



Review Body on Top Salaries

Report No. 7

Ministers of the Crown
and Members of Parliament
and the Peers' expenses
allowance : Part I

Chairman :

THE RT. HON. LORD BOYLE OF HANDSWORTH

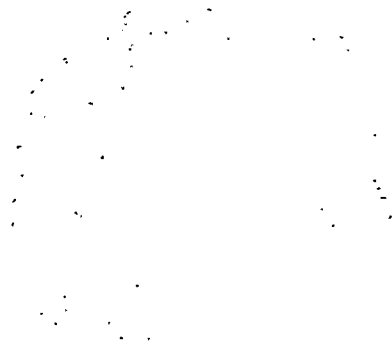
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TOP SALARIES REVIEW BODY

On 15 January 1975, the Top Salaries Review Body was invited by the Prime Minister to review and recommend changes

- (i) in the emoluments, allowances and expenses of Ministers of the Crown and Members of the House of Commons including Mr. Speaker and other holders of remunerated offices in both Houses of Parliament together with the relevant pension arrangements, and
- (ii) in the rates and conditions of payment of the Peers' expenses allowance.

The members of the Review Body are:

The Rt. Hon. Lord Boyle of Handsworth, *Chairman*

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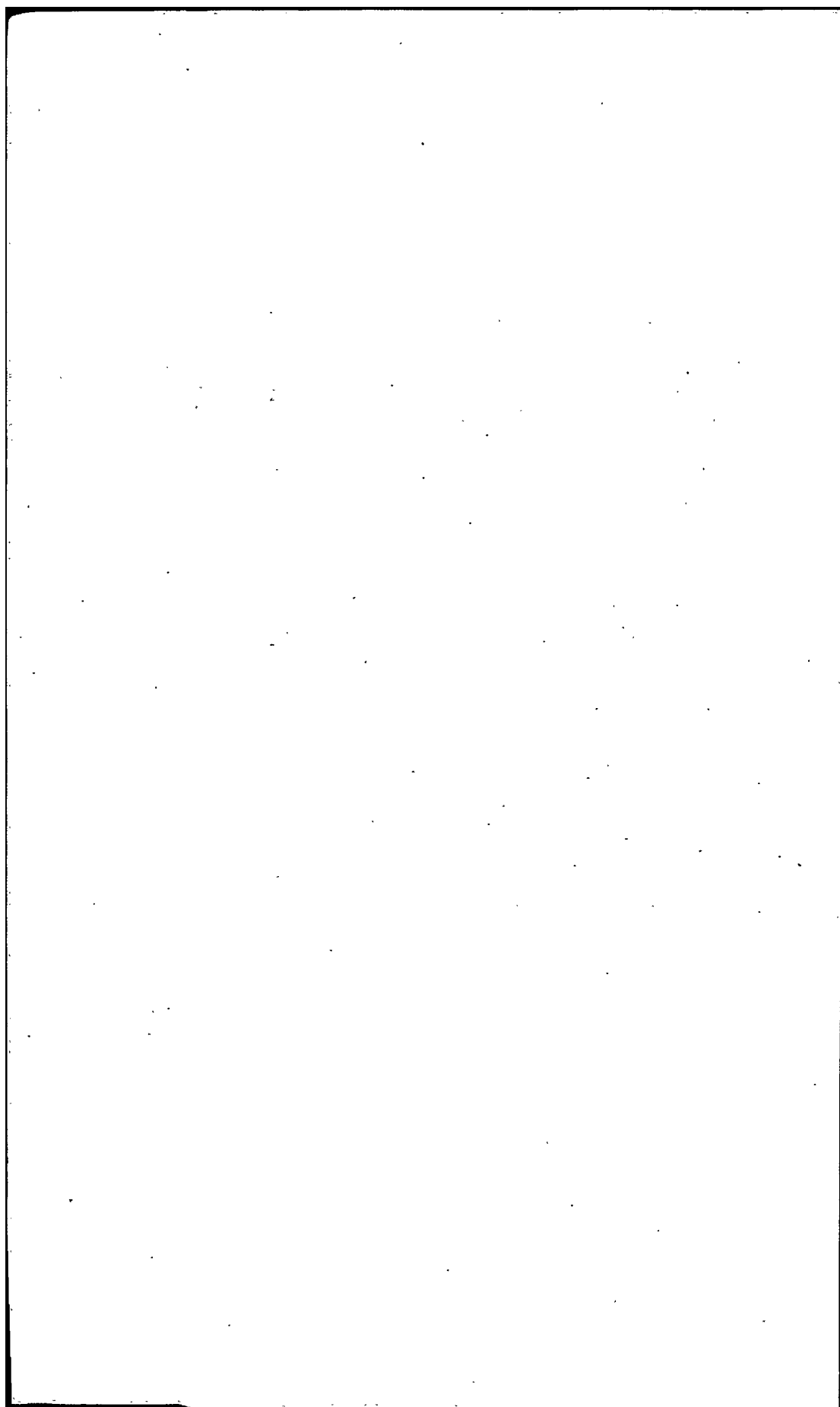
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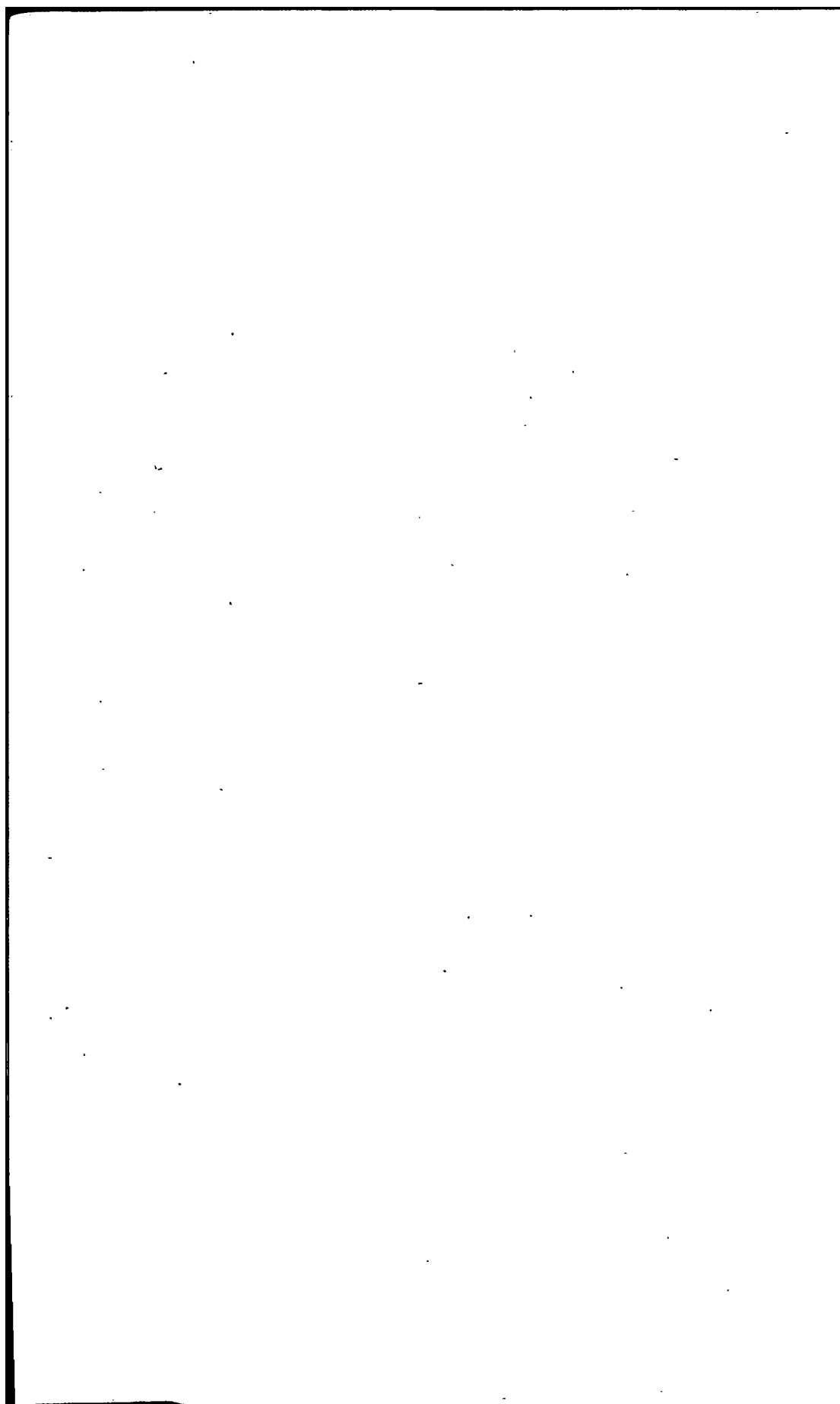
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The Secretariat is provided by the Office of Manpower Economics.



CONTENTS

	<i>Paragraph</i>	<i>Page</i>
Chapter 1: Introduction	1	1
Chapter 2: The present situation	5	3
Chapter 3: The issues and our conclusions	16	6
Chapter 4: Summary of conclusions and recommend- ations	42	15



MINISTERS OF THE CROWN AND MEMBERS OF PARLIAMENT, AND THE PEERS' EXPENSES ALLOWANCE: PART I

CHAPTER 1

INTRODUCTION

1. The remuneration of Members of Parliament was last reviewed in our First Report, *Ministers of the Crown and Members of Parliament* (Cmnd. 4836) published in December 1971. The revised levels of Members' salary and allowances recommended in that report were accepted and implemented virtually in full with effect from 1 January 1972 (1 April 1972 in the case of the salaries of Ministers and other paid office holders). The salaries of Members of Parliament and of Ministers and other paid office holders have remained unchanged since then; certain improvements in the major allowances were put into effect from 1 August 1974 following the recommendations in our Report No. 5, *Members of Parliament Allowances* (Cmnd. 5701), published in July 1974.

2. Our terms of reference on this occasion include the Peers' expenses allowance. This is the first time that we have been asked to review this allowance, and the first time that it has been reviewed outside Parliament since the Committee on the Remuneration of Ministers and Members of Parliament under the chairmanship of Sir Geoffrey Lawrence reported on it in November 1964¹.

3. Our intention initially was to submit our recommendations in a single report. But our discussions with certain individual Members of Parliament brought out clearly to us the extent to which a very real financial burden has fallen on many Members. It is difficult to find any other section of society whose basic remuneration has remained unchanged through 3½ years of rapid inflation, and in all the circumstances we decided that it would be right to report in two stages. In this first part of our report, we deal with those remuneration problems which we consider merit urgent action, and we put forward recommendations on the salary of Members, on the 'Parliamentary salary' of Ministers and paid office holders, and on the main allowances and facilities. In a second part, we will put forward recommendations on the salaries of Ministers and of paid office holders in both Houses of Parliament, and also on the pension arrangements for Members, Ministers and paid office holders. At that stage, we may also wish to review further the working of some of the allowances, and the possible need for further items of expenditure incurred on Parliamentary business to be covered by new allowances or facilities. We have noted the recommendations in the First Report of the Select Committee on Assistance to Private Members (House of Commons Paper 375, Session 1974-75) published in May 1975. We shall also be putting forward our recommendations on the Peers' expenses allowance.

4. In the course of our inquiries into the matters discussed in this report, we have had the benefit of talks with a number of Members of Parliament, and we have received many submissions from individual

¹ Report of the Committee on the Remuneration of Ministers and Members of Parliament (Cmnd. 2516, November 1964).

Members as well as from official and other interested sources. A full list of those whom we have seen and of those who have submitted written evidence will be included in the second part of our report. We sent a questionnaire to each Member of Parliament asking for information and views on matters related to both salary and allowances: 445 completed questionnaires were returned, a response rate of 70 per cent. A summary of the results of the questionnaire will be included in the second part of our report.

CHAPTER 2

THE PRESENT SITUATION

Members' salaries

5. The current salary of a Member of Parliament (other than a Member who is a Minister or paid office holder) is £4,500. This salary has been in operation since 1 January 1972, when our recommendation of December 1971 was implemented. Members who are Ministers or holders of another paid office receive a proportion of this amount as Parliamentary salary, in recognition of the time spent on attending to the interests of their constituents, in addition to the salary attached to the office itself. This Parliamentary salary is currently £3,000, and it has also been in operation since 1 January 1972 following our earlier recommendations.

Allowances and facilities

6. Certain allowances and facilities are available to Members of Parliament to assist them in meeting costs incurred in the course of Parliamentary duties. We reviewed the rates of the allowances (but not the severance arrangements or general facilities) in our Report on Members of Parliament Allowances (Cmnd. 5701, July 1974) and our recommendations were implemented with effect from 1 August 1974. The following arrangements are currently in force.

Secretarial allowance

7. The allowance is expressed as a maximum cash amount against which a Member may claim reimbursement of expenditure on the employment of a secretary, on general office expenses and on research assistance. The current maximum is £1,750 of which up to £550 may be used for research assistance in connection with Parliamentary duties. The full amount may be used to meet secretarial costs.

Additional costs allowance

8. In 1971 we recommended the introduction of arrangements to help defray the additional cost of living away from home when engaged on Parliamentary duties, and we proposed a scheme based on the payment of a daily allowance related to certain subsistence rates in the civil service. Our recommendation was accepted in principle but, after consultation with the House of Commons authorities, the Government decided against a daily allowance, on grounds of complexity and difficulty of operation, and introduced instead an annual allowance with a maximum slightly higher than the total of a daily allowance equal to the then London rate of civil service Class A (i)¹ "regular visitor" subsistence for four nights a week over the average number of weeks for which the House of Commons sat in a session. This was assessed as 34 weeks at the time of the introduction of the allowance, and as 36 weeks at the time of our review of the allowance in July 1974.

9. The present maximum of the allowance is £1,050. It is a common maximum for all provincial Members regardless of where they live. Our 1971 proposals envisaged that all provincial Members would be regarded as

¹ Officers in grades with national salary minimum not less than that of an Assistant Secretary.

living and working either in London or in their constituency according to their choice, and would have been entitled to claim an allowance for the additional cost of attending at their other place of work. However, objections would have arisen to the treatment of the allowance as tax-free in the case of Members whose real home was in either London or their constituency and who nominated their place of working and living for subsistence purposes as being the place other than where their real home was located. The allowance could be free of tax only when it related to costs incurred away from the location of their real home, except in the case of Members who lived neither in London nor in their constituency, where a choice of nominating one or the other as their 'home' for the purpose of the allowance could be given without making the allowance taxable. Under the present arrangements, provincial Members whose homes are either in London or in their constituency are required to register with the authorities of the House their "main home for the purpose of performing their Parliamentary duties", and may claim the tax-free allowance towards the cost of staying away from home overnight while carrying out their Parliamentary duties at the other place of work: Members whose real homes are neither in London nor in their constituency may nominate their "main home" for this purpose as deemed to be in one or the other. Expenditure incurred above the maximum of the allowance may be set off against income tax.

London supplement

10. London Members, together with Ministers and paid office holders who are held to be London-based by virtue of their offices, are entitled to receive a London supplement. The current rate of £228 has been in operation since 1 August 1974, when it was in line with the rate of Inner London weighting payable in the civil service. On the occasion of that 1974 review, we also took the opportunity to recommend the correction of an anomaly which had arisen because a limited number of Members who represented constituencies within the Greater London Council area but outside the Inner London Education Authority area had been debarred from any form of recompense for the extra cost of living and working in the capital, as payment of London supplement was restricted to Members whose constituencies were within the ILEA area. Since acceptance of our 1974 recommendation, all Members whose constituencies are within the GLC area are now eligible for London supplement.

Car mileage allowance

11. Members are eligible for a mileage allowance for the use of cars on Parliamentary business when travelling between Westminster and constituency, Westminster and home, home and constituency and within the constituency; the allowance may also be claimed for return journeys from home to railway station or airport and for journeys outside Westminster and the constituency to visit central and local government authorities concerned with a Member's constituency area, but located outside the constituency boundaries. The allowance is payable at a single rate, irrespective of the size of car; the current rate is 7.7p per mile which, when it became effective on 1 August 1974, was equivalent to the then highest civil service rate of motor mileage allowance.

Severance arrangements

12. Since the implementation of our 1971 recommendations, Members have continued to receive their salary throughout a period of dissolution and, in the event of the loss of their seat following a general election, have been entitled to claim a severance grant equivalent to three months' salary.

Facilities

13. As an alternative to using private motor vehicles and claiming the car mileage allowance, Members are entitled to free first class travel by rail, air or sea for journeys on Parliamentary business in the same circumstances as those for which the mileage allowance is available (paragraph 11). Warrants for individual journeys by public transport in these circumstances are provided by the House authorities. The travel arrangements are extended to wives or husbands of Members to provide up to 10 vouchers a year for first class return travel by rail, air or sea between Westminster and the Member's constituency or Westminster and home.

14. In 1971 we recommended the provision of further facilities for travel through the establishment of two funds to provide for Members to travel within the United Kingdom and overseas to enable them to inform themselves on subjects relevant to their Parliamentary work. This proposal was accepted in principle by the Government, but encountered considerable opposition from within the House itself and was not put into effect.

15. Within the House of Commons, stationery, postage and telephone facilities are provided free for use on Parliamentary business. In addition, the facilities of the House itself, including the research facilities of the House of Commons Library, are of course available to Members.

CHAPTER 3

THE ISSUES AND OUR CONCLUSIONS

16. We now discuss the considerations which we see as relevant in a review of the remuneration of Members of Parliament at a time of rapid inflation. Over the 3½ years since the salaries of MPs were last reviewed and increased, the cost of living as measured by the retail price index will on current forecasts¹ have risen by some 65-66 per cent at end-June 1975, and average earnings by some 85 per cent. There are no doubt some members of the general public who would suggest that Members of Parliament should set an example by forgoing any pay increase for as long as the economic problems of the country remain unresolved. We do not ourselves subscribe to that view. We see it as essential, if Members of Parliament are to continue to be able to devote themselves to the interests of their constituents, for their pay and allowances to reflect the economic realities of the day. This requires a level of salary which at least restores the real value of the 1 January 1972 salary, and a level of allowances which reflects the costs in present day terms of the items that they are designed to cover.

Members' salary

17. In our 1971 report (Cmnd. 4836) we concluded that it was appropriate to consider the level of Members' salary separately from the various allowances, and that the salary should be assessed on the basis of providing adequate remuneration for a full-time Member who has no other source of income.

18. We re-affirm both of these conclusions. The various allowances are essentially designed to help to defray the expenses that are necessarily incurred by Members in carrying out their Parliamentary duties. They are not intended and should not be regarded as supplementary income, and in our view it would be wrong to use increases in the allowances as a justification for holding the salary below the level that is necessary to meet the criterion of adequate full-time remuneration. We noted in 1971 that the job of an MP was becoming increasingly full-time. Our inquiries during the present review have confirmed that this trend has continued: our analysis of the returns to the questionnaire suggests that, although broadly the same proportion of Members have paid occupations outside the House now as had them in 1971, the amount of time devoted to these occupations has fallen significantly.

19. The reduction is particularly apparent during Parliamentary sessions when the proportion of Members who spend 20 or more hours per week on other jobs has fallen from 19 per cent in 1971 to 10 per cent now, and the proportion of those who spend under 5 hours per week has risen from 29 per cent in 1971 to 40 per cent now. Correspondingly, the amount of time occupied by Parliamentary business in the case of those who completed the questionnaire has risen from an average of 63 hours

¹ Latest information on the Retail Price Index projected to the end of June from forecasts in the National Institute Economic Review, Number 72, May 1975: National Institute of Economic and Social Research.

a week in 1971 to 70 hours a week now. In both cases, of course, the average conceals wide individual variations. Yet the evidence does point clearly to a continuing trend of increased demand on the time of Members in relation to all aspects of Parliamentary work, but especially to the growing weight of constituency work. We have also observed an increasingly professional attitude on the part of Members towards their job.

20. It would obviously be wrong for Members of Parliament to be uniquely protected from the effects of inflation, but they have had no increase in salary at all since January 1972. Measured against the intervening rise in prices of some 65–66 per cent, the real value of the £4,500 January 1972 salary has fallen sharply and is now little more than £2,700—below the Lawrence Committee figure of £3,250 appropriate in October 1964. To restore the relative level of salary that was accepted as right in January 1972 would now require a salary of around £7,450¹. We are in no doubt that the restoration of the salary of Members of Parliament to its 1972 value would be the minimum justified. Our 1971 recommendations established in our view an appropriate relationship with the general level of salaries at the time, and the evidence now points to some revaluation of the job in recognition of the increased demands of it.

Recommendation: We recommend that the salary of Members of Parliament should be increased to £8,000.

21. Both the acceptance of our recommendations and the timing of their implementation are matters for the Government and for the House itself. We are aware of the special difficulty for both in relation to the implementation of recommendations on the level of their own salaries, particularly in a period of inflation when restraint is called for. Nevertheless, in the present circumstances, both economic and political, we believe it more important than ever to have a strong House of Commons, and we therefore offer comment on the implementation of our recommendations. It would not be right for Members of Parliament to be attracted to the job solely or even primarily by financial considerations. But we consider that it would be equally wrong, and damaging to the standing of the House, if membership were to lead automatically to a salary that is significantly lower than the level generally available to men and women of the calibre and ability essential to the proper execution of an MP's function in a Parliamentary democracy. We consider it to be of the highest importance that our recommendations both on Members' salaries and on their allowances, and on the Parliamentary salary of Ministers and office holders, should be implemented in full and without delay.

22. In reaching a judgment on the salary level now appropriate, we have of course been aware of the principles and guidelines of the social contract and the importance attached by the Government to observance of them. Against the background of an increase of some 65–66 per cent in prices and some 85 per cent in average earnings since the last increase in Members' pay, we have recommended an increase in salary of just under 78 per cent, which as we have indicated includes an element of revaluation of the job. Expressed as an annual rate of increase since January 1972, it is just under 18 per cent a year.

¹ On the same basis, the Lawrence Committee's figure of £3,250 would become about £7,900.

Parliamentary salary of Ministers and paid office holders

23. Ministers and paid office holders who are Members of the House of Commons are paid a Parliamentary salary of £3,000 in addition to the salary attached to the particular appointment. This Parliamentary salary recognises that Ministers and paid office holders remain fully responsible, as Members of Parliament, for constituents' interests throughout the period they hold Ministerial (or other) office. We shall make recommendations on the salaries attached to Ministerial and other offices in the second part of our report, but we consider it appropriate to review the Parliamentary salary at this stage. The Parliamentary salary is a Minister's due as a Member and it ought not to be left unchanged at a time when the salary of a backbench Member is increased. Moreover, as the salaries of Ministers and office holders are not considered in this part of our report, the implementation of our recommendation for Members' salary without a change in the Parliamentary salary would result in an extremely narrow differential between the pay of Members and of Parliamentary Secretaries and Parliamentary Under-Secretaries of State, and in a 'reverse differential' with the pay of certain office holders.

24. In our 1971 review, we examined the basis of the Parliamentary salary which previously had been notionally related to the average amount of expenses incurred in carrying out Parliamentary duties: we concluded that this basis was not appropriate and that it should be changed to include an element of remuneration. In recommending the current level of Parliamentary salary (£3,000), we commented that the consequent relationship with Members' salary (two-thirds) would not necessarily remain appropriate in the future and the question of this relationship remains to some extent a matter of judgment. We have again considered the argument that Ministers and office holders should receive the full Members' salary and, for the same reasons as we found it unacceptable in 1971, we find it unacceptable now. The demands of a Ministerial appointment must impinge—in most cases, very substantially—on the time available to devote to the normal functions of a Member. Moreover, Ministers by convention cannot raise constituency matters in the House and they do not normally take part in Select Committees. At the same time, we have evidence of some increase in the pressure of constituency work falling upon Ministers and other paid office holders, although it must also be borne in mind that Ministers and paid office holders in the House of Commons remain entitled, with certain modifications, to the allowances and facilities available to Members of Parliament. After careful consideration, we conclude that the right course on this occasion is to limit the increase in the Parliamentary salary to an amount which broadly maintains its 1972 value.

Recommendation: We recommend that the Parliamentary salary of Ministers and other paid office holders who are Members of the House of Commons should be increased to £5,000.

Future review of salary

25. A number of Members have again suggested to us that it would be appropriate for a link to be created between their salary and an outside standard of measurement: some have suggested specific outside occupations, others have suggested general movements in wages, salaries or prices. As in

1971, many of those who advocate an outside salary link see the civil service, either generally or specifically, as providing the most suitable standard, but a link with movements in general wage or price indices is favoured by some. The desire for some form of linkage seems to arise in part from the sensitivity of a situation in which MPs vote their own salary increases and in part from the financial pressures that are set up when salary is reviewed infrequently in a period of inflation: the infrequency of review leads to a decline in the real value of the salary and to increases at long intervals which, taken in isolation, are inevitably large.

26. We understand, and sympathise with, the position in which MPs are placed, but we consider that linkage in either form would not be appropriate. The arguments against a link with another occupational group were rehearsed in our 1971 report and are no less valid today. The job of a Member of Parliament is unique and does not readily bear comparison with any other, either in content or in the circumstances in which it is performed. Certainly it is, in our view, far removed from comparability with the civil service or any other public sector occupation. Those who advocated a link with the civil service have not advanced any real justification in terms of comparability of job. Furthermore, the adoption of such a link might well do no more than shift the focus of the political sensitivity which attaches to MPs' pay to the pay of the group with which the link was established. We think it unlikely that the creation of a link would remove the problem. In this sense of immediate political sensitivity, superficially there could be rather greater advantage to a link with general wage or price movements. But this too would be inappropriate in that it would provide for Members automatic protection against the effects of inflation and would place them in a more advantageous position than the great majority of their constituents. This would be wrong, and we are confident that Members would not want special treatment of this kind.

27. We see the frequency of review as the key. Much of the difficulty over increases in Members' pay would be reduced if reviews were carried out regularly and more frequently than in the past. Such reviews should, however, continue to be based on an independent assessment of the job in its own right. In our 1971 report, we advocated a major comprehensive review at intervals of four years (once in a lifetime of a Parliament of normal length) although we did not exclude the possibility of adjustments between major reviews. Events since our 1971 report suggest strongly that a four-year interval between reviews is too long, and that they should in future be carried out more frequently.

Recommendation: We recommend that the remuneration of Members of Parliament and that of Ministers and paid office holders should be subject to biennial review by an independent body. A full revaluation of the job is unlikely to be required on each occasion, but should be considered in alternate reviews.

Secretarial allowance

28. The current maximum of the allowance is £1,750 of which up to £550 is available for research assistance. Many Members now see a full-time secretary as essential to the proper execution of the job. This is also the

view of the Select Committee on Assistance to Private Members whose First Report, published last month, recommends an optional arrangement of centrally-employed secretaries or the continuation of a secretarial allowance: each arrangement would be designed to cover the employment of a full-time secretary. The response to our questionnaire to Members provides evidence of a greatly increased use of secretarial time among Members generally, although it is clear that not every Member requires full-time assistance; the median hours of employment have increased from 23 per week in 1971 to over 30 now. Over one-half of the respondents employ their secretaries for over 30 hours per week and nearly one-third for between 20 and 29 hours per week, compared with just under one-third of respondents in each category in 1971. It is also possible that secretarial assistance might have been used to a greater extent if the present maximum of the allowance had been higher and the cost of extra assistance consequently had not had to be met out of Members' own pay.

29. We consider that the maximum of the allowance should be increased sufficiently to provide the opportunity for employment of a full-time secretary. In recommending a new maximum, we have had regard to the current salary scale of a civil service Personal Secretary working in Central London. We have added an element to cover the costs incurred by the individual Member, as an employer, in payment of National Insurance contributions. It has also been brought to our attention that it is difficult within the present allowance for Members to provide any form of pension arrangements for their secretaries and we understand that many of them are not covered by pension provisions. Adequate provision for pensions is a major item in employment costs but we have not on this occasion included any element for it in our recommended maximum of the allowance; we want to give further consideration to its place in relation to the secretarial allowance, and will return to this in the second part of our report.

30. Another factor which we want to consider further is that of general office expenses. The present allowance includes an element for these expenses which, in common with many others, have increased substantially since 1971. They are not necessarily confined, however, to those MPs who employ secretaries, and it may be appropriate for expenditure under this heading to be itemised and dealt with separately. We will return to this matter also in the second part of our report.

31. In 1971, we recommended the introduction into the allowance of an element which could be used for the provision of research assistance in connection with Members' Parliamentary work. We have heard a wide range of views from Members on the need for research assistance in this context: some regard this type of support as essential, perhaps even on a full-time basis, while others take the view that the support which the majority of Members need can be provided by a competent secretary and the existing resources of the Library of the House of Commons. The Select Committee on Assistance to Private Members is to examine further the need for research assistance but has already recommended that it should be dealt with separately from secretarial assistance. It is clear that the extent of research assistance will vary considerably with the approach to

the job of the individual Member, but our inquiries show that some 29 per cent of those Members who replied to our questionnaire now employ a research assistant (mainly on a part-time basis) compared with only 9 per cent in 1971 before the allowance was introduced. We conclude that most Members' needs could best be met at the present time by the abolition of the restriction within the secretarial allowance so that the allowance may be used entirely for secretarial assistance, entirely for research assistance or for any combination of both.

Recommendation: We recommend that the maximum of the secretarial allowance should be increased to £3,200 a year, and the allowance should be available to provide either secretarial or research assistance or a combination of both. We will deal in the second part of our report with the treatment of superannuation costs relevant to secretarial and research assistance, and of general office expenses.

Additional costs allowance

32. The allowance is related to the rate of daily subsistence allowance payable in the civil service at Assistant Secretary level where an individual who is stationed outside London is required to make regular visits to London; this daily rate is grossed up to an annual basis, and the current maximum is slightly higher than the civil service rate applicable in July 1974 (£7.20) applied for four nights a week over 36 weeks (the average duration of a Parliamentary session between 1971 and 1974).

33. Several Members have again raised the question of a differential rate of allowance to provide for the different ways in which the juxtaposition of home, constituency and Westminster affect individual Members. One problem mentioned frequently is the position of a Member whose home is neither in London nor in the constituency and who therefore incurs substantially higher subsistence costs than those who live either in London or in the constituency. There is some evidence to support the case for a differential allowance in the information provided by the returns to our questionnaire. However, our original proposal in 1971 for daily rates of subsistence based on two levels of payment (one for London and one for elsewhere) was not adopted because (we understand) of its complexity and difficulty of operation; much the same argument would presumably apply now, particularly if three different rates were envisaged. Since the allowance is based on the more favourable of the two civil service rates which we proposed in 1971, we see no reason on this occasion to suggest a departure from the existing basis of the allowance brought up to date by using the current civil service rate of £9.40 per night. The 36-week element of the formula continues to be appropriate.

34. There is one respect, however, in which we consider the present basis of the allowance may require revision. The formula on which it is based assumes a notional average attendance throughout a Parliamentary session. It is clear, however, that the Parliamentary duties of Members do not automatically cease during a recess of the House, and that many Members will be involved in attending to them at times when the House is not in session. We make no recommendations at this time but will return to this matter in the second part of our report.

35. In 1971, we recommended that the daily rates then proposed should automatically be kept in line with movements in the civil service rates. Although the basis of the allowance has been changed, the basic formula is sufficiently explicit to enable this up-dating to be made. We still consider that this should be done: in July 1974, we recommended an increase in the allowance based on the then current civil service rate; that rate was changed shortly afterwards and we are aware that it is again under review.

Recommendation: We recommend that the maximum of the additional costs allowance should be increased to £1,350 a year. The basic element within this maximum, related to the civil service Class A (i) "regular visitor" London rate of subsistence for four nights a week over 36 weeks a year, should in future be adjusted automatically in line with that formula and following changes in the civil service rate.

London supplement

36. The London supplement was last increased, following our recommendation in July 1974, to align with the rate of Inner London weighting then in operation in the civil service (£228). The civil service rate is now £410 and is due to be reviewed again shortly, in accordance with the system proposed in the Pay Board's 1974 report¹ on the general issue of London weighting.

37. That report embodies recommendations on the main elements which should be taken into account in determining London weighting and indicates the relative amounts for each element. Its recommendations formed the basis of the revision of civil service London weighting from £228 to £410. One of the constituent elements in the London weighting calculation is travel to work, and it accounts for about £70 of the civil service Inner London weighting of £410. This should clearly be excluded from the MPs' London supplement to avoid double counting, as Members are separately reimbursed for the costs of travel. A similar arrangement was recommended for servicemen's London weighting by the Review Body on Armed Forces Pay² and has been implemented. Otherwise, the London supplement should now be brought into line with the current rate of Inner London weighting in the civil service. It should, moreover, be kept in line with subsequent movements in the civil service rate, with the exclusion on each occasion of the amount then attributable to travel to work costs.

Recommendation: We recommend that the London supplement should be increased to £340 a year and that, in future, it should be adjusted automatically in line with changes in the civil service rate of Inner London weighting, excluding the amount of the travel to work element in the civil service rate.

Car mileage allowance

38. We have received relatively little comment about the basic operation of the mileage allowance. Criticism has been concentrated on the fact that the current rate is now inadequate. Since the allowance was set at 7.7p per

¹ Pay Board Advisory Report 4: London Weighting (Cmnd. 5660, July 1974).

² Review Body on Armed Forces Pay: London Weighting and Separation Allowance, Second Supplement to Third Report 1974 (Cmnd. 5853, January 1975).

mile in line with the then highest rate of motor mileage allowance (related to cars over 1,750 cc) applicable in the civil service, the civil service rate has been increased three times and is now 10·2p per mile. This again illustrates the difficulties created where an allowance is linked but where there is no provision for automatic movement in line with changes in the parent rate. We consider it appropriate to retain the link with the highest civil service rate, and to provide for future automatic adjustment in line with that rate. We shall be giving further consideration to the coverage of Members' travel arrangements generally, and we may want to make further recommendations in this respect in the second part of our report which will affect the extent of operation of the car mileage allowance.

Recommendation : We recommend that the car mileage allowance should be increased to 10·2p per mile and should be automatically adjusted in future in line with changes in the highest rate of motor mileage allowance applicable in the civil service.

Other travel arrangements

39. Members are provided with vouchers for first class travel by public transport as an alternative to and on the same basis as journeys by private motor vehicle. We do not recommend changes in the present arrangements on this occasion. We note, however, that provision is now made for Members who represent distant constituencies and who use the Motorail Service to claim reimbursement up to the amount which would have been payable had the journey been made by car. We understand that reimbursement at car mileage rates was considered appropriate as vouchers are not available for this form of travel. We note this addition to the travel arrangements for Members. As we have already indicated in paragraph 38, however, we may have further recommendations on the coverage of Members' travel arrangements to put forward in the second part of our report.

40. We have found widespread dissatisfaction with the present arrangements for free travel by wives or husbands of Members; under these arrangements 10 vouchers a year are provided for first class return travel between Westminster and the Member's constituency or Westminster and home. The majority of Members who have made their views known to us have suggested that the number of vouchers should be increased; other suggestions have been an unlimited number of journeys, extension of the facility to Members' children, or a choice between a number of first class vouchers and a higher number of second class vouchers. We agree with the majority view, and we would not recommend unlimited travel facilities of this kind for wives or husbands of Members, or an extension of the facility to Members' children or other dependents. A particular point on the situation of disabled Members who may have to be accompanied on journeys has been raised with us; we feel that some extra facility ought perhaps to be introduced for such cases, but we wish to examine the practical implications more closely and will return to this in the second part of our report.

Recommendation : We recommend that the number of vouchers for first class return travel by Members' wives or husbands between Westminster and the Member's constituency or Westminster and home should be increased to 15 a year.

Severance arrangements and other facilities

41. We have received a number of comments on the severance grant which we recommended in our 1971 report, and on the general telephone and postal arrangements for Members. We shall deal with these matters in the second part of our report.

CHAPTER 4

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

42. We have discussed (Chapter 3) the issues which we consider relevant to those aspects of the remuneration of Members of Parliament covered in this part of our report. We summarise our recommendations below:

Pay of Members of Parliament

(a) The salary should be increased to £8,000 (paragraph 20). This brings Members' pay up to date since it was last reviewed in 1971 and includes some revaluation of the job (paragraphs 19 and 20). We attach the highest importance to the implementation in full and without delay of our recommendations on both salary and allowances (paragraph 21).

Parliamentary salary of Ministers and paid office holders

(b) The Parliamentary salary of Ministers and paid office holders who are Members of the House of Commons should be increased to £5,000 (paragraph 24). The salaries attached to Ministerial and other offices will be dealt with in the second part of our report (paragraph 23). Although there is evidence of some increase in the pressure of their constituency work, the time which Ministers and other office holders can devote to the normal functions of a Member is obviously limited; we consider it right on this occasion for the increase in the Parliamentary salary to be restricted to the amount necessary broadly to maintain its 1972 value (paragraph 24).

Future review of salary

(c) In future, the salaries of Members of Parliament, Ministers and other paid office holders should be subject to biennial review (paragraph 27). This will reduce much of the difficulty over increases in Members' pay (paragraph 27). Adjustment of pay by links with other occupational groups or with general movements in wages or prices would not be appropriate (paragraphs 25 and 26).

Secretarial allowance

(d) The maximum of the allowance should be increased to £3,200 a year, and the allowance should be available to provide either secretarial or research assistance or a combination of both (paragraph 31). The new maximum is set at this level to provide the opportunity for employment of a full-time secretary, and we have had regard both to the salary scale of a civil service Personal Secretary working in Central London and to the costs incurred by Members, as employers, in payment of National Insurance contributions (paragraph 29). We intend to return in the second part of our report to consideration of how provision for superannuation arrangements and general office expenses should be dealt with in relation to the secretarial allowance (paragraphs 29 and 30).

Additional costs allowance

(e) The maximum of the allowance should be increased to £1,350 a year (paragraph 35). In future, the allowance should be adjusted automatically in line with changes in the appropriate civil service rate, which constitutes part of the formula on which the allowance is based (paragraph 35). We will examine the basis of the allowance further in the second part of our report (paragraph 34).

London supplement

(f) The London supplement should be increased to £340 a year and in future should be adjusted automatically in line with changes in the civil service rate of Inner London weighting (paragraph 37). The amount of the travel to work element in the current civil service rate has been excluded from this figure, as Members of Parliament are separately reimbursed for the costs of travel; the appropriate amount for this element should continue to be excluded in future adjustments (paragraph 37).

Car mileage allowance

(g) The rate of car mileage allowance should be increased to 10·2p per mile (paragraph 38). This is equivalent to the current highest rate of motor mileage allowance applicable in the civil service, and future adjustment should be made automatically in line with movements in that rate (paragraph 38). We will be giving further consideration to the coverage of Members' travel arrangements generally and may want to make further recommendations in the second part of our report (paragraphs 38 and 39).

Other travel arrangements

(h) We recommend no changes on this occasion in the other travel arrangements for Members. We shall give further consideration to their coverage (paragraph 39). The number of vouchers issued to wives or husbands of Members should be increased to 15 a year but the scope of this facility should not be further widened, although we will return in the second part of our report to the particular case of accompanied travel for disabled Members (paragraph 40).

43. We realise that the salary we are proposing for Members of Parliament, and the rate of increase that it implies, will inevitably be the subject of a great deal of comment. We should therefore like to emphasise three points. First, we are clear that it would have been wrong for us to try to avoid this recommendation by going yet further in the direction of increased allowances. The simple fact is that Members of Parliament constitute a professional group whose pay was last fixed at the beginning of 1972 and is now worth less in real terms than it was in October 1964. On this basis alone MPs are fully entitled to a significant increase at the present time. Secondly, as we have tried to make clear, our recommended salary level contains some revaluation of a Member's job. Constituents are making greater demands on their Members of Parliament, and a conscientious MP, attentive to the needs of his constituents, active in one or two particular causes, and assiduous in taking his share of the general work of the House of Commons, has a significantly more exacting life than his counterpart of ten or fifteen years ago. It is only right that his salary should

reflect this to some extent. Thirdly, we feel strongly that the present period is one in which the quality of Members of Parliament matters more than ever before; and while it would be wrong to set MPs' salaries so high as to make the financial rewards of service in the House a main attraction in themselves, it would equally be mistaken, and bad for Parliamentary democracy, for able men and women to be deterred from standing for Parliament by the inadequacy of the salary. This is a period when political loyalties are tending to become less rigid, and when indeed the basic assumptions underlying the whole structure of our political institutions are being questioned more frequently than before. It is becoming increasingly clear that certain habits of mind, hitherto relatively fixed, can no longer be taken for granted to anything like the same degree as in the past. All this, in our view, points clearly to the need for MPs who are conscientious, perceptive and able to communicate effectively both with government departments and the electorate, as well as capable of playing their full part in the House of Commons. We believe our recommendations help to meet this need.

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