Conclusion

17.18 If the SSRB's recommendations reflect these principles, we believe they will enable members to participate more effectively in the work of the second chamber. We suspect that this will involve an increase in the costs of the second chamber. We make no apology for this and reject the notion that this country can have a Parliament 'on the cheap'. In practice, the increase in costs would not be inordinate. As its latest annual report shows, the total cost per member of the House of Lords – £38,000 – was less than one tenth that of the House of Commons.⁵ The reduction in the number of members from 1,213 in the 1998/99 Session to the level we have proposed is such that, even were the cost per active member to double, the effect on the overall cost of the second chamber would be an increase of no more than £5–6 million per year. This would still leave the annual budget of the second chamber under £50 million, less than one fifth of the £260 million spent each year on the House of Commons. An effective second chamber at this price represents extremely good value for money.

⁵ *House of Lords: Annual Report and Accounts 1998–99*, HL104 (July 1999).