



Review Body on Top Salaries

**Report No. 8**

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

Chairman:

THE RT. HON. LORD BOYLE OF HANDSWORTH

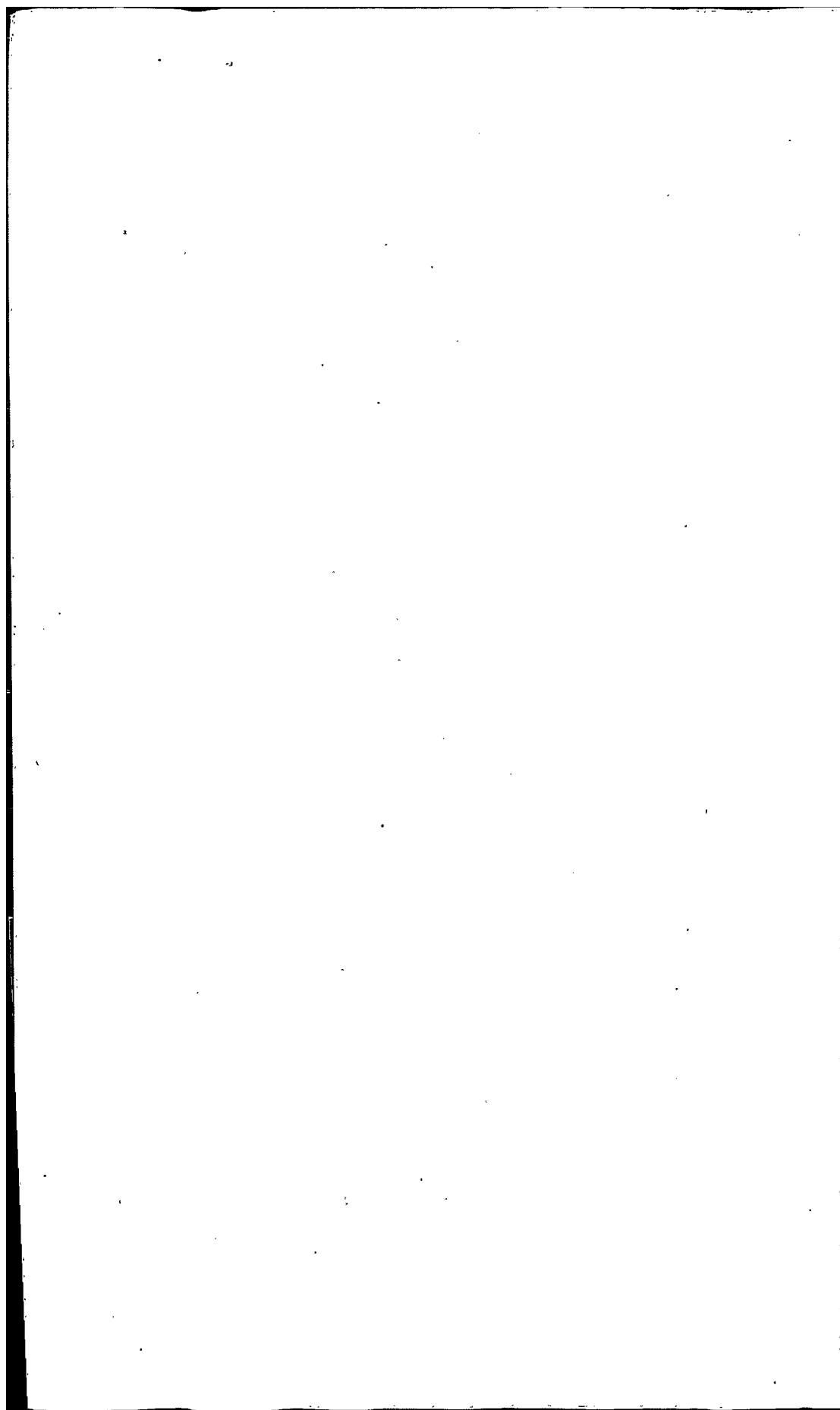
*Presented to Parliament by the Prime Minister  
by Command of Her Majesty -  
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ISBN 0 10 165 740 4

## REVIEW BODY ON TOP SALARIES

On 15 January 1975, the Review Body on Top Salaries 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.

Part of this remit was discharged in Report No. 7 which covered the salary of Members of Parliament, the Parliamentary salary of Ministers and paid office holders and the main allowances and facilities available to Members of the House of Commons.

The members of the Review Body are:

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

H. W. Atcherley<sup>1</sup>

Sir George Coldstream, KCB, KCVO, QC

Lord Hirshfield<sup>2</sup>

A. J. L. Lloyd, QC

Lord Pritchard, DL<sup>2</sup>

Baroness Sear

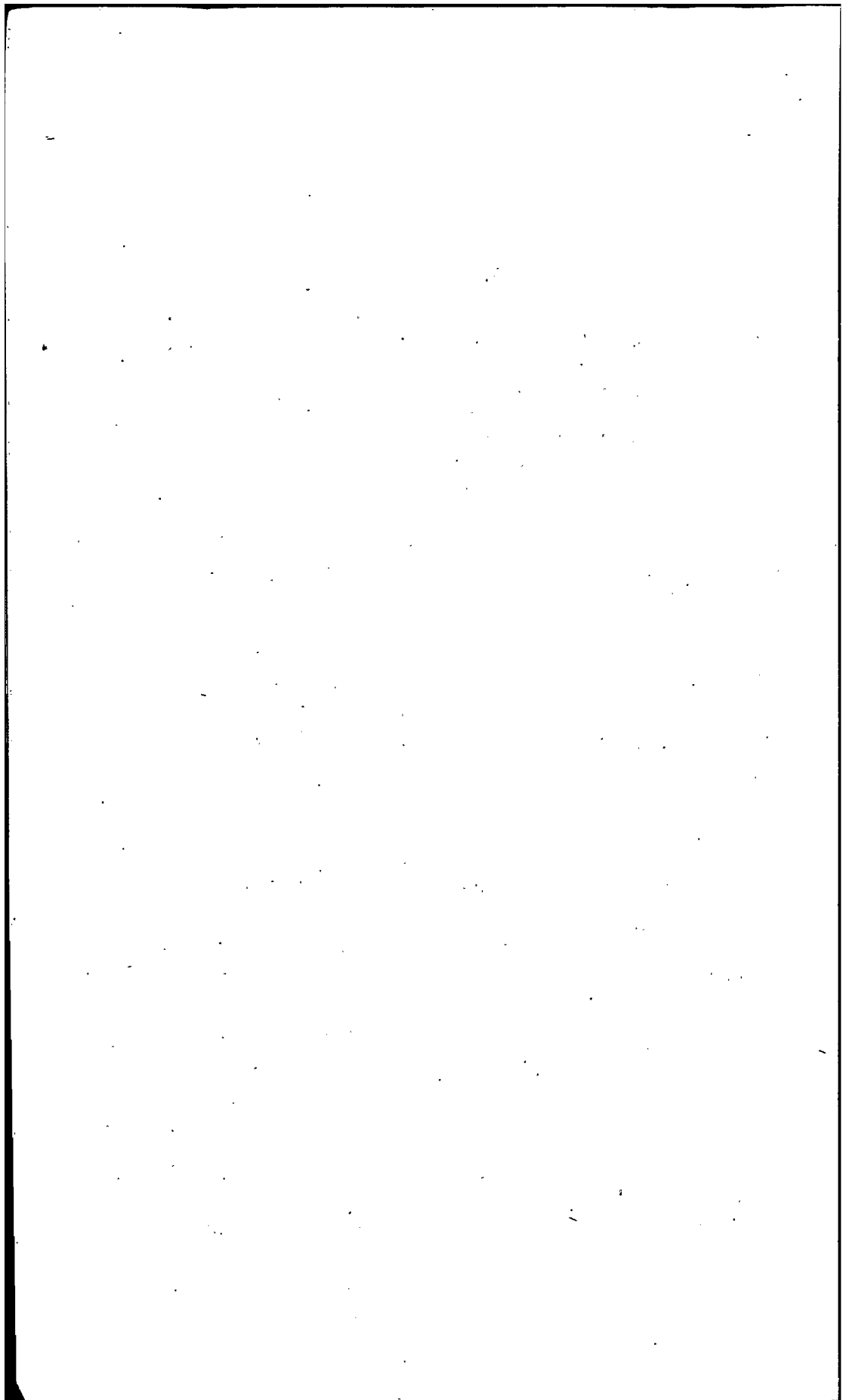
The Secretariat is provided by the Office of Manpower Economics.

Lord Beeching resigned his membership following completion of his period of appointment in May 1975. Sir Mark Turner resigned his membership on his appointment in December 1975 as Chairman of the Rio Tinto-Zinc Corporation and did not take part in the later stages of this review.

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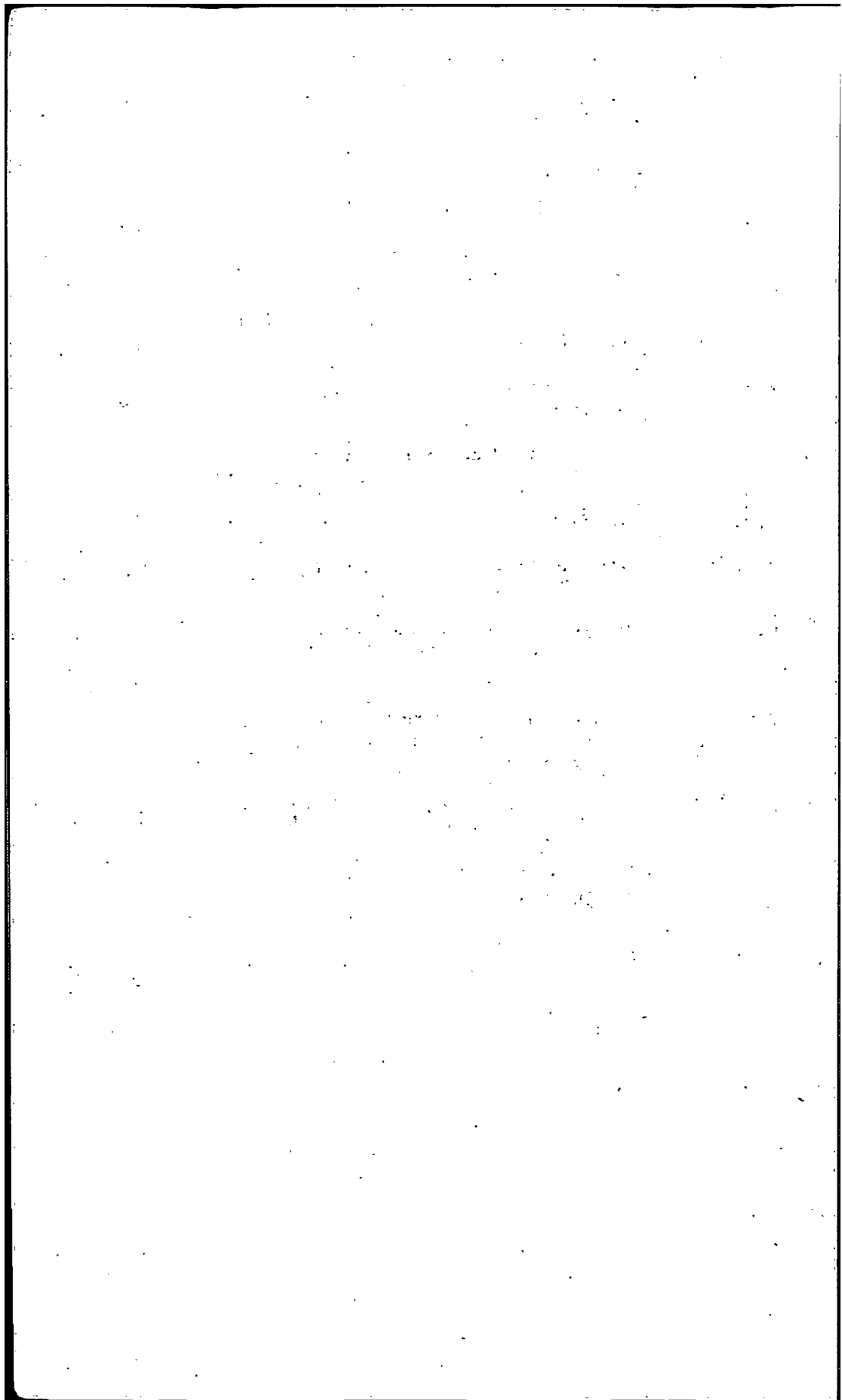
<sup>1</sup> Also Chairman of the Review Body on Armed Forces Pay.

<sup>2</sup> Lord Hirshfield and Lord Pritchard were appointed to the Review Body by the Prime Minister in November 1975. Lord Pritchard was unable to take part in the later stages of this review.



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**MINISTERS OF THE CROWN AND MEMBERS OF PARLIAMENT  
AND THE PEERS' EXPENSES ALLOWANCE: PART II**

**CHAPTER 1**

**INTRODUCTION**

**The background**

1. We were invited by the Prime Minister on 15 January 1975 to review the remuneration and pensions of Ministers of the Crown and Members of Parliament, and the Peers' expenses allowance. Initially we intended to submit our recommendations in a single report but, in view of the extent to which a real financial burden had already fallen on many Members, we decided to deal first with those remuneration problems that we saw as meriting urgent action. Consequently, the first part of our report on this remit, submitted in June 1975 and published in July 1975<sup>1</sup>, dealt with the salary of Members, the Parliamentary salary of Ministers and paid office holders, and with the main allowances and facilities. At that time, it was our intention to complete the remainder of our remit in a second report. But as this is the first occasion on which we have reviewed the working of the Peers' expenses allowance, and as that part of our task raises issues that are different in kind from the rest, we have decided to put forward our conclusions and recommendations on the Peers' expenses allowance separately. We will do so shortly. In this report, therefore, we deal with three items: first, certain matters related to Members' allowances and facilities which were held over from Report No. 7 for further consideration; second, the Parliamentary pension scheme; and finally, the pay and pensions of Ministers and other paid office holders in both Houses of Parliament.

2. In our Report No. 7, we recommended that the pay of Members of Parliament should be increased to £8,000, to bring it up to date since the last review in 1971 and to allow for some necessary revaluation of the job; that the Parliamentary salary of Ministers and paid office holders who are Members of the House of Commons should be increased to £5,000; and that in future salaries should be subject to biennial review. We also recommended that the maximum of the secretarial allowance should be increased to £3,200 a year to provide opportunity for the employment of a full-time secretary where necessary, and that it should be available to provide either secretarial or research assistance or a combination of both; that the additional costs allowance, which helps to defray the cost of living away from home when engaged in Parliamentary duties, should be increased to a maximum of £1,350 a year; that the London supplement, payable to Ministers and paid office holders and to Members whose constituencies are within the Greater London Council area, should be increased to £340 a year; that the car mileage allowance should be increased to 10.2p per mile; and that the maximum number of vouchers available to wives or husbands of Members for travel between Westminster and the constituency or Westminster and home should be increased from 10 to 15 a year. We also recommended that, in future, the maximum of the additional costs allowance, the London supplement and the car mileage allowance should be adjusted automatically in line with changes in relevant civil service rates. In accordance with this recommendation, the maximum of the additional costs allowance has now been

<sup>1</sup> Review Body on Top Salaries, Report No. 7: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I - Cmnd. 6136, July 1975.

increased to £1,814 and the London supplement to £385 (both with effect from 1 July 1975).

3. In putting forward our recommendations, we made clear that we attached the highest importance to their early and full implementation. They were considered by the Government and discussed in the House of Commons. Those that affected allowances and facilities were implemented in full, but the revised salary for Members was restricted to £5,750 against £8,000 recommended, providing an increase of £1,250 over the previous rate of £4,500; the Government proposed, however, and the House of Commons accepted, that Members' pensions should be based on our recommended figure of £8,000 and this decision is in course of being put into effect. The Parliamentary salary has been increased to £3,700 against £5,000 recommended, an increase of £700 over the previous rate of £3,000; Cabinet Ministers, however, did not accept the increase (it had already been announced that they would accept no increase before 1 January 1976) and they continue to receive the £3,000 level that was appropriate in 1972.

4. Our recommendations were designed as a coherent package. We understand the difficulties that arise when Members of Parliament are seen to give themselves substantial increases in pay, especially in times such as the present. But we feel bound to express our concern at the consequences of continuing to undervalue the demands on those elected to govern the country. In particular we are perturbed that, whereas our recommendations for increased allowances have been accepted in full, Members' salaries have been increased by little more than one-third of what we recommended. We consider this imbalance between salaries and allowances to be wrong in principle and unwise in practice. We are also perturbed by the establishment of two different levels of salary for pension purposes and other purposes. We can sympathise with the reasoning which lay behind this decision, but we nevertheless regard it as anomalous. The only way to avoid these and other difficulties, awkward though it may be, is for Members to vote themselves a realistic salary. If they fail to do so, as they did in 1975 when wages and salaries in the community generally had risen rapidly between 1971 and 1974, they only store up greater difficulties for their successors in the future.

5. We note that, in the Debate<sup>1</sup> which followed publication of our recommendations, Members accepted it as desirable in principle that a permanent link should be created between their pay and a point on the salary scale of the Assistant Secretary grade in the civil service, the minimum of which is higher than the salary which we recommended. We were aware from the evidence submitted to us in the course of the current review that some Members felt strongly on this point. We said in our first review of Members' pay in 1971 that we did not see this as an appropriate solution to the problem: and for our part we do not see it as appropriate now. In our view, the level of remuneration for Members of Parliament should continue to be judged on the demands of the job itself and against all the factors relevant to it: Members ought not to be insulated from these factors (or, indeed, from public discussion of their pay) by a link with negotiated pay in a totally different employment situation. We continue to regard the frequency of review as the key to this problem.

#### **The implications of the current pay restraint measures**

6. The recommendations in this report have been put forward, of course, against the continuing background of the pay restraint measures that were out-

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<sup>1</sup> House of Commons Hansard, Volume 896, 22 July 1975.

lined in the White Paper "The Attack on Inflation" (Cmnd. 6151, July 1975). The White Paper indicated (paragraph 13) that the three independent Review Bodies would be asked to ensure that any recommendations put forward during the period of operation of the restraint measures (which are due to expire at the end of next month) comply with the requirements of the policy. These requirements provide that increases in remuneration are to be restricted on an individual basis to a maximum of £6 a week; that a 12 month interval between major pay increases continues to apply; and that no increase at all may be paid during the currency of the restraint measures to those whose total earnings from all sources exceed £8,500 a year.

7. The issues with which we are concerned in our current remit do not fit conveniently into the circumstances for which the pay restraint measures were directly designed. Nevertheless, it is clear that those measures apply to the outstanding matters in our review of Parliamentary remuneration (including the Peers' expenses allowance, on which we will be putting forward separate recommendations) notwithstanding the fact that all of them are part of an overall review which was begun (and partly completed) before the measures were introduced, and that the salaries with which we are concerned here have remained unchanged since 1 April 1972. The detailed implications for the aspects of our remit dealt with in this report are described in the note that follows this chapter. The current measures expire shortly and new ones will take their place. We have taken the view that, although the greater part of the recommendations that we now submit cannot be implemented immediately, it is right to put them forward in order to complete a further part of the review that we began in early 1975 but had not completed when the current measures were introduced. Furthermore, it will make it possible for future reviews of Parliamentary remuneration to start from a common point of reference. Our present recommendations represent the levels of remuneration which would have been appropriate at 13 June 1975 (the time of our earlier recommendations).

#### **Our inquiries**

8. We have referred already, in our Report No. 7, to the questionnaire which we sent to each Member of Parliament designed to secure information and views on matters related both to salary and to allowances; the response rate was 70 per cent. A summary of the results of the survey is in Appendix A.

9. We are grateful to all those who have made themselves available for discussions with us in the course of our inquiries and to the many people from whom we have received written evidence. A list of the individual Members of Parliament, Ministers, office holders and others who gave oral evidence is in Appendix B.

## IMPLICATIONS OF THE CURRENT PAY RESTRAINT MEASURES FOR THE RECOMMENDATIONS

*(Note to Chapter 1)*

(a) **Ministers and paid office holders:** any increase under the current measures has to be restricted to a maximum of £6 a week and can be paid only to those whose total earnings (including the increase) would not exceed £8,500 a year. Total earnings for Ministers and office holders who are Members of the House of Commons include the current Parliamentary salary of £3,700 (£3,000 for Cabinet Ministers) and the London supplement of £385. Consequently, all Ministers in the House of Commons currently receive more than £8,500 and none is entitled to an increase at present. Of the paid office holders in the House of Commons, only those currently paid £4,000 a year (some Government and Opposition Whips) are eligible for any increase: the maximum permissible increase of £6 a week could be paid under the present measures following the completion of 12 months from the effective date (13 June 1975) of the increase in the Parliamentary salary which resulted from the restricted implementation of our earlier recommendations. Ministers and office holders in the House of Lords are not eligible for the Parliamentary salary but receive the London supplement of £385 and are now entitled to claim against the Peers' expenses allowance up to a maximum of £700 a year (the first £100 of which is free of taxation). Both of these amounts have to be aggregated with the salary attributable to the office to determine total earnings. Parliamentary Secretaries and Parliamentary Under Secretaries of State, the Chief, Deputy Chief and other Government Whips, the Leader of the Opposition and the Opposition Chief Whip, the Chairman of Committees and the Principal Deputy Chairman of Committees are eligible for an increase under the present measures, and the maximum increase could be paid in each case following the completion of 12 months from the effective date (13 June 1975) of the introduction of limited entitlement to claim against the Peers' expenses allowance.

(b) **Allowances for Members of Parliament:** increases in allowances are subject to the current pay restraint measures, even where they are designed to reimburse actual expenditure within a maximum. The rates (or maxima) of such allowances can be increased without having to count against the £6 a week pay limit, provided that the increases reflect no more than movements in relevant costs. But where the scope of an allowance (including its coverage) is extended, the value of the increase has to be counted against the pay limits in the same way as any new allowance that may be introduced. Thus, the changes recommended in certain of the allowances and facilities could be implemented only following the expiry of 12 months from the effective date (13 June 1975) of the last increase in Members' remuneration. Moreover, only those Members whose total earnings from all sources are less than £8,500 would be eligible for any increase at all under the present arrangements. Total Parliamentary earnings for backbench MPs will be the aggregate of actual salary (£5,750), not the notional salary for pension purposes of £8,000, and the London supplement for those who receive it.

(c) **The Parliamentary pension scheme:** improved provisions in pension schemes generally come within the scope of the current restraint measures. Any additional cost to public funds arising from improvements in the Parliamentary pension scheme would be treated in the same way as an employer's extra contribution and would be costed against the limit if implemented during the

currency of the present measures. All the points related to the calculation of the £8,500 total earnings limit (the actual salary of £5,750 may still be used in this context, despite the 'notional' salary of £8,000 for pension purposes) and the 12 month interval principle would apply equally.

## CHAPTER 2

### ALLOWANCES AND FACILITIES FOR MEMBERS OF PARLIAMENT

10. We indicated in our earlier report that further consideration would be needed of a number of points related to the allowances and facilities that are available to assist Members in meeting the costs incurred in the course of carrying out Parliamentary duties. These points include aspects of the secretarial allowance and of the additional costs allowance; travel facilities; postage and telephone costs; and severance arrangements.

11. We have also given further consideration to the special problems of disabled Members to which we drew attention in that report. The improvements in the allowances and facilities which followed from our recommendations on that occasion will have eased some of their difficulties. Any further improvements in this context would have to be related closely to particular disabilities and their special needs. Consideration of these aspects of the problem is not appropriate to a general review of the total remuneration package, which is our remit; and we have been advised that they can best be considered as and when necessary within the machinery of Parliament itself.

#### **Aspects of the secretarial allowance**

12. The maximum of the secretarial allowance is now £3,200 a year following implementation of our previous recommendation, and is available to provide either secretarial or research assistance or a combination of both. This maximum is intended to enable Members to employ a full-time secretary where necessary, and provides for the payment of a full-time salary which has regard to the salary level of a Personal Secretary in the civil service who works in Central London. The maximum of the allowance also recognises the cost incurred by the Member as employer in payment of national insurance contributions. In recommending the new maximum, we indicated that we would give further consideration to the implications of a provision for occupational pension arrangements, and to the treatment of general office expenses.

13. Provision for occupational pension schemes is a major item in employment costs: if a suitable arrangement were to be included within the framework of the secretarial allowance, an increase of some £500 in the maximum of the allowance might be necessary. Provision for an item of this magnitude and importance has to be considered against the background of the widely varying circumstances in which MPs employ secretaries. For example, some MPs share the services of a secretary; others have access to secretarial assistance in their other capacities; and, although our inquiries have shown an increasing use of secretarial help, many Members need substantially less than full-time assistance.

14. Provision is already made within the maximum of the allowance for the present and planned arrangements for State pensions, through the inclusion of an element to cover the employer's national insurance (including graduated pension) contributions. The present State scheme provides essentially for a flat rate of pension, but the new scheme which will come into operation in April 1978 will lead to an earnings-related pension. A higher level of contribution will then be required of the employer, but the rate currently envisaged would not justify an increase in the present maximum of the allowance; it contains an

element of rounding which is sufficient to provide for the planned level of contribution. The position might need to be reviewed if a higher rate of contribution were introduced or if the salary element within the allowance maximum were to be increased.

15. Therefore, although we attach importance to the provision of adequate pensions arrangements for Members' secretaries, we do not consider that it would be appropriate at this stage to provide within the allowance for an occupational pension scheme in addition to State pension arrangements. We regard the present maximum of the allowance as the most that can be justified on the present basis of non-accountability, and any further increase in the maximum to provide for improved superannuation arrangements would have to be subject to some suitable accounting procedure. We have taken note of the views expressed by the Select Committee on Assistance to Private Members in their First Report<sup>1</sup> and particularly their concern about the accountability for the public funds from which secretarial support for Members is provided. They said:

"We are all convinced that it is incumbent upon the House to set standards of accountability in the use of public funds that are above any possible public criticism. We think that arrangements which may have been sufficient when allowances were comparatively low will not be sufficient if the allowances are substantially increased."

The Select Committee recommended optional arrangements under which either secretaries could be employed centrally by the House authorities or claims could continue to be made against the maximum of the secretarial allowance, and said:

"We believe that the same high standards of accountability necessarily apply to claims for the secretarial allowance and that Members should specify the names of those to whom they have made payment for secretarial assistance."

We share the Select Committee's concern about standards of accountability but, since the House has not yet considered the Select Committee's report and recommendations, we make no further observations at this stage.

16. We made clear in our earlier report that the recommended (now current) maximum of the secretarial allowance made no provision for the cost of general office expenses, which had been included within the maximum following our 1971 recommendations. We were aware that expenditure of this kind was not necessarily confined to those Members who employ a secretary, and we decided to consider if a separate allowance were justified. Most Members of Parliament have to maintain an office to deal with correspondence from constituents and from other members of the public. The expenses associated with this part of an MP's work are an inescapable part of our Parliamentary system and can arise whether or not a Member employs his own secretary. Some of the routine but potentially substantial office expenses are already met: for example, postage and inland telephone calls from Westminster are provided free. But at present expenditure on equipment such as typewriters or dictating machines has to be borne by individual Members from their own resources. These costs too can be substantial, particularly on first entering the House. We

<sup>1</sup> First Report from the Select Committee on Assistance to Private Members - House of Commons Paper 375, Session 1974-75.

consider that a separate allowance should be made available to provide for this need which, as we have said, may arise independently of the employment of a secretary, and that a suitable maximum amount would be £300 during any period of three years. Claims within the maximum of the allowance may include the cost of maintaining office equipment and may be made at any time during a three-year period, whether as a single claim or as a series of claims. But we regard it as appropriate that claims against this allowance should be supported by evidence of expenditure on particular items of equipment or on its maintenance. We believe that this requirement will be acceptable to Members.

*Recommendation.* We recommend that a new allowance be introduced to assist with the initial and maintenance costs of general office equipment. The maximum of the allowance should be £300 during any period of three years and reimbursement of claims should be conditional upon evidence of expenditure.

#### **Aspects of the additional costs allowance**

17. The annual maximum of the allowance is derived from a formula that applies an appropriate rate of overnight subsistence allowance for four nights a week over the average duration of the Parliamentary session. We have considered whether the formula provides adequate recognition of the occasional need for individual Members to attend at Westminster on Parliamentary business during a recess. We see two points as relevant. First, the present basis of the allowance maximum, related as it is to a notional full-time attendance at Westminster during the average Parliamentary session, provides sufficient leeway for the great majority of Members to meet the occasional need to attend there during a recess; and second, the arrangements which cover the travel costs incurred by Members are not restricted to the period of a Parliamentary session. Although we did not confine our 1971 recommendation for the introduction of a daily subsistence allowance to the periods when Parliament is in session, we consider that, against the background of the present arrangements, it is not necessary to increase the maximum of the additional costs allowance now on this account. The current maximum of £1,814 a year is in line with the appropriate rate of overnight subsistence in the civil service, and was increased to that amount with effect from 1 July 1975 on the basis recommended in our Report No. 7.

#### **Travel facilities**

18. Members' travel costs are at present reimbursed for journeys between Westminster, home and constituency; within the constituency; and to central and local Government authorities concerned with the constituency area, but located outside the constituency boundaries. We understand, however, that the meeting of Members' costs for journeys to or from home is a taxable benefit and consequently Members have to pay tax on the value of car mileage allowance claimed for such journeys or, following the 1975 Finance Act, on the value of travel warrants issued for them. The response to our questionnaire indicated a measure of support from Members for the provision of wider facilities for defraying the costs of travel. Many of those who made proposals on this point suggested that all travel within the United Kingdom should qualify for the reimbursement of fares or for car mileage allowance. In our First Report<sup>1</sup> in 1971, we recommended the establishment of two funds to meet the costs of Members'

<sup>1</sup> Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament - Cmnd. 4836.

travel where it could be shown to be of assistance to Members in carrying out their duties effectively: one was to provide for travel within the United Kingdom and the other for travel overseas. In the event, the recommendation was accepted in principle by the Government but was not adopted by the House itself.

19. Free travel within the country on Parliamentary business is a facility which is commonly available to Parliamentarians in other European and Commonwealth countries. It is, moreover, a normal feature of business and professional life. We see no objection in principle to, and many practical advantages in the provision of a similar facility for Members of Parliament, subject to certain conditions. Clearly, qualifying travel under an arrangement of this kind would have to be restricted to travel undertaken on Parliamentary business. This would include constituency business of a non-political nature but would exclude travel for party political purposes. We recognise that travel on 'political' and on 'Parliamentary' business might overlap on occasion, but we believe that a distinction could be drawn and that it is not impossible for the House to administer such an arrangement. Members are, of course, already provided with travel facilities which are in some ways more generous than those normally available (for example, the cost of their travel between home and work is met, although it is subject to taxation, and limited provision exists for free travel by a wife or husband). But these arrangements stem from the recognised facts of a Member's life and, in particular, from the fact that two separate and equally important places of work are involved. They do not, in our view, detract from the importance of enabling Members to travel within the United Kingdom to inform themselves on subjects that are directly relevant to the work of Parliament and to effective representation of their constituency. Members should not be constrained by financial considerations from undertaking necessary travel for these purposes, and we consider that all United Kingdom travel on Parliamentary business should qualify for reimbursement of costs or for payment of car mileage allowance.

*Recommendation.* We recommend that the cost of all travel within the United Kingdom on *Parliamentary business* should be reimbursed or should qualify for payment of the car mileage allowance.

#### **Postage and telephone costs**

20. The present arrangements provide Members with free postage from Westminster to destinations within the United Kingdom. The facility is restricted to Parliamentary business and may not be used for circulars to constituents or to other Members. Telephone calls from the House are free on the same basis.

21. The greater part of the evidence put to us on these arrangements has suggested an extension of the facilities to apply to postage and telephone calls made from the homes or constituencies of Members. In general, we consider the facilities provided for Members at Westminster are adequate and that an extension of free postage or telephone arrangements beyond Westminster would not be appropriate. But one improvement is justified. It has been suggested to us that telephone calls on Parliamentary business from the House to other countries of the European Economic Community should be provided free. We consider it reasonable that both telephone calls and postage facilities should be provided free of charge from Westminster on this basis.

*Recommendation.* We recommend that the free postage and telephone facilities at Westminster should be extended to apply to communications with other EEC countries on *Parliamentary business*.

#### **Severance arrangements**

22. We made no recommendations last year on the provisions for the payment of a grant under the severance arrangements. These arrangements stem from our 1971 review, when we found that the timing of general elections left Members little time or opportunity for finding alternative employment, because of their pre-occupation with seeking re-election. At that time, a Member ceased to be paid from the date of the dissolution of Parliament, and those who subsequently lost their seats could suddenly find that they had no regular source of income. We made two recommendations to relieve this situation: that salary should continue to be paid through a period of dissolution; and that a severance arrangement should be introduced whereby Members who lost their seat in these circumstances could claim a grant equivalent to three months' salary. At the same time, we suggested that the position of Members under the National Insurance Act should be re-examined, as their classification for national insurance purposes did not entitle them to unemployment benefit or to redundancy payments. The severance payment scheme was implemented and was applied also to Members who lost their seats because of constituency boundary changes. In the February 1974 and October 1974 general elections, 79 of the 81 Members who were defeated claimed the severance payment; all of the 16 Members who lost their seats in February 1974 as a result of constituency boundary changes also claimed.

23. In the course of the current review, changes in the severance arrangements have been suggested to us by many people. About half of the Members who replied to our questionnaire suggested various improvements in the scheme that were fairly evenly divided between suggestions for a higher level of payment (six or twelve months' salary), for a system based on length of service (sometimes subject to minima and maxima), and various general proposals that included age-related payments and application of the arrangements to cases where a Member voluntarily resigns his seat or is not re-adopted as a candidate.<sup>1</sup>

24. However, we have to consider the severance arrangements now in the light of a new development. Since April 1975, MPs have been re-classified for national insurance purposes and will in due course become eligible for unemployment benefit in the event of losing their seat at a general election, and may become eligible for redundancy payments if a seat disappears as a result of re-organisation of constituencies. We welcome this development as MPs will now become eligible for the type of short-term assistance which we noted was not available when we recommended the introduction of the severance arrangements. We see this as an important supplement to the separate severance arrangements, which in the appropriate situation can be regarded either as an occupational redundancy payment scheme, or as a scheme for payment in lieu of notice. In either case, depending on individual circumstances, the severance arrangements may provide better compensation than the statutory minimum provisions which would otherwise apply (and we understand that the payment of a grant equivalent to three months' salary is likely to have the effect of postponing payment of unemployment benefit for a period of three months).

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<sup>1</sup> Appendix A, Table 22.

But we also consider that, in the new circumstances, it is not necessary to increase the level of benefit provided by the existing severance arrangements. We therefore make no recommendation other than that, in any circumstances in which a Member would qualify for redundancy payments, the severance arrangements should be available only as an alternative to such payments.

*Recommendation.* We recommend that the grant under the severance arrangements should be available only as an alternative to redundancy payments in cases where a Member becomes entitled to such payments; otherwise, the severance arrangements should remain unchanged.

## CHAPTER 3

### THE PARLIAMENTARY PENSION SCHEME

#### Background

25. The Parliamentary Contributory Pension Scheme for Members was first introduced in 1965 under the provisions of the Ministerial Salaries and Members' Pension Act 1965, following the October 1964 recommendations of the Lawrence Committee<sup>1</sup>. It provided a compulsory pension scheme based on a fund managed by Trustees appointed by the House of Commons, and effective from the date of the October 1964 general election that brought in a new Parliament. Members who had retired before the date of the introduction of the scheme were not covered by it. But those whose service continued into the new Parliament could count up to 10 years of service prior to October 1964 as reckonable for pension purposes; this also applied to Members who lost their seats in October 1964 or earlier and who were returned subsequently to Parliament. The scheme required equal contributions in respect of current service from Members and from public funds, and pension benefits accrued at one rate for the first 15 years of service and at a lower rate for a further 30 years, providing a maximum pension of 60 per cent of final salary after 45 years' service. The normal retirement age was 65 and pension was not payable before that age. Other benefits were provided, including pensions for widows and dependent children, and refund of contributions (in certain circumstances) or transfer of pension rights.

26. Prior to the introduction of the scheme, the only form of financial assistance available to former Members was provided through the House of Commons Members' Fund which had been established by Act of Parliament in 1939 to make grants (based on an assessment of need) to former Members and to their widows and dependent children. An amending Act of 1948 extended the provision of grants to widowers. The Members' Fund is still in being and continues to provide for any former Member who may be in financial need, including a Member who may have retired under the current pension scheme with an inadequate pension and without other resources. From the outset, the Fund has been financed by an annual levy of £24 on all serving Members, a maximum annual contribution from public funds of £22,000, and dividends and interest from investments. Like the Parliamentary Contributory Pension Fund, the Members' Fund is administered by Trustees appointed by the House of Commons.

27. We reviewed the working of the pension arrangements in 1971, and we made a number of recommendations in our First Report which were implemented with effect from 1 January 1972, and which provided substantial improvements in the benefits available under the pension scheme. The scheme continues to be compulsory, and now provides for an even rate of accrual of pension entitlement of one-sixtieth of final salary for each year of service up to a maximum of 40 years' service,<sup>2</sup> giving a maximum pension of two-thirds of final salary. The normal retirement age for the purpose of the scheme remains 65. Other benefits include a death-in-service gratuity equivalent to 12 months'

<sup>1</sup> Report of the Committee on the Remuneration of Ministers and Members of Parliament - Cmd. 2516: Chairman, Sir Geoffrey Lawrence.

<sup>2</sup> In practice, we understand that the legislation which governs the scheme needs to be clarified on this point.

salary; an option for early retirement at age 60 or later on immediate payment of an actuarially reduced pension; pensions for widows and dependents; and an option to commute pension entitlement to yield a lump sum of up to three-eighths of final salary for each year of service (which provides a maximum lump sum payment of  $1\frac{1}{2}$  times final salary together with a maximum pension approximately equal to one-half of final salary). We also recommended that the rate of contribution required of a Member should be 5 per cent of salary. This rate met approximately three-eighths of the total current cost of the scheme at that time; in practice, current costs have risen to about 15 per cent of salary and the Member's contribution has remained 5 per cent.

28. Two main developments have affected Members' pensions since our 1971 recommendations were implemented. The first is that they have been brought within the scope of the Pensions (Increase) Act 1971 and, consequently, retired Members' pensions are increased in line with movements in the cost of living. We note in passing that, because of the infrequency with which Members' salary is reviewed, this provision has had the effect of requiring special administrative arrangements to ensure that those Members who retired later on the same final salary as those who had retired earlier did not in practice receive a lower pension than their predecessors whose pensions had been increased in the interval.

29. The second development results from our recommendation last year of a salary level of £8,000 for Members of Parliament. As we have noted (paragraph 3) this salary was accepted by Parliament<sup>1</sup> as the appropriate rate for the job but was not fully implemented: it was decided, however, that it would be used as a notional salary for pension purposes, and this decision will be given legislative effect by the provisions of the Parliamentary and other Pensions and Salaries Bill, currently before Parliament. Members are required to pay a pensions contribution of 5 per cent of their pensionable salary, and they now receive additional emoluments of £112.50 a year to provide for the contribution required on the difference between the pensionable salary of £8,000 and the actual salary of £5,750. We point this out as one more manifestation of the disadvantages of not paying the proper level of salary for the job.

30. We now discuss the issues that arise on Members' pensions. Ministers and other paid office holders are eligible to participate in a supplementary scheme that we recommended in 1971 and that is designed to give pension entitlement in respect of the additional element of pay attached to Ministerial or other office. We deal with the pensions of Ministers and other office holders, including the statutory pensions attached to certain offices, in Chapter 4.

#### **Service prior to October 1964**

31. Two distinct but related points arise in relation to the effective date of the present form of contributory pension scheme for Members of Parliament. The first is whether those Members who retired before October 1964 and who have no subsequent service in the House of Commons should be entitled to any benefits under the Parliamentary Contributory Pension Fund; and the second is the amount of service prior to October 1964 that qualifies as reckonable towards the pension entitlement of those who have been Members of the House of Commons since that date.

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<sup>1</sup> By a resolution of the House of Commons accepted in the Debate following publication of our Report No. 7 (House of Commons Hansard, Volume 896, 22 July 1975).

32. We have received a substantial amount of evidence on the first point and we have noted that it has been the subject of continuing Parliamentary concern. In recommending the introduction of the present form of pension scheme, the Lawrence Committee expressed the view unequivocally that the principle of applying a pension scheme to those who had no service after the date when the scheme began was not acceptable<sup>1</sup>. The issue was re-examined in our First Report<sup>2</sup> when we found ourselves unable to modify the conclusion of the Lawrence Committee on this point of pensions principle and practice. We took the view that it remained appropriate for cases of financial hardship among former Members who had retired before October 1964 to be met by the Members' Fund.

33. We have again reviewed the evidence carefully. We recognise that only a small, and indeed dwindling, number of Members would be involved and that the cost of extending pension arrangements to cover them might not be prohibitive. Nevertheless, there is the point of principle here, and it cannot simply be dismissed in the wider context of pension provisions as a whole: The position of this small number of former Members is by no means unique: for example, we have been told that over the years up to 1964, and indeed right up until 1973<sup>3</sup>, there will have been hundreds of thousands in the public sector who retired with no pension entitlement and are therefore in the same position; there are also many other, if smaller-scale, instances in the private sector. After much thought, we remain ourselves unable to recommend that former Members who have no service after the introduction of the Parliamentary pension scheme should be entitled to benefit from that scheme. The Members' Fund continues in being and, while we recognise that it cannot provide an as-of-right pension, we consider that it remains the appropriate channel through which to provide for the needs of former Members (and of their dependents), including those who retired before October 1964.

34. However, we offer one further comment. If it were the desire of Parliament as a whole that some additional provision should be made for those Members who had retired before the introduction of the present pension scheme, it might be appropriate to give consideration to an arrangement in parallel to the State pension arrangements for the over-80's, whereby some limited benefit would be made available as of right for such Members at age 80. Clearly, this would be a matter for Parliament to consider and we ourselves make no formal recommendation on this matter.

35. The Parliamentary scheme provides for a maximum of 10 years of service prior to October 1964 to be counted by serving Members as reckonable for pension purposes, as recommended by the Lawrence Committee in 1964. The cost is met by a deficiency contribution from public funds. We did not recommend change in this provision in our First Report: the other improvements recommended then greatly enhanced the pensions payable to Members who had service prior to October 1964, and we took the view that this was as far as we should go at that time<sup>4</sup>. We have examined the position again in the course of

<sup>1</sup> Report of the Committee on the Remuneration of Ministers and Members of Parliament - Cmnd. 2516 (paragraph 76).

<sup>2</sup> Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament - Cmnd. 4836 (paragraphs 69 and 70).

<sup>3</sup> It was not until 1973 that pension cover extended to all employees throughout the whole of the public service field.

<sup>4</sup> Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament - Cmnd. 4836 (paragraph 69).

our current review, when it has been suggested to us, as indeed it was in 1971, that all such service should be reckonable for pension purposes. We do not regard this as appropriate, but we consider that a limited improvement is justified and would be acceptable against the background of our conclusions on the pensions arrangements as a whole. We therefore propose that the maximum amount of reckonable service prior to October 1964 should be increased by 5 years. The benefit from this improvement should be restricted to those Members who have service in the House of Commons after its introduction and, as at present, the cost of reckonable past service should be met from public funds. We estimate the capital cost of this improvement to be £200,000 (including provision for those with qualifying service of more than 10 years who are not Members at present but who may be returned to the House of Commons in the future).

*Recommendation.* We recommend that the maximum amount of service prior to October 1964 that may be treated as reckonable service for pension purposes should be increased from 10 years to 15 years. This improvement should apply only to Members who are in service in the House of Commons at the time of its implementation (or who subsequently return to such service). The full cost of this recommendation should be met from public funds.

#### **Rate of accrual**

36. During our current review, we have received a number of representations about the rate at which pension entitlement is accrued under the Parliamentary scheme. Some 72 per cent of the Members who replied to our questionnaire said that they favoured a faster rate of accrual: and the respondents who specified a particular rate of accrual were evenly divided between those who advocated a rate of one-fortieth of final salary a year and those who advocated other rates<sup>1</sup>. A wide range of rates of accrual was also suggested to us in other evidence.

37. The point most often put forward in support of a faster rate of accrual is that it is rare for an MP to be able to serve in the House of Commons for the 40 years necessary under the present arrangements to qualify for full pension entitlement. We have been told that the average length of service as an MP is 17–20 years. Nevertheless, certain other points also have to be taken into consideration. A career in Parliament is not unique in being a late-entry career, and a 40-year accrual period is standard elsewhere in the public services (with one or two exceptions that are mainly related to particularly hazardous and physically demanding jobs – for example, in the police and fire services – and the judiciary where it is unusual for a judge to be appointed under age 50). Moreover, it is becoming increasingly common for pension entitlement to be preserved or transferred from one scheme to another and MPs may benefit from this in the same way as other people. Finally, the cost of a faster rate of accrual could be high, particularly if Members had to bear the whole cost themselves.

38. The recommendations that we make in this chapter will achieve some of the objectives of a faster rate of accrual and will, we believe, prove more beneficial to Members as a whole. We consider that the rate of accrual under the Parliamentary scheme should not be changed.

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<sup>1</sup> Appendix A, Tables 23 and 24.

### **Interest on refunded contributions**

39. It has been suggested to us that the rate of interest paid on the contributions refunded to a Member who leaves the Parliamentary pension scheme before completing the four-year period of service necessary to qualify for pension entitlement should be increased. The present rate of interest of 3 per cent has applied since the scheme was introduced.

40. Clearly, the rate is low by comparison with current interest rates generally and, indeed, it is well below the current rate of yield on the Pension Fund's investments. We have been told that the rate of interest for refunds has to have regard to the trend of interest rates over a long-term period and obviously this provides stability (which we see as important). It is even more important to bear in mind that contributions to a pension scheme are deducted from income before that income is assessed for tax: consequently a refund of contributions is subject to income tax. But in these circumstances, subject to the approval of the Inland Revenue, the tax is levied at a concessionary rate of 10 per cent. Clearly, this concession itself compensates to some extent for the interest that might otherwise have been earned on the money.

41. Against this background, we do not consider that a case for an increase in the rate of interest on returned contributions to the level of current interest rates generally can be sustained. We consider that a limited increase is justified and we propose that the rate should be improved from 3 per cent to 4 per cent in respect of contributions made from a current date.

*Recommendation.* We recommend that the rate of interest paid on returned contributions to the Parliamentary Contributory Pension Scheme should be increased from 3 per cent to 4 per cent. The higher rate should apply only to the refund of those contributions made after the effective date of implementation of this recommendation.

### **Added years**

42. The introduction into the Parliamentary pension scheme of a facility for the optional purchase of added years of reckonable service has been widely advocated during the current review. Some three-quarters of the respondents to our questionnaire indicated support for it<sup>1</sup> and it was also mentioned frequently in other evidence. We see this issue as in some ways related to the question of a faster rate of accrual of pension entitlement (paragraphs 36–38) in the sense that it is an alternative which provides the essence of the benefit aimed at. We have concluded that an added years scheme would be an appropriate addition to the existing provisions under the Parliamentary pension scheme.

43. We propose that an added years arrangement should be introduced on the following basis. It should be optional and the full cost should be borne by the individual Member. It will apply only to those who are Members of Parliament at the time of its introduction and to those who enter, or re-enter, the House of Commons subsequently. The normal Inland Revenue requirements on total contribution and maximum reckonable service will apply. We understand that purchase of added years may normally be either by a single lump sum payment within a period of 12 months of entry or by periodical contributions from salary to the date of retirement.

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<sup>1</sup> Appendix A, Table 23.

44. We also propose that the added years which have actually been purchased by the time of cessation of service as a Member should count towards the four-year period of service necessary to qualify for pension entitlement. When the cause of cessation of service is either death or early retirement because of ill-health, the total number of added years of service that the Member has contracted to purchase (as distinct from the number actually purchased at that time) should be counted for pension purposes and the rates of contribution should be calculated on a basis that will allow for this. We consider that the special circumstances of a Parliamentary career justify this. On the same grounds, in cases where a Member contracts to purchase added years by periodical contribution and resumes a Parliamentary career after a break in service, resumption of the purchase of added years should be at the rate that applied previously.

45. The details of the arrangement will need to be worked out, and a range of contribution rates by both methods of contribution will need to be calculated in consultation with the Government Actuary's Department. For contribution by single lump sum payment, we have been advised that the actuarially calculated payment factors based on the Parliamentary scheme alone are sufficiently close to the factors that are derived from the Public Service Transfer Value tables as to allow these factors to be used. We take the view that this should be done.

46. We do not consider it appropriate to extend the added years option to the supplementary pension scheme for Ministers and other paid office holders. We discuss this point more fully in Chapter 4, where we make certain proposals to take account of the position of Ministers and paid office holders who are Members of the House of Lords.

*Recommendation.* We recommend that the Parliamentary Contributory Pension Scheme should include provision for the optional purchase by Members of Parliament of added years of service that may be counted as reckonable for pension purposes. This arrangement should apply only to those who are Members of Parliament at the time of its introduction and to those who enter, or re-enter, the House of Commons subsequently. The detailed arrangements should be based on the guidelines that we have indicated.

### **Ill-health retirement**

47. We consider that provision for early retirement on grounds of ill-health should be introduced into the Parliamentary pension scheme, to enable a Member to retire with immediate payment of pension in these circumstances. The circumstances of an MP's 'employment' are, however, unusual. A Member of Parliament is not an 'employee' in the standard sense, and it may be that attention will need to be given to this point in working out the details of the arrangement that we propose. Apart from stipulating the obvious requirement that early retirement on ill-health grounds would have to be supported by independent medical evidence, we regard it as appropriate to leave the details of definition and conditions to be worked out by those who are responsible for the administration of the scheme.

48. The scheme should provide for appropriate enhancements to the amount of service that is reckonable for pension entitlement when a Member

retires early on grounds of ill-health<sup>1</sup>. In all cases, the enhancements should apply only to the extent that they do not provide reckonable service in excess of the amount that would have been reckonable if the Member had continued to serve to age 65. A similar arrangement should be available to former Members who have left the House of Commons but who have a pension entitlement under the Parliamentary scheme which would normally become payable at age 65: if such former Members should have to retire from their present employment through ill-health before reaching age 65, they should receive immediate payment of their 'frozen' pension entitlement, provided that the ill-health requirements of the Parliamentary scheme are met. It would not be appropriate, however, for the enhancement arrangements for serving Members to be applied in these cases: the responsibility for a facility of this kind would continue to lie with the pension arrangements in the individual's current employment.

49. We estimate the approximate capital cost of providing an ill-health retirement arrangement on these lines to be about £400,000. We discuss later (Chapter 4) the implications of extending a similar arrangement to the supplementary pension scheme for Ministers and other office holders.

*Recommendation.* We recommend that provision should be made in the Parliamentary Contributory Pension Scheme for early retirement on grounds of ill-health with immediate payment of a pension based on reckonable service to date, enhanced where appropriate. The provision should be based on the guidelines that we have indicated, including the counting in full towards reckonable service of any added years a Member may have contracted to purchase (paragraph 44). Former Members who are no longer in the House of Commons, but who have a 'frozen' pension entitlement under the Parliamentary scheme, should be entitled to immediate payment of their accrued pension (without enhancement) if they have to retire from subsequent employment on grounds of ill-health before age 65.

#### **Widows' and dependents' pensions**

50. We have examined the provisions of the Parliamentary scheme for the payment of pensions to widows and dependent children. The present arrangements provide a widow's pension of half the pension entitlement of her husband and an additional one-eighth of that entitlement in respect of each dependent child under age 16. A lump sum gratuity equivalent to one year's salary is also paid to the widow of a Member who dies in service.

51. We suggest a number of improvements in the widows' pension arrangements. First, we consider that the basic pension entitlement should be increased in cases where a Member dies in service. Our recommendation for enhancement of pension entitlement in cases of early retirement through ill-health (paragraph 49) should be applied for the purpose of calculating the amount of service reckonable for the payment of pension to the widow of a Member who dies in service (again subject to a maximum equal to the amount of service that would have been reckonable if the Member had continued to serve to age 65). This use of enhancement is common in other schemes that provide an arrangement for retirement on ill-health grounds and we consider it appropriate to extend the arrangement to the Parliamentary scheme. We estimate the capital cost of this provision to be some £375,000.

<sup>1</sup> The enhancements might be modelled on the arrangements that apply in other parts of the public services, modified where necessary to be compatible with the circumstances of Parliamentary service.

52. Second, we consider that the arrangements for short-term financial assistance in the early months of widowhood should be improved, to include certain new facilities in addition to the gratuity payable to the widow of a Member who dies in service. In these circumstances, where the Member who dies in service had the necessary amount of service to qualify for a pension, his widow should continue to receive his full salary for a period of 3 months, at the end of which the widow's pension and, where appropriate, the pension for dependent children will become payable. A parallel arrangement should apply in cases of death in service where the Member had insufficient service to qualify for a pension: in these cases, the widow should receive the Member's full salary for 3 months if she has no dependent children (as defined under the Parliamentary scheme), for 4½ months if she has one dependent child, and for 6 months if she has two or more dependent children. Where a Member dies after retirement, his widow should continue to receive the full amount of his pension for a period of 3 months. We also propose that these arrangements should apply equally in the case of a woman Member who dies leaving a *dependent* widower. We estimate the capital cost of this provision to be approximately £150,000.

53. We have been told that clarification is needed of the pension position of the widow of a Member who dies after retiring between age 60 and age 65 with an actuarially reduced pension under the existing early retirement option. The normal choices in such cases are that where the husband takes an early pension with the appropriate actuarial reduction, on his death the widow subsequently receives half of the reduced pension; alternatively, a greater actuarial reduction may be applied to the husband's pension in order to allow the subsequent payment of an unreduced widow's pension (that is, based on the pension that the husband would have received if he had 'frozen' his pension entitlement instead of opting for the actuarial reduction). We have been told that the legislation which governs the Parliamentary scheme does not make clear which of these alternatives is intended to be applied. But we also understand that the actuarial reductions applied to the pensions of Members who opt for early retirement are based on the assumption that the widow's pension will not be reduced. We consider the second approach preferable and we suggest that an early opportunity should be taken to clarify the governing legislation accordingly. No additional cost will arise.

54. Finally, two other improvements in the death-in-service provisions are justified. First, the present requirement of 12 months' service as a Member to qualify for the death-in-service gratuity should be abolished as it has been in other pension schemes throughout the public services. No significant additional cost will arise from this. Second, we consider that the administrative arrangements relating to the death-in-service gratuity should be simplified by allowing a Member to nominate wife or husband as next-of-kin in order to facilitate payment of the gratuity to a Member's widow or widower before grant of probate.

55. We propose no further changes in the pension provisions for widows and dependent children. The suggestion has been made to us that the proportions of a Member's pension payable in respect both of widows and of dependent children should be increased. But we are satisfied that with the improvements that we recommend, the Parliamentary scheme will provide a satisfactory level of pension for widows and dependent children. We should add that our references to the provisions of other public service pension schemes do not imply that

these schemes should provide a rigid measure of the pension benefits that should apply to Members of Parliament: this would clearly not be appropriate in relation to particular features of the job. Nor do we imply that the provisions of pension schemes in the private sector in general are irrelevant. But we have considered it as right and proper to have general regard to the provisions for pensions in other parts of the public service as a broad check on the arrangements for Members of Parliament.

*Recommendations.* We recommend that the enhancement arrangements proposed for the calculation of reckonable service in cases of retirement through ill-health should be applied to the basis of calculation of the pension payable to the widow of a Member who dies in service. The calculation of the amount of reckonable service in such cases should include in full any added years that the Member may have contracted to purchase. We also recommend that arrangements for financial assistance to widows in the early months of widowhood should be introduced as specified (paragraph 52); that the legislation governing the Parliamentary scheme should be clarified to ensure that the pension of the widow of a Member who was in receipt of an actuarially reduced pension following early retirement under the existing arrangements is based on the pension that her husband would have received but for the actuarial reduction (paragraph 53); and that the requirement of 12 months' service to qualify for payment of the death-in-service gratuity should be abolished. As a matter of simplification and convenience, we further recommend that a Member should be able to nominate wife or husband as next-of-kin for the purpose of payment of the death-in-service gratuity.

#### **Early retirement**

56. The present arrangements for voluntary early retirement, which we recommended in 1971, require a Member who takes advantage of them to accept an actuarially reduced pension. The penalty imposed by this reduction is heavy: for example, a Member with 20 years' service in the House of Commons who opts for this arrangement at age 60 would receive a pension of £1,707 a year, compared with £2,667 a year which would be received if the pension entitlement were 'frozen' until age 65 (both amounts are based on the recommended salary of £8,000).

57. We have considered whether the normal retirement age of an MP should be reduced – perhaps to 60 – to improve the position. But without a faster rate of accrual of pension entitlement (which, as we have explained in paragraphs 36–38, we do not see as appropriate) the net result is likely to be that fewer Members would be able to serve for long enough to qualify for the full pension entitlement by the normal age of retirement. In these circumstances, and against the general background of the nature and pattern of a Parliamentary career, we do not consider that it would be right to reduce the normal retirement age at this time. However, we consider that a new early retirement option should be introduced. We have noted that some other pension schemes with a similar normal retirement age have provision for early retirement on immediate payment of the full pension accrued to the date of retirement (ie without an actuarial reduction) subject to completion of a minimum period of service (commonly, 25 years). We understand that one result of incorporating an open option of this kind into the Parliamentary scheme would effectively be to reduce, in certain circumstances, the normal retirement age of 65; these circumstances would

include the payment of preserved pension entitlement and the calculation of the maximum pension allowable under the ill-health retirement arrangements that we recommend. We see both these consequences – but particularly the one relating to retirement on ill-health grounds – as undesirable and, instead, we propose that an option should be introduced into the Parliamentary scheme, which could be exercised at the end of a Parliament if a Member were age 62 or over *and* had completed 25 years' service as a Member; the exercise of the option in individual cases would be subject to the approval of the Trustees of the Parliamentary Contributory Pension Fund. The existing early retirement option should continue in being to provide for those Members who want to retire early but who do not qualify under the new arrangement. We estimate the capital cost of this provision in practice to be not much above £50,000.

*Recommendation.* We recommend that an additional early retirement option to be exercised at the end of a Parliament should be introduced, under which any Member who has reached the age of 62 and has completed 25 years' service in the House of Commons would be able to retire, subject to the approval of the Trustees of the Parliamentary Contributory Pension Fund, with immediate payment of the pension entitlement accrued to the date of retirement.

#### **Rates of contribution**

58. The implementation of our recommendations for improvements to the Parliamentary pension scheme will give rise to a total capital cost of some £1½ million (excluding the scheme for the optional purchase of added years of reckonable service, the cost of which will be borne entirely by the individual Member). This will require an increase of rather more than 1½ per cent in the total contribution under the scheme, and will raise it from 23½ per cent to nearly 25½ per cent of the Member's pensionable salary. (The total contribution includes both the current contribution from Members and from public funds – which together amount currently to 15 per cent of pensionable salary – and the deficiency payments met entirely from public funds).

59. We have considered how the additional cost should be met. Clearly, Members will receive substantial benefits from the improvements that we have recommended, and they should therefore bear some part of the cost. On the other hand, some 1 per cent of the additional contribution will be required to fund the improvements in respect of the past service of serving Members (including the cost of the additional years of reckonable service prior to October 1964 which we have recommended should be met entirely from public funds). We propose that this part of the additional contribution should be met from public funds, and that the balance should be met by increasing the contribution required of Members.

60. We have said that we do not regard the provisions of other public service pension schemes as an absolute standard for the Parliamentary scheme. Nevertheless, the improvements which we have recommended will bring the benefits of the Parliamentary scheme close to those provided in public service schemes generally; where those schemes are contributory, a standard rate of employee's contribution of 6 per cent of pensionable salary is applied. In these circumstances, we consider it appropriate that the Members' contribution rate should be increased to 6 per cent of pensionable salary. This will restore the proportion of the current cost of the scheme borne by Members to approximately three-eighths of the total.

*Recommendation.* We recommend that the cost of implementing the recommended improvements in the Parliamentary pension scheme should be met in part by increasing the contribution required of Members from 5 per cent to 6 per cent of pensionable salary. The balance of the cost should be met from public funds.

## CHAPTER 4

### THE REMUNERATION OF MINISTERS AND OTHER OFFICE HOLDERS

#### Background

61. We now consider the issues that arise on the Ministerial pay structure, including the position of Ministers and other office holders who are Members of the House of Lords; the salary levels appropriate to the range of appointments covered by our remit; and Ministerial pensions (including the statutory pensions attached to the offices of the Prime Minister, Mr Speaker and the Lord Chancellor). A list of the Ministerial and other appointments with which we are concerned, and the current salaries, is in Appendix C.

62. These salaries have been in force since 1 April 1972 when, following the introduction of the necessary legislation, the recommendations in our First Report in November 1971 were implemented<sup>1</sup>. In addition to the salary attached to the particular appointment, Ministers and office holders who are Members of the House of Commons are eligible, with certain modifications, for the allowances available to MPs and are paid both the London supplement and the Parliamentary salary. In our Report No. 7, we recommended that the Parliamentary salary should be increased from £3,000 to £5,000. This recommendation has not yet been implemented in full: Cabinet Ministers have elected to continue to be paid the 1972 Parliamentary salary of £3,000 and other Ministers and office holders are currently paid £3,700.

63. Ministers and other office holders who are Members of the House of Lords are not eligible for the Parliamentary salary or for the allowances (other than the London supplement) available to those in the House of Commons. However, by resolution of both Houses of Parliament, since 13 June 1975 they have been entitled to claim against the Peers' expenses allowance up to a maximum of £700 a year: the first £100 a year of these claims is allowed free of tax.

#### Our approach

64. Before dealing in detail with the salary levels of Ministers and other office holders, we describe the general considerations that we have taken into account in arriving at our conclusions.

65. We have already said (paragraph 7) that the salary levels which we now recommend are those that were appropriate at 13 June 1975, the date on which we submitted our earlier recommendations. At that time, the current salary levels for Ministers and other office holders had been in force unchanged for a little over three years – a period during which the general index of retail prices rose by some 63 per cent, average salaries by some 64 per cent and average earnings by some 74 per cent<sup>2</sup>. Obviously, these price and wage movements

<sup>1</sup> The office of Principal Deputy Chairman of Committees in the House of Lords has been created since our last review and with effect from 10 April 1974. The current salary of £5,500 a year corresponds to the current (1 April 1972) salary of the Deputy Chairman of Ways and Means.

<sup>2</sup> The movement in average salaries is based on the index of average salaries to April 1975 and projected to June 1975 by the index of average earnings. Because of the significant increase in the index of average earnings between June and July 1975, which arose in part from agreements with retrospective effect to mid-June or earlier, an average of the May and July indices has been used in place of the June index.

cannot be considered in isolation, but they are indicators of the extent to which the value of the pay of Ministers and office holders has been eroded during a period of rapid inflation in which there has been no review of their salaries. Judged against the intervening increase in retail prices, for example, the Cabinet Minister's April 1972 salary of £13,000 was worth some £7,975 in June 1975 (and some £6,890 today). Clearly, some account of this has to be taken in our recommendations.

66. Other factors also have to be taken into account against this general background. The salary that we recommended for Members of Parliament included an element of revaluation of the job which our inquiries showed to be justified. It is clear that the demands of Ministerial office are heavy, but this has long been so and the evidence suggests that, in general, the weight of responsibility has not changed across the whole field of Ministerial and other appointments<sup>1</sup> since our last review to an extent which would justify an overall revaluation of the appointments with which we are concerned. Our general approach is, therefore, to bring the salaries up to date. Nevertheless, a measure of revaluation is appropriate for certain posts and levels of appointment either because of changes in the nature or circumstances of the job, or because experience has indicated that the level of salary that we recommended in 1971 did not fully reflect the position at that time. In recommending revised levels of salary for Ministers and office holders, we have to bear in mind our earlier recommendations for MPs' pay and for the Parliamentary salary as well as the salaries recommended in our Report No. 6<sup>2</sup> for senior appointments in other parts of the public services. The level of earnings outside Parliament are also relevant both in particular cases (for example, judicial salaries to the salary of the Lord Chancellor, and professional earnings to the salaries of the Law Officers) and overall: it is clear that in general salaries equivalent to levels at the upper end of the appointments with which we are concerned here have increased significantly more slowly between 1972 and 1975 than has the level of average salaries (which was approximately £2,250 in April 1972 and estimated at a little over £3,700 in June 1975). Evidence of this is also provided in the Report on Higher Incomes from Employment<sup>3</sup> of the Royal Commission on the Distribution of Income and Wealth. We take full account of this factor in our recommendations.

67. Finally, as we recognised in our First Report<sup>4</sup>, some account has to be taken of the 'total salary' of Ministers and office holders which, for those who are Members of the House of Commons, includes the Parliamentary salary which we have recommended should be £5,000 a year. In the course of this review, we have received representations about the position of Ministers and office holders in the House of Lords. Most of those who have raised this matter with us have been concerned at the difference in total remuneration between an appointment in the House of Lords and another at the same level in the House of Commons. There are two separate but related aspects to this problem. The first is that Ministerial salaries in general are now more than four years out of date so

<sup>1</sup> Although there may have been individual exceptions, most notably in the case of the Secretary of State for Northern Ireland – an appointment which did not exist at the time of our last review.

<sup>2</sup> Review Body on Top Salaries, Report No. 6: Report on Top Salaries – Cmnd. 5846, December 1974.

<sup>3</sup> Royal Commission on the Distribution of Income and Wealth, Report No. 3: Higher Incomes from Employment – Cmnd. 6383, January 1976: Chairman, Lord Diamond.

<sup>4</sup> Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament – Cmnd. 4836 (paragraph 91).

that, for example, a Parliamentary Secretary or Under Secretary in the House of Lords currently receives a lower salary (£5,500) than a backbench MP (£5,750 following the restricted implementation of the recommended salary of £8,000 in our Report No. 7). The second is the difference in total remuneration that stems from the fact that Ministers and office holders in the House of Commons receive the salary attached to the office and in addition the Parliamentary salary, whereas Ministers and office holders in the House of Lords receive only the salary attached to the office and the London supplement (for which all Ministers and office holders are eligible) and have their limited entitlement to claim against the Peers' expenses allowance.

68. The Parliamentary salary and the allowances available to Ministers and office holders in the House of Commons recognise the additional burden of constituency duties and responsibilities which they continue to carry and which Members of the House of Lords do not have. Moreover, since our 1971 review, the Parliamentary salary has been recognised as providing an element of remuneration for the work of representing a constituency whereas, previously, it had been related notionally to the average amount of expenses incurred in carrying out Parliamentary duties. However, the relationship of the Parliamentary salary both to the full Member's salary and to the salaries of Ministers and other office holders will need to be re-examined at the time of the next review of Parliamentary remuneration and in the light of the circumstances at that time.

69. It has also been suggested to us that, because of the differences in total remuneration, a higher salary should be paid to Ministers and office holders in the House of Lords than to the equivalent appointments in the House of Commons. But a differential salary structure of this nature could be justified only if the workload or level of responsibility (or both) of Ministers and office holders in the House of Lords were generally greater than for the equivalent appointments in the House of Commons. We have found no evidence to support this and we do not recommend such a differential in Ministerial salaries.

70. In the following paragraphs we discuss the detailed issues and put forward recommendations for the Ministerial and other offices with which we are concerned. We have also shown separately (paragraph 104) our recommended salaries in net-of-tax terms, based on the June 1975 tax position of a married man with no dependent children and with no other allowances. Levels of taxation have not in any way influenced the level of salaries we have recommended and will vary, of course, for individuals depending on their own tax situation and on the level of taxation at any particular time. Nevertheless, our recommendations will inevitably be the subject of much public comment, and it is right – in our view – that such comment should be made in the light of knowledge of the likely effects of taxation on the salary levels that we recommend.

#### **Ministerial pay structure**

71. Prior to our 1971 review, four levels of salary existed for Ministerial appointments: Cabinet Ministers (together with certain senior Ministers outside the Cabinet and certain Ministers of State); other senior Ministers (including some Ministers of State); other Ministers of State; and Junior Ministers (Parliamentary Secretaries and Under Secretaries of State). As a result of that

review we concluded<sup>1</sup> that Cabinet Ministers and Junior Ministers were well-defined classes of Ministerial appointment for which fixed salary levels continued to be appropriate. But we found that the intermediate levels of appointment formed a less well-defined group covering a wide range of responsibilities. We recommended for this group a broad salary range of £7,500 to £9,500. These limits were intended to correspond to the higher and lower levels of intermediate responsibility, and the range was intended to provide a measure of flexibility in relation to the salary levels appropriate for individual appointments within the group.

72. Our recommendation was implemented but, in practice, the Ministers covered by it have since been paid at one or the other limit of the range. For our part, we would still consider it appropriate for the system of a salary range for this group of Ministers to be implemented. It is not, of course, for us to suggest which individual Ministerial appointments should be paid at particular levels within the range. Nevertheless, it may be helpful to give some indication of the approach underlying our recommendation. We envisage as a general guideline that the upper limit of the range should be reserved for senior Ministers outside the Cabinet: that is, senior Ministers who hold responsibility for specific areas of work within a Department of State or who hold appointments that carry the same status. We also consider that a somewhat narrower salary range would be more appropriate than a simple up-dating of our 1971 recommendations would provide. We have allowed for this in our recommendations.

### **Ministers**

73. We are satisfied that a three-tier pay structure for Ministers continues to be appropriate (paragraphs 71–72). At the upper end of the structure, we consider that the salary of Cabinet Ministers ought to be brought up to date, but that revaluation by reference to changes in the weight of responsibility is not called for at this stage: after taking account of the other considerations that we have described, we conclude that a salary of £18,000 a year is appropriate in June 1975 terms. On the assumption that our earlier recommendation of a Parliamentary salary of £5,000 is implemented, this would provide a recommended total salary of £23,000.

74. At the lower end of the Ministerial structure, we do not consider that major revaluation is necessary for Junior Ministers, but we consider it important to establish a proper relationship with the salary (£8,000) that we recommended for MPs in our earlier report. It is clearly right for Junior Ministers to have a salary lead over the remuneration of backbench MPs and this applies equally to Junior Ministers in the House of Lords who do not receive the Parliamentary salary. Furthermore, insofar as the movement in outside earnings at comparable levels of salary between April 1972 and June 1975 is one indicator to which we have some regard, it clearly supports a relatively greater increase than would be appropriate at higher levels of salary. In the light of these considerations, we see a salary of £8,500 a year as appropriate for Junior Ministers; this provides a recommended total salary for Junior Ministers in the House of Commons of £13,500 – again assuming implementation of our recommended Parliamentary salary of £5,000.

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<sup>1</sup> Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament – Cmnd. 4836 (paragraph 97).

75. The salaries for Ministerial appointments in the middle group of the structure should continue to be derived from within a range, and we have indicated our own view on the type of appointment for which the maximum of the salary range would be appropriate (paragraph 72). We consider that the range should be £11,000–£13,000 a year, which would produce recommended total salaries ranging from £16,000 to £18,000 a year.

*Recommendation.* We recommend the following annual salaries as appropriate to Ministers of the Crown, in June 1975 terms:

	<i>Ministerial salary</i>	<i>Total salary (a)</i>
	£	£
Cabinet Ministers	18,000	23,000
Senior Ministers not in the Cabinet/	<i>maximum</i> 13,000	18,000
Ministers of State	<i>minimum</i> 11,000	16,000
Parliamentary Secretaries and Under Secretaries of State	8,500	13,500

Note. (a) Including the Parliamentary salary recommended in our Report No. 7 for Ministers who are Members of the House of Commons.

#### **Prime Minister**

76. The present salary of the Prime Minister is £20,000 (of which £5,000 is free of tax) and the Parliamentary salary is £3,000, giving a current total salary of £23,000. No revaluation is called for on this occasion and we consider that the appropriate salary for the office of Prime Minister is £25,000. Together with our recommended Parliamentary salary of £5,000, this will give a total salary of £30,000.

77. The tax-free element in the Prime Minister's salary recognises the special expenses, not defrayed out of Votes, which necessarily accompany this unique office. Measured against the rise in costs and prices since April 1972, the tax-free element of £5,000 which was accepted as right then is no longer adequate, and we consider that it should now be increased to £6,000.

*Recommendation.* We recommend that the annual salary of the Prime Minister should be £25,000 (providing a total salary of £30,000), of which £6,000 should be free of tax in recognition of the special expenses of the office.

#### **Mr Speaker**

78. The salary of the Speaker of the House of Commons is currently the same as the salary of a Cabinet Minister (£13,000 plus the Parliamentary salary). We endorsed this as an appropriate relationship in our 1971 review<sup>1</sup>, and we take the same view now.

79. The salary of Mr Speaker, like that of the Prime Minister, contains a tax-free element in recognition of the special expenses, not defrayed out of

<sup>1</sup> Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament – Cmnd. 4836 (paragraph 109).

Votes, of the office. The current tax-free element is £4,000. We consider it appropriate for the tax-free element to be increased to £5,000.

*Recommendation.* We recommend that the annual salary of Mr Speaker should be £18,000 (providing a total salary of £23,000), of which £5,000 should be free of tax in recognition of the special expenses of the office.

#### **Lord Chancellor**

80. The salary of the Lord Chancellor is currently £20,000 a year, of which £2,500 recognises his function as Speaker of the House of Lords.

81. In our 1971 review, we noted that the office of Lord Chancellor is unique in that it combines the function of Head of the Judiciary with the Ministerial duties of a Cabinet Minister<sup>1</sup>. This continues to be so. We recognised in 1971 that, in judging the appropriate level of salary, account had to be taken of both judicial and Ministerial salaries, but we were of the opinion that the burden of the Lord Chancellor's functions had become increasingly Ministerial in nature.

82. We returned to this issue in our Report on Top Salaries<sup>2</sup> following our review of the pay in the four areas of the public services that are within our standing terms of reference. In considering the pay of the most senior levels of the higher judiciary, naturally we had to have regard to the position of the Lord Chancellor as overall head of the judiciary and, while we confirmed that the level of Ministerial salaries must have a bearing on the salary of the Lord Chancellor, we recognised that it would be wrong for the largely political constraints on the level of Ministerial salaries to act as an artificial restraint to a sensible judicial salary structure. Our recommendations for the salaries of High Court Judges and more senior judicial appointments (some 100 appointments in all) consequently exceeded the salary of £20,000 then (and now) paid to the Lord Chancellor; however, the staging of the implementation of our recommendations has meant that 14 only of those appointments are as yet paid more than the Lord Chancellor. We noted also that it would be necessary for this issue to be considered in the next review of Ministerial pay.

83. We have found this to be one of the more difficult issues with which we have had to deal in our consideration of Ministers' salaries. Clearly, as the Lord Chancellor has a dual role, both Ministerial and judicial pay levels must continue to be taken into account in assessing the salary of the office. But we have given further consideration to the relative importance of Ministerial and judicial functions in the light of the evidence given to us both in the course of the review of judicial salaries and in relation to our present remit; and, we have concluded that the constitutional position of the Lord Chancellor as Head of the Judiciary is of prime importance. In this capacity, the Lord Chancellor has the sensitive role of providing a link between the independent judiciary and Government and as such his judicial function must influence his function as a Cabinet Minister. It is right therefore that, while the Lord Chancellor's salary should not be determined in isolation from Ministerial salaries in general, it should be pitched at a level relative to the judicial pay structure that confirms the position of the office vis-à-vis the judiciary.

<sup>1</sup> Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament - Cmnd. 4836 (paragraph 99).

<sup>2</sup> Review Body on Top Salaries, Report No. 6: Report on Top Salaries - Cmnd. 5846 (paragraphs 89-90).

84. We consider that the appropriate salary for the Lord Chancellor in June 1975 terms is £27,000. This provides parity with the salary recommended in our Report on Top Salaries for the Lord Chief Justice (whose current salary is £23,050 because of the staged implementation of our recommendations).

85. We have again considered the element in the Lord Chancellor's salary that should be attributed to his function as Speaker of the House of Lords. Our 1971 recommendations changed the balance of the two elements from £4,000 out of £14,500 to the present £2,500 out of £20,000. We conclude that the present apportionment of the salary between the two functions remains broadly right and that the element that recognises the Lord Chancellor's function as Speaker of the House of Lords should now be £3,500.

*Recommendation.* We recommend that the annual salary of the Lord Chancellor should be £27,000, including £3,500 to be paid in recognition of his function as Speaker of the House of Lords.

#### **Law Officers**

86. A comparable problem arises over the salaries of the four Law Officers. They, too, have a dual function, but to a lesser extent than in the case of the Lord Chancellor. Nevertheless, it remains important to assess the Law Officers' salaries in relation both to Ministerial pay and to professional earnings at the Bars in England and Wales and in Scotland. In our 1971 review we accepted that the salaries should be such as to emphasise the importance of the offices in the eyes of the legal profession in each country and thus to attract lawyers of the right quality to Parliament, and that the salaries therefore should not be too far out of line with current professional earnings<sup>1</sup>. It was also clear to us, however, that a satisfactory relationship with Ministerial salaries had to be established, and our recommendations at that time narrowed the differential between the salaries of the Attorney General and of Cabinet Ministers.

87. The general principles that we established in 1971 remain valid now. But we consider it right to narrow still further the differential between the salaries of the Attorney General and of Cabinet Ministers. We regard a salary of £19,000 as appropriate for the Attorney General against the recommended salary of £18,000 for Cabinet Ministers. With the recommended Parliamentary salary of £5,000, this provides a total salary of £24,000 for the Attorney General, which in turn provides an appropriate relationship to current professional earnings.

88. The salaries of the Solicitor General and the Lord Advocate are currently the same and, at £11,000, lie between the top of the range for the middle group of Ministers and the salary of Cabinet Ministers. We consider that these two offices should continue to be paid equally, and that the same broad relationship to other Ministerial salary levels should be maintained. Against £19,000 recommended for the Attorney General, we consider £15,000 to be appropriate for both the Solicitor General and the Lord Advocate: with the addition of the recommended Parliamentary salary, this will provide realistic total salaries when measured against current professional earnings.

89. The current salary of the Solicitor General for Scotland is £7,750. It has been represented strongly to us that this is an inadequate reflection of the

<sup>1</sup> Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament - Cmnd. 4836 (paragraphs 101-102).

responsibilities and status of the job. We agree with this view. When we recommended the present salary in 1971, the information then available to us on current professional earnings pointed to £7,750 as an appropriate salary level. We have since learned that earnings at the Scottish Bar increased substantially shortly thereafter, as the fees in operation at that time had been unchanged for up to ten years. In practice, we have been told that they were increased by 68 per cent overall shortly after the end of 1971 and by a further 28 per cent in 1974, with consequent effects upon the levels of professional earnings. Our attention has also been drawn to the fact that the salary of Advocate-Deputes, who are responsible to the Solicitor General for Scotland, is £9,000 for a part-time commitment to public office which does not prevent them from undertaking private practice. Furthermore, it seems to have become established practice that the Solicitor General for Scotland is not a Member of Parliament and, in consequence, he does not receive the Parliamentary salary (neither, of course, does he have the constituency duties that the Parliamentary salary recognises). We understand that one effect of the absence of constituency duties is that additional work and responsibility of a Ministerial character tends to fall on the Solicitor General for Scotland.

90. The evidence put to us clearly indicates that the current salary of £7,750 seriously undervalues the office and, in retrospect, we take the view that our 1971 recommendation of that salary was – even at that time – pitched too low. In the light of all the circumstances, we consider that the salary of the Solicitor General for Scotland should be increased to £13,000

*Recommendation.* We recommend that the salaries of the Law Officers should be:

	<i>Salary</i> £	<i>Total salary (a)</i> £
Attorney General	19,000	24,000
Solicitor General	15,000	20,000
Lord Advocate	15,000	20,000
Solicitor General for Scotland	13,000	13,000(b)

Notes. (a) Including the Parliamentary salary recommended in our Report No. 7 for Ministers and other paid office holders who are Members of the House Commons.

(b) The present Solicitor General for Scotland, like a number of his predecessors, is not a Member of Parliament.

#### **Other office holders**

91. Certain other paid offices in both the House of Lords and the House of Commons fall within our remit. They range from the Leader of the Opposition in both Houses to Opposition Whips in the House of Commons. Before we consider the paid offices in detail, we make three general points. First, we do not consider that there is a case for a general revaluation of the offices concerned although some revaluation of individual offices is necessary. In general, therefore, we have aimed to bring salaries up to date against the same criteria as we have applied to Ministerial salaries (paragraphs 64–66). Second, the issue of different total salaries for office holders who are Members of the House of Commons and those who are Members of the House of Lords again arises: we

have already made clear our views on this problem (paragraphs 67–69). Finally, we have considered the number of paid offices. Representations have been made to us that it should be increased: some 23 per cent of the Members of Parliament who responded to our questionnaire suggested that certain additional offices should be paid: these include additional Opposition Whips, Opposition spokesmen and Chairmen or members of Select Committees or Standing Committees<sup>1</sup>. We take the view, however, that the present range of paid offices meets the needs of Parliament and that it should not be extended at this time: indeed, we take the view that it should be reduced in one instance. We have also given careful consideration to the suggestions that were put to us for paying the leaders of other opposition parties in Parliament. But we continue to see, at any rate for the present, a clear distinction in Parliamentary terms between the Leader of the Opposition, as the leader most likely to be called upon to provide an alternative Government, and the leaders of minority opposition parties. We have also taken into account the fact that, since 1 January 1975, provision has been made from public funds for financial assistance to opposition parties on the basis of a formula related to the number of seats held and the number of votes received: this arrangement will have helped the position of leaders of minority parties to some extent.

#### **The Leader of the Opposition in the House of Commons**

92. We have given consideration to the office of the Leader of the Opposition: the current salary of £9,500 equates to the maximum of the current salary range for the middle group of Ministers. Maintenance of that parity in our present recommendations would provide a salary of £13,000. In our view the time has come when it would be more appropriate to pay the Leader of the Opposition, as the most likely alternative Prime Minister, a salary somewhat above the top of the range for the middle group of Ministers, but below the salary of a Cabinet Minister. We propose an annual salary of £14,000 for the Leader of the Opposition.

#### **Opposition Whips**

93. We propose one change from the recommendation that we made in 1971 for the payment of two Opposition Whips in addition to the Opposition Chief Whip. Both the Opposition Chief Whip and the Deputy Opposition Chief Whip serve not only their party but the House of Commons as a whole; we are clear that these offices should continue to be paid. But further evidence has caused us to reconsider our previous proposal for the payment of a third Opposition Whip, and we now suggest that this should cease to be a paid office from the end of the present Parliament; meanwhile the rate of payment for the additional Whip should remain unaltered.

*Recommendation.* We recommend that the annual salaries of office holders in the House of Commons should be:

	<i>Salary</i>	<i>Total salary (a)</i>
	£	£
Leader of the Opposition	14,000	19,000
Chief Whip	13,000	18,000
Opposition Chief Whip	9,500	14,500
Chairman, Ways and Means	9,500	14,500

<sup>1</sup> Appendix A, Table 21.

	<i>Salary</i> £	<i>Total salary (a)</i> £
Deputy Chairman, Ways and Means	8,500	13,500
Deputy Chief Whip	7,500	12,500
Government Whips	6,000	11,000
Opposition Deputy Chief Whip	6,000	11,000

Note. (a) Including the Parliamentary salary recommended in our Report No. 7 for Ministers and other paid office holders who are Members of the House of Commons.

We further recommend that the additional Opposition Whip post should cease to be a paid office from the end of the present Parliament; until then the current salary should remain in payment.

#### **Office holders in the House of Lords**

94. We have examined the office of Leader of the Opposition in the House of Lords and have concluded that a salary of £6,000 would be appropriate in June 1975 terms. For the remaining paid offices in the House of Lords only a general up-dating of salaries is called for.

*Recommendation.* We recommend that the annual salaries of other office holders in the House of Lords should be:

	<i>Salary</i> £
Chairman of Committees	9,500
Chief Whip	9,500
Principal Deputy Chairman of Committees	8,500
Deputy Chief Whip	7,500
Government Whips	7,000
Leader of the Opposition	6,000
Opposition Chief Whip	4,000

#### **Ministers' pensions**

95. Two aspects of the pensions of Ministers and other paid office holders need to be considered: the optional supplementary pension scheme for Ministers and office holders which was introduced following our recommendations in 1971; and the statutory pensions attached to the offices of Prime Minister, Mr Speaker and the Lord Chancellor.

96. On appointment as a Minister or other paid office holder in the House of Commons, Members of Parliament continue to participate in the pension arrangements under the Parliamentary Contributory Pension Scheme, but they are also eligible to opt to pay additional contributions towards a supplementary pension entitlement in respect of their Ministerial service and salary. Under this arrangement, they become entitled to pension in respect of their additional salary over and above the pensionable salary of a backbench MP<sup>1</sup>.

<sup>1</sup> The Government's acceptance last year of our recommended salary for an MP (£8,000) as a notional salary for pension purposes could produce the situation that Opposition Whips and Government Whips in the House of Commons would derive no net benefit from the supplementary scheme as their current total salary of £7,700 is lower than the £8,000 pensionable salary for a backbench MP. This is a problem of limited effect and temporary nature.

97. One or two points on the working of the optional supplementary scheme have been brought to our attention. The present provisions allow newly-appointed Ministers or office holders 3 months in which to decide whether or not to participate in the scheme. It has been suggested that this time limit is too restrictive and that a longer period for decision is desirable (subject to the deduction of the additional contributions automatically until the decision is taken, when they could be refunded in full for individuals who opt out of the supplementary scheme). We have not inquired closely into the detail of an arrangement of this kind, as it seems to us to be largely a matter of the administration of the existing arrangements that does not call for a specific recommendation from us. Nevertheless, the proposal seems both sensible and practical, and we suggest that it should be examined further.

98. The position under the supplementary scheme of Ministers and other paid office holders in the House of Lords has also given rise to some difficulty. It is a requirement of the basic Parliamentary pension scheme that members must serve a period of four years before they have any entitlement to a pension. A period of qualifying service is a basic requirement in all pension schemes. The same limitation applies to the supplementary scheme, but Ministers and office holders who are (or have been) Members of Parliament can reckon their previous service in the House of Commons towards the qualifying period of four years. Those who have no such service consequently have to serve as a Minister or office holder for the full four years before they become entitled to a pension, although their contributions may be refunded if they cease to participate in the supplementary scheme before completion of the qualifying period. It has been suggested to us that four years is an unduly long qualifying period in the context of Ministerial or other appointment, and that a shorter period should be applied to Ministers and office holders to allow for the position of those who are Members of the House of Lords.

99. We have some sympathy for this point of view. We have already indicated (paragraph 46) that we do not consider it appropriate to extend to the supplementary scheme the provisions for the optional purchase of added years that we have recommended for introduction into the basic scheme for Members of Parliament. Such an extension would give those Ministers and office holders who are Members of the House of Commons the opportunity to purchase added years in respect of both their jobs. In our view, this would not be proper. But we have considered whether it would be possible to provide for the position of Ministers and office holders who are Members of the House of Lords by recommending a shorter period of qualifying service for pension entitlement in relation to the supplementary scheme than the 4 years that currently applies. Such an arrangement would make little or no difference to Ministers and office holders who are Members of the House of Commons as, in the great majority of cases, their previous service as MPs would count for this purpose. But it could be of advantage to those in the House of Lords. We recognise the difficulties inherent in this course: the basic qualifying period of 4 years in recognition of the peculiar nature of Parliamentary employment, is in itself more favourable than applies generally. But we believe that for this purpose, a qualifying period of 3 years would be acceptable. We make no specific recommendation at this time, but we suggest that the possibility of introducing such an arrangement should be examined further.

100. We have considered whether the ill-health retirement arrangements that we have recommended for Members of Parliament (paragraph 49) should also be applied to the supplementary scheme for Ministers and office holders. We have concluded that the service enhancement arrangements would not be appropriate for the same reason as we have not recommended an extension of the added years provisions (paragraph 99). But it would be right for a limited benefit to apply, and we propose that, subject to satisfying the requirements of the ill-health arrangements recommended for Members, participants in the supplementary scheme should be entitled to immediate payment of their pension entitlement accrued to date as Ministers or office holders.

*Recommendation.* We recommend that Ministers or office holders who are obliged to retire early on grounds of ill-health should receive immediate payment of the pension entitlement accrued to date under the supplementary scheme, subject to the other requirements of the ill-health retirement arrangements for Members of Parliament being met. This arrangement will also apply to former Ministers or office holders who are no longer in office but who have a pension entitlement under the supplementary scheme.

101. Statutory pensions are attached to the offices of the Prime Minister, Mr Speaker and the Lord Chancellor. The current levels of pensions, following our 1971 recommendations, are:

Prime Minister	£7,500
Mr Speaker	£6,500
Lord Chancellor	£8,500

We suggested in our First Report<sup>1</sup> that consideration should be given in the future to fixing each statutory pension as a percentage of the salary of the office, thereby removing the need to reconsider the amount each time the salary is revised. The Parliamentary and other Pensions Act 1972 (section 29) puts this recommendation into effect. The Parliamentary and other Pensions and Salaries Bill currently before the House of Commons further provides that the statutory pensions could also be paid in relation to a notional salary for pension purposes, as for MPs' and Ministers' pensions.

102. The statutory pensions are very different in concept from normal pension arrangements. They are payable on leaving the relevant office, irrespective of the length of service in it. On the other hand, holders of the three offices lose entitlement to participate in the normal Parliamentary scheme (our 1971 recommendation<sup>2</sup> that, where appropriate, they should be allowed to continue participation in the basic Parliamentary scheme was not put into effect). Furthermore, by well-established convention, former Lord Chancellors do not return to practice at the Bar and, by custom, former Speakers of the House of Commons do not return to the backbenches for more than a minimal period. Former Prime Ministers may return to the backbenches but, if they accept the statutory pension when they leave office, they are entitled only to the Parliamentary salary of a Minister and not to the full salary of a Member of Parliament.

<sup>1</sup> Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament—Cmnd. 4836 (paragraph 118).

<sup>2</sup> Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament—Cmnd. 4836 (paragraph 119).

103. The existing arrangements applied to the salary recommendations that we put forward will provide the following statutory pensions:

Prime Minister	£ 9,375
Mr Speaker	£ 9,000
Lord Chancellor	£11,475

We consider that these levels of statutory pension are reasonable and that no further recommendation on our part is necessary at this stage.

#### The effects of taxation

104. We have already explained (paragraph 70) our purpose in referring to our salary recommendations in net-of-tax terms. We think it right that the recommended salaries should not be judged entirely in isolation from the effects of taxation, although the assumptions we have made in arriving at post-tax figures are perforce arbitrary and individual tax positions may, of course, vary quite widely. Nevertheless, our figures provide some indication of the likely impact of taxation. On this basis, the salaries that we now recommend will produce the following levels of net annual salary:

Office	Recommended salary £	Recommended total salary (a) £	Recommended total salary net of tax (b) £
Prime Minister	25,000 (c)	30,000 (e)	15,848 (c)
Lord Chancellor	27,000 (d)	27,000 (d)	10,358
Mr Speaker	18,000 (e)	23,000 (e)	13,591 (e)
Cabinet Ministers	18,000	23,000	9,678
Senior Ministers not in the Cabinet/Ministers of State	maximum 13,000 minimum 11,000	18,000 16,000	8,591 8,091
Parliamentary Secretaries and Under Secretaries of State	8,500	13,500	7,344
Attorney General	19,000	24,000	9,848
Solicitor General	15,000	20,000	9,091
Lord Advocate	15,000	20,000	9,091
Solicitor General for Scotland	13,000	13,000	7,194
<i>House of Commons</i>			
Leader of the Opposition	14,000	19,000	8,841
Chief Whip	13,000	18,000	8,591
Opposition Chief Whip	9,500	14,500	7,644
Chairman, Ways and Means	9,500	14,500	7,644
Deputy Chairman, Ways and Means	8,500	13,500	7,344
Deputy Chief Whip	7,500	12,500	7,021
X Government Whips	6,000	11,000	6,496
Opposition Deputy Chief Whip	6,000	11,000	6,496

Office	Recommended salary £	Recommended total salary (a) £	Recommended total salary net of tax (b) £
<i>House of Lords</i>			
Chairman of Committees	9,500	9,500	5,898
Chief Whip	9,500	9,500	5,898
Principal Deputy Chairman of Committees	8,500	8,500	5,475
Deputy Chief Whip	7,500	7,500	5,002
Government Whips	7,000	7,000	4,752
Leader of the Opposition	6,000	6,000	4,205
Opposition Chief Whip	4,000	4,000	2,934

Notes. (a) Including, for those Ministers and office holders who are Members of the House of Commons, the Parliamentary salary of £5,000 recommended in our Report No. 7.

(b) Assuming the June 1975 tax position of a married man with no dependent children and no other allowances. £5,000

(c) Including £6,000 free of tax in recognition of the special expenses of the office.

(d) Including £3,500 to be paid in recognition of the Lord Chancellor's function as Speaker of the House of Lords.

(e) Including £5,000 free of tax in recognition of the special expenses of the office.

## CHAPTER 5

### SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

105. We have dealt with a number of questions that relate to the allowances and facilities for Members of Parliament and that were left over from our Report No. 7; with the Parliamentary pension scheme; and with the pay and pensions of Ministers and paid office holders in both Houses of Parliament. We shall be putting forward our recommendations on the Peers' expenses allowance separately.

106. Chapter 2 of this report deals with the remaining issues on the allowances and facilities available to Members of Parliament. The recommendations on allowances and facilities in our Report No. 7 have been implemented in full, and we have now considered whether the maximum of the secretarial allowance should be further increased to provide for occupational pension arrangements and for general office expenses. We have concluded that, in present circumstances, a higher maximum should not be introduced for these purposes: the present maximum makes provision for a Member's contribution as an employer to the State pension scheme (paragraph 15). Nor do we regard it as appropriate to increase the maximum of the allowance to provide for general office expenses. Such expenses are an inescapable part of our Parliamentary system, and can arise whether or not a Member employs a secretary. We have concluded that separate provision for them should be made and we have recommended a new allowance to assist with the initial and maintenance costs of general office equipment, with a maximum of £300 during any period of 3 years, the payment of claims to be conditional upon evidence of expenditure (paragraph 16).

107. The present maximum of the additional costs allowance remains adequate, in our view, to meet the occasional need for a Member to attend at Westminster on Parliamentary business during a Parliamentary recess (paragraph 17). But we have recommended an extension of the travel arrangements for Members so that the cost of all travel within the United Kingdom on Parliamentary business will be reimbursed or will qualify for payment of the car mileage allowance (paragraph 19). We have also recommended that the free telephone and postage facilities at Westminster should be extended to apply to communications on Parliamentary business with other countries of the European Economic Community (paragraph 21).

108. We have examined the arrangements for payment of a grant equivalent to 3 months' salary to Members who lose their seat at a general election or because of constituency boundary changes. Against the background that Members are now becoming eligible for the standard forms of short-term assistance in such circumstances, we consider that the existing severance arrangements remain adequate, although we recommend that a grant under these arrangements should be available only as an alternative to redundancy payments in any circumstances where a Member becomes eligible for such payments (paragraph 24).

109. In Chapter 3 we discuss the existing provisions for the pensions payable to Members of Parliament. We have again reviewed carefully the position of Members who retired prior to the introduction of the present form of pension scheme in October 1964. But we have felt unable ourselves to recommend that these Members should be entitled to any benefit under the Parliamentary

pension scheme (paragraph 33). We suggest, however, that the possibility of a limited provision for such Members at age 80 might be given further consideration (paragraph 34). We recommend that the maximum amount of service prior to October 1964 that may be treated as reckonable for pension purposes by serving Members should be extended from 10 to 15 years (paragraph 35): this extension should apply only to Members who have service in the House of Commons after the effective date of implementation of our recommendation.

110. We do not accept the argument for a faster rate of accrual of pension entitlement for Members (paragraph 38), but we recommend a number of changes in the Parliamentary pension scheme that together will provide a substantial improvement in the pensions arrangements for Members. We recommend an increase to 4 per cent in the rate of interest payable on returned contributions (paragraph 41); the introduction of an arrangement for the optional purchase by Members of added years of reckonable service (paragraph 46); the introduction of a facility for early retirement on grounds of ill-health (subject to medical evidence) with immediate payment of pension accrued to date and enhanced in certain cases (paragraph 49); a similar arrangement, but without enhancement of pension entitlement, should apply to former Members who have a 'frozen' pension entitlement that would not normally be payable until age 65 (paragraph 49). We also recommend improvements in widows' pensions (paragraph 55) so that the enhancement arrangements recommended for ill-health retirements will also apply to the pension of the widow of a Member who dies in service; the short-term arrangement for financial assistance in the early months of widowhood will be improved considerably; clarification of the governing legislation so that the pension of the widow of a retired Member who opted for early retirement on an actuarially reduced pension will be based on the Member's full pension; and improvements in the arrangements for payment of the death-in-service gratuity.

111. We do not consider that the present normal retirement age of 65 should be reduced (paragraph 57), but we have examined the existing provisions for early retirement on immediate payment of pension. The present arrangement which requires an actuarial reduction of pension entitlement should continue and, in addition, we recommend the introduction of an additional early retirement option under which the pension entitlement accrued to date may be paid without actuarial reduction for Members who retire at age 62 or over at the end of a Parliament and subject to the completion of 25 years' service as a Member (paragraph 57).

112. We estimate that the cost of our recommended improvements in Members' pension arrangements will necessitate an increase in the total contribution payable into the Pension Fund of rather more than  $1\frac{3}{4}$  per cent of the pensionable salary of a Member. Some 1 per cent will be needed to fund the improvements in respect of the past service of serving Members and we recommend that this part of the cost should be met from public funds. The balance in respect of 'current' costs should be met by an increase in the contribution of each Member. We consider that these costings and the improvements in the scheme bring the Parliamentary pension arrangements sufficiently close to contributory schemes elsewhere in the public services as to justify an increase in the Members' contribution to 6 per cent of pensionable salary (paragraphs 58-60).

113. In Chapter 4 we consider the salaries and pension arrangements applicable to Ministers and other paid office holders in both Houses of Parlia-

ment. We detail the general background factors that we have borne in mind in arriving at our salary recommendations (paragraphs 64–66), and we conclude that a differential between the salaries attached to the offices of Ministers and other office holders who are Members of the House of Commons and those who are Members of the House of Lords is not justified and cannot be recommended (paragraphs 67–69).

114. We consider that a three-tier pay structure for Ministerial appointments remains appropriate, with a continuation of a flexible salary range for the group of Ministers at the intermediate level (paragraphs 71–72). Our salary recommendations for Ministers are in paragraph 75.

115. We recommend an increase in the salary of the Prime Minister and in the amount of his salary that is paid free of tax in recognition of the special expenses of the office (paragraph 77). We also recommend an increase in the salary of Mr Speaker, and in the tax-free element within that salary (paragraph 79).

116. We have found the considerations affecting the salary of the Lord Chancellor to be among the more difficult that we have had to deal with in the course of this review. We have concluded that, while the Lord Chancellor's salary should not be determined in isolation from Ministerial salaries in general, it should be pitched at a level relative to the judicial pay structure that confirms the position and dignity of the office vis-à-vis the judiciary (paragraph 83). We recommend the appropriate salary and the amount within it to be paid in recognition of the Lord Chancellor's function as Speaker of the House of Lords (paragraph 85).

117. We recommend salaries for the four Law Officers that narrow further the salary differential between the Attorney General and Cabinet Ministers, that retain equal salaries for the Solicitor General and the Lord Advocate, and that reflect a correction of the substantial undervaluation of the office of Solicitor General for Scotland (paragraph 90).

118. Revised salaries for other paid office holders in both Houses of Parliament are recommended (paragraphs 93–94). The recommendations include a measure of revaluation of the offices of Leader of the Opposition in both Houses (paragraphs 92 and 94), and the discontinuation from the end of the current Parliament of the present salary for a third Opposition Whip in the House of Commons; the Opposition Chief Whip and the Opposition Deputy Chief Whip continue to be paid offices (paragraph 93).

119. We have considered the working of the supplementary pension scheme for Ministers and paid office holders. We suggest further examination of the time limit of 3 months for a Minister or office holder to decide whether or not to participate in the supplementary scheme (paragraph 97). We do not consider it appropriate to extend the added years arrangement to the supplementary scheme for Ministers and office holders, but we suggest for further examination the possibility of a shorter basic qualifying period of service for that scheme (paragraph 99). We recommend a more limited ill-health retirement benefit for application to the supplementary scheme (paragraph 100).

120. We have considered the statutory pensions attached to the offices of the Prime Minister, Mr Speaker and the Lord Chancellor. The statutory arrangements now provide for each pension to be fixed as a percentage of the

salary of the office. The levels of pensions thus produced from our salary recommendations for the three offices are adequate and no separate recommendation is needed (paragraphs 101-103).

121. We have explained (paragraphs 6-7) that the recommendations which we now put forward will be affected to varying degrees by the current pay restraint measures and they will also be affected by the pay policy arrangements under the recently published guidelines that are intended to operate from August of this year.

122. Finally, we should like to emphasise one or two of the points that we have made elsewhere in this report. We recognise that the levels of salary which we recommend will be the subject of widespread public comment. The pay of Ministers and Members of Parliament does not form part of our standing terms of reference, but there are good reasons for referring the issue to an independent body. Ministers and Members occupy positions of great responsibility and influence in the conduct of our national business. They, like those who are within our standing terms of reference and those who are within the fields of the other two independent Review Bodies, form a group to which the process of pay negotiation does not apply. In our view, the salary levels appropriate in this situation should continue to be judged against all the relevant circumstances, both in relation to the jobs themselves and in relation to external factors, by an independent body such as we are, responsible direct to the Prime Minister. We think it timely, in the light of recent comments on the nature of the commitment to accept our recommendations, to repeat that, on our appointment in 1971 as one of three Review Bodies, we were given an assurance that our recommendations would be accepted by the Government unless there were clear and compelling reasons for their not doing so. This assurance was repeated in 1974.

123. The increases that we now recommend are broadly consistent with the scale of increases in salaries generally, at comparable levels of income, over the period in question. That period is the key: the increases now appropriate (and, we repeat, the salaries that we recommend are those that were appropriate as at 13 June 1975) appear to be large because of the long interval since the last review of Parliamentary and Ministerial remuneration in 1971-72. We take the opportunity to reiterate the recommendation on this point that we made in Report No. 7<sup>1</sup>: that the remuneration of Members of Parliament and of Ministers and paid office holders should be subject to biennial review by an independent body.

BOYLE OF HANDSWORTH  
HAROLD ATCHERLEY  
GEORGE COLDSTREAM  
HIRSHEIELD  
ANTHONY LLOYD  
SEEAR

OFFICE OF MANPOWER ECONOMICS  
14 June 1976

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<sup>1</sup> Review Body on Top Salaries, Report No. 7: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I - Cmnd. 6136 (paragraph 27).

## APPENDIX A

### SURVEY OF THE CIRCUMSTANCES OF MEMBERS OF PARLIAMENT AND OF THEIR VIEWS ON THEIR REMUNERATION

*(Carried out by the Office of Manpower Economics on behalf  
of the Review Body on Top Salaries)*

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## SURVEY OF THE CIRCUMSTANCES OF MEMBERS OF PARLIAMENT AND OF THEIR VIEWS ON THEIR REMUNERATION

### Introduction

1. Questionnaires were sent to all 635 Members of Parliament on 7 March 1975 for return by 1 April 1975, and 445 Members responded. The response rate was high (70 per cent) but not as high as in the 1971 survey<sup>1</sup> when it was 84 per cent. The response from office holders was very much lower than in 1971, but the decline in the number of replies from other Members was less.

2. The questionnaires returned were in general adequately completed but difficulty arose in interpreting the period to be covered for certain expenditure in relation to the October 1974 election. The questionnaire asked that only expenditure during the current Parliament (from October 1974) to the end of February 1975 should be included, but it was apparent that many MPs had included a full year's expenditure. Various sources of information were used to put the results as far as possible on to a consistent basis of an expected annual rate of expenditure based on actual days of attendance at the House. There were also differences in treatment of hours spent on departmental work between different office holders (see footnote (b) to Table 15).

3. The questionnaire itself is not reproduced in this Appendix but the order and wording of the tables closely reflect it. There were variations in the response rate to different questions: these are shown in the tables. Inevitably, the replies were influenced to some extent by the nature of the questions and must be interpreted accordingly. For example, Table 23 shows the response to three specific questions about the pension scheme; the modifications mentioned in this question inevitably attracted much more support than was given to any of the other suggestions for improvement to the pension scheme that were offered in response to a general question (Table 24). Similarly many more Members made proposals in answer to the question about the intervals between adjustments and review of MPs' remuneration (Table 25) than volunteered additional comments or proposals in response to a final general question (Table 27).

4. The response to the invitation to put forward comments or proposals also varied: some MPs did not reply, but others made more than one comment or proposal and these are analysed separately within the same table where appropriate. Where necessary, replies have been transferred to a more appropriate question (for example, particular proposals from a general question to the appropriate specific one).

5. Between February and October 1974 the Government had no overall Parliamentary majority and only a small one at the time of the survey in 1975, whereas the majority in 1971 was larger. The hours of work and perhaps the levels of expenditure in the 1975 survey by comparison with those in the 1971 survey may have been affected (although the extent cannot be measured) by the different Parliamentary situations and pressures on attendance in those two years.

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<sup>1</sup> All references to 1971 in this Appendix relate to the survey of MPs' circumstances and views on their remuneration carried out in 1971 by the Office of Manpower Economics on behalf of the Review Body on Top Salaries. The results were summarised in the Review Body's First Report, Appendix A (Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament—Cmnd. 4836, December 1971).

6. Account was taken of the results of the survey in considering the recommendations on pay, allowances and facilities put forward in the first part of this Report in June 1975, which have since been implemented on the basis described in Chapter 1 above.

7. Totals may not precisely equal the sum of the components where figures have been rounded. The following symbols are used in the tables:

- Nil
- 0 Less than half the final digit shown
- .. Not available

TABLE 1

All Members of Parliament: Response to questionnaire

	Total number at 1 March 1975	Number returning questionnaire	Response rate	
			1975	1971
	Number	Number	%	%
<i>Office holders</i>				
Minister	46	25	54.3	82.4
Parliamentary Secretary or Under Secretary	32	24	75.0	100.0
Holder of other remunerated office	20	10	50.0	100.0
Total office holders	98	59	60.2	91.7
<i>Other Members</i>				
Former office holders:				
Minister	..	45	..	..
Parliamentary Secretary or Under Secretary	..	38	..	..
Holder of other remunerated office	..	14	..	..
Total former office holders	127	97	76.4	87.8
Not former office holders	410	289	70.5	81.1
Total other Members	537	386	71.9	82.7
All	635	445	70.1	83.7

TABLE 2

## All Members of Parliament: Percentage distributions of age and length of service

	Age							Years of service							All ranges (100%)	Average length of service Years
	Under 40	40-49	50-59	60-64	65 or over	Under 2	2-5	6-10	11-15	16-20	21-25	26 or over	Number	Years		
	%	%	%	%	%	%	%	%	%	%	%	%				
Minister	4	36	52	8	—	—	8	44	24	8	12	4	25	13.2		
Parliamentary Secretary of Under Secretary	29	50	13	4	4	—	38	62	—	—	—	—	24	7.5		
Other office holder	—	50	30	10	10	—	30	40	20	—	—	10	10	9.8		
Other Members	24	35	25	10	6	27	24	18	12	6	8	5	386	8.6		
All: 1975	22	36	26	9	6	24	24	22	13	6	8	4	445	8.8		
1971	17	33	31	19	—	34	—	24	14	11	8	8	524	—		

TABLE 3

**Members of Parliament with service before October 1964: Percentage distribution of length of service before October 1964**

	Years of service before October 1964					Percentage of all MPs	Average length of service before October 1964 (a)
	1-9	10-14	15-19	20 or over	All ranges (100%)		
	%	%	%	%	Number	%	Years
Office holders	62	15	15	8	13	22	8.5
Other Members	58	21	16	4	122	32	8.1
All	59	21	16	4	135	30	8.1

(a) Based only on those with service before October 1964.

TABLE 4

**All Members of Parliament: Percentages with constituency in London and elsewhere**

	Constituency		All MPs (100%)
	London (a)	Elsewhere	
	%	%	Number
Office holders	20	80	59
Other Members	15	85	386
All	16	84	445

(a) Wholly or partly within the GLC area.

TABLE 5  
Members of Parliament who are neither office holders nor paid the London supplement (a): Distribution in ranges of annual subsistence costs, and average amounts

	Annual costs for subsistence										All ranges		Number and average cost by main home (London, constituency or neither)			Claims made but costs not shown	
	Less than £251	£251-£500	£501-£1,000	£1,001-£1,500	£1,501-£2,000	£2,001-£2,500	£2,501-£3,500	£3,501-£4,500	Over £4,500	Total	Average cost	No.		Average	£		Number
												No.	No.				
<i>Subsistence in London (b)</i>																	
Accommodation	1	6	20	38	21	11	1	5	—	103	1,529	76	27	1,509	12		
Hotel etc. (c)	2	1	5	6	7	7	2	3	—	33	1,767	18	15	1,918	9		
Total	3	7	25	44	28	18	3	8	—	136	1,587	94	42	1,655	21		
<i>Subsistence in constituency</i>																	
Accommodation	1	4	14	21	14	3	3	2	2	64	1,611	36	28	1,713	8		
Hotel etc. (c)	4	3	7	7	5	—	5	1	1	33	1,396	16	17	1,798	5		
Total	5	7	21	28	19	3	8	3	3	97	1,538	52	45	1,745	13		
All subsistence: (%)	8	14	46	72	47	21	11	11	3	233	1,567	146	87	1,702	34		
	(3)	(6)	(20)	(31)	(20)	(9)	(5)	(5)	(1)	(100)							

(a) Forty-four Members to whom the question was applicable did not reply and a further 41 said that they did not make claims against the additional costs allowance.  
 (b) Includes expenditure incurred for overnight accommodation in constituency where applicable. Eight MPs reported such costs and 23 did not reply to this part of the question.

(c) Replies for the period of the present Parliament (to the end of February 1975) have been grossed to annual rates.

TABLE 6A

Members of Parliament entitled to the additional costs allowance: Percentage considering the additional costs allowance inadequate and number suggesting improvements

		MPs entitled to the additional costs allowance
Adequacy of the additional costs allowance:	Replies to question (number)	377
	Percentage of returns from those entitled to the allowance (%)	95
Percentage of replies saying not adequate	(%)	79
Suggested improvements		Number
<i>Proposed maximum (a)</i>		
	Less than £1,300	8
	£1,300 – £1,399	15
	£1,400 – £1,499	3
	£1,500 – £1,599	44
	£1,600 – £1,999	13
	£2,000 – £2,499	24
	£2,500 – £2,999	3
	£3,000 – £3,999	3
	£4,000 and over	2
	£8 per day	1
	£10 per day	3
	£12 per day	1
	£20 per day	2
<i>Other</i>		
	Cover full cost	50
	Keep pace with rising costs	50
	Provide accommodation or government hotel	5
	Other improvements (mainly unspecified)	28
Total number of suggestions		255
Number of Members making suggestions		244

(a) Percentage improvements have been converted to amounts.

TABLE 6B

**Members of Parliament entitled to the London supplement: Percentage considering the London supplement inadequate and number suggesting improvements**

		MPs entitled to the London supplement
Adequacy of the London supplement:	Replies to question (number)	75
	Percentage of returns from those entitled to the supplement (%)	80
	Percentage of replies saying not adequate (%)	88
Suggested improvements		Number
<i>Proposed amount (a)</i>		
	Less than £400	3
	£400 – £499	7
	£500	4
	£600	1
	£700 – £799	3
	£1,000 and over	2
<i>Other</i>		
	Bring into line with civil service	5
	Bring into line with other professions/occupations	2
	Cover true costs	8
	Keep pace with rising costs	6
	Other improvements (mainly unspecified)	11
Total number of suggestions		52
Number of Members making suggestions		48

(a) Percentage improvements have been converted to amounts.

TABLE 7

**All Members of Parliament: Percentages employing a secretary,  
research assistant or using secretarial pool facilities**

		Office holders	Other Members	Total	
				1975	1971
Employing or sharing in the employment of a secretary	YES	%	%	%	%
	NO	—	1	0	3
Replies to question	(number)	(58)	(382)	(440)	(524)
Percentage of total returns		98	99	99	100
Average hours per week for which secretary is employed:					
	Under 10	3	1	1	6
	10-19	14	12	12	32
	20-29	33	31	31	31
	30 or more	50	56	55	30
Replies to question	(number)	(58)	(373)	(431)	(502)
Percentage of those with secretary		100	98	99	99
Use of the secretarial pool facilities	YES	14	17	16	13
	NO	86	83	84	87
Replies to question	(number)	(56)	(361)	(417)	(513)
Percentage of total returns		95	94	94	98
Employing or sharing in the employment of a research assistant	YES	11	32	29	9
	NO	89	68	71	91
Replies to question	(number)	(56)	(368)	(424)	(516)
Percentage of total returns		95	95	95	98

**All Members of Parliament: Percentage distribution of gross annual costs of secretarial assistance, of research assistance and of general office expenses, before deducting the secretarial allowance**

	Annual cost											Average cost		Cost not given
	Nil	£1-£150	£151-£350	£351-£550	£551-£750	£751-£1,250	£1,251-£1,750	£1,751-£2,250	£2,251-£2,750	£2,751-£3,500	Over all ranges	Over those with costs	No.	
		%	%	%	%	%	%	%	%	%	£	£		
<i>Secretarial assistance (a)</i>														
Office holders	—	—	2	—	2	16	39	25	10	4	2	51	1,770	8
Other Members	1(b)	—	0	1	2	16	29	32	15	4	1	342	1,806	44
All	1(b)	—	1	1	2	16	30	31	15	4	1	393	1,792	52
<i>Research assistance (c)</i>														
Office holders	89	2	2	6	2	—	—	—	—	—	—	53	45	6
Other Members	70(d)	6	8	6	4	4	1	0	0	1	0	346	173	40
All	73(d)	6	7	6	4	3	1	0	0	1	0	399	156	46
<i>General office expenses</i>														
Office holders	24	24	31	16	2	4	—	—	—	—	—	51	226	8
Other Members	16	28	28	13	6	7	2	—	—	—	—	346	297	40
All	17	27	28	14	6	6	2	—	—	—	—	397	288	48
<i>All above items</i>														
Office holders	—	—	2	—	2	10	29	31	21	2	4	52	1,959	7
Other Members	0	0	—	0	—	8	22	30	19	12	8	348	2,264	38
All	0	0	0	0	0	8	23	30	19	11	8	400	2,225	45

(a) In a number of cases expenditure on this item includes general office expenses.

(b) Includes 2 MPs whose secretaries are not paid by them.

(c) Twelve MPs incurred research assistance costs but did not employ a research assistant. A number of MPs did not provide cost information; where a research assistant was not employed, costs have been counted as 'nil'.

(d) Includes 2 MPs whose research assistants are not paid by them.

TABLE 9A

**All Members of Parliament: Percentage considering secretarial allowance inadequate and number suggesting improvements**

			All MPs
Adequacy of secretarial allowance:	Replies to question	(number)	438
	Percentage of total returns	(%)	98
Percentage of replies saying not adequate		(%)	88
<i>Percentage in 1971</i>		(%)	89
Suggested improvements			Number
<i>Proposed maximum (a)</i>			
	£1,750 – £1,999		1
	£2,000 – £2,249		28
	£2,250 – £2,499		19
	£2,500 – £2,749		50
	£2,750 – £2,999		15
	£3,000 – £3,499		38
	£3,500 – £3,999		13
	£4,000 – £4,499		6
	£6,000		1
	Unlimited		1
<i>Other</i>			
	Enough for a full-time secretary and research assistance		17
	Enough for a full-time secretary		45
	Secretary should be on the payroll of the House		46
	Cover full cost		18
	Keep pace with rising costs		35
	Secretary's pay to be linked to a civil service grade		5
	Travel expenses of secretaries to be covered		5
	Separate allowance for office equipment (or free equipment)		40
	Extra secretary needed for constituency office		9
	Other improvements (mainly unspecified)		40
Total number of suggestions			432
Number of Members making suggestions			342

(a) Percentage improvements have been converted to amounts.

TABLE 9B

**All Members of Parliament: Percentage considering research assistance element  
within secretarial allowance inadequate and number suggesting improvements**

			All MPs
Adequacy of research assistance element:	Replies to question	(number)	355
	Percentage of total returns	(%)	80
Percentage of replies saying not adequate		(%)	81
Suggested improvements			Number
<i>Proposed maximum (a)</i>			
	Below £550		9
	£550 – £749		9
	£750 – £999		6
	£1,000 – £1,249		24
	£1,250 – £1,499		1
	£1,500 – £1,999		10
	£2,000 – £2,499		7
	£2,500 – £2,999		4
	£3,000 and over		8
<i>Other</i>			
	Enough for a full-time research assistant		18
	More for part-time research assistance		30
	Cover full cost		11
	No limit on research element within secretarial allowance		6
	Should be separate from secretarial allowance		52
	Research assistance should be provided by the House		24
	Other improvements (mainly unspecified)		36
Total number of suggestions			255
Number of Members making suggestions			212

(a) Percentage improvements have been converted to amounts.

TABLE 10

**All Members of Parliament: Percentage considering reimbursement of travel and subsistence expenses for Members on Select Committees, delegations etc. inadequate and number suggesting improvements**

			All MPs
Adequacy of arrangements for travel and subsistence of Members on Select Committees, delegations etc:			
	Replies to question	(number)	323
	Percentage of total returns	(%)	73
Percentage of replies saying not adequate			(%) 58
<i>Percentage in 1971</i>			(%) 56
Suggested improvements			Number
<i>Increase</i>			
	10 per cent		1
	20 or 25 per cent		5
	30 or 33 per cent		3
	40 or 50 per cent		6
	70 or 100 per cent		4
	£5 per day		1
	£7.50 per day		1
<i>Other</i>			
	Equal treatment with foreign delegates		12
	All items of expenditure should be covered		13
	Cover full cost (of items at present covered)		15
	Keep pace with rising costs		19
	Extend to cover wife/husband		4
	Other improvements (mainly unspecified)		24
Total number of suggestions			108
Number of Members making suggestions			101

TABLE 11

**All Members of Parliament: Percentage considering travel facilities for wives or husbands of Members inadequate and number suggesting improvements**

			All MPs
Adequacy of travel facilities for wives or husbands of Members:	Replies to question	(number)	399
	Percentage of total returns	(%)	90
Percentage of replies saying not adequate		(%)	59
<i>Percentage in 1971</i>		(%)	75
Suggested improvements			Number
<i>Proposed maximum number of warrants per year</i>			
	12-16		23
	18-20		13
	24-26		7
	30-40		8
	50-52		4
	Unlimited		13
<i>Other</i>			
Same facilities as Members			18
Facilities to accompany Members on Parliamentary business			9
Home/constituency travel should be covered			13
Allowance for travel by car			23
Allowance for children to accompany parents			26
Choice of 1st class, or more 2nd class warrants (to equivalent cost)			2
Extend to cover subsistence			7
Other improvements (mainly unspecified)			55
Total number of suggestions			221
Number of Members making suggestions			183

TABLE 12

**All Members of Parliament: Percentage considering free facilities for postage, telephone calls and stationery inadequate and number suggesting improvements**

			All MPs
Adequacy of facilities for postage, telephone calls and stationery:	Replies to question	(number)	433
	Percentage of total returns	(%)	97
Percentage of replies saying not adequate		(%)	34
Suggested improvements			Number
Postage from home and/or constituency should be free			14
Overseas postage from the House should be free			17
Home and/or constituency telephone calls should be free			91
Telephone calls from anywhere outside the House should be free			2
Telephone calls to EEC countries should be free			7
Telegrams should be free			4
All stationery should be free			3
More stationery or a wider range is needed			12
Other improvements (mainly unspecified)			14
Total number of suggestions			164
Number of Members making suggestions			133

TABLE 13

All Members of Parliament: Percentage considering that other categories of expenditure on Parliamentary business should be covered, numbers asking for certain categories to be paid for and proposals for method of payment

	All MPs	Proposals for method of payment (a); All MPs (b)				
		Cash allowance or reimbursement	Free facilities	Fund	Tax deductible	Un-specified
Whether other categories of expenditure on Parliamentary business should be covered	%					
YES	66					
NO	34					
Replies to question (number)	(384)					
Percentage of total returns	86					
<i>Categories of expense (a)</i>	Number	Number	Number	Number	Number	Number
Travel in UK:						
Anywhere	68	16	28	2	—	22
For research	47	17	2	3	—	25
Taxis or hire cars	16	3	2	—	1	10
Meals on trains	4	—	1	—	—	3
Other	22	10	2	—	4	6
Travel abroad for research	35	17	3	3	1	11
Entertainment:						
In House	54	27	5	—	6	16
Constituents (place unspecified)	26	13	—	—	4	9
Other	14	3	1	—	4	6
Subscriptions and donations	30	11	—	—	7	12
Books, journals and newspapers	33	10	3	—	5	15
Wife's/husband's expenses	12	7	—	—	1	4
Expenses of constituency surgery:						
Advertising, accommodation etc.	40	16	3	—	—	21
Assistance (non-secretarial)	20	9	1	—	—	10
Meals in House	7	4	—	—	1	2
Clothing	8	4	—	—	4	—
Capital allowance for car purchase	4	4	—	—	—	—
Other	7	1	—	—	—	6
Total number of categories/proposals	447	172	51	8	38	178
Number of Members specifying categories	253					

(a) Members were asked for categories of expenditure, amounts incurred, proposals for meeting these and reasons. Those naming categories did not necessarily give replies for all or any of the other items. Reasons included: gives independence from pressure groups, foreign governments etc.; provides background information (travel for research purposes). Expenditure on some of the categories specified is already covered by existing arrangements in certain circumstances, eg meals on trains between Westminster and the constituency.

(b) 178 Members gave 269 specific proposals for methods of payment.

TABLE 14

**All Members of Parliament: Distribution in ranges of expenditure on items not covered by existing allowances, arrangements for reimbursement or free facilities**

Category of expenditure	Annual expenditure										1975		1971	
	Not stated	Less than £101	£101-£200	£201-£300	£301-£400	£401-£500	£501-£750	£751-£1,000	Over £1,000	All ranges	Average amount (a)	All ranges	Average amount (a)	
	No.	No.	No.	No.	No.	No.	No.	No.	No.	No.	£	No.	£	
Travel in UK not now covered	73	26	23	13	4	1	1	—	2	143 (b)	197	43	158	
Travel abroad for research	25	1	2	2	—	3	1	1	1	35	442	16	225	
Entertainment	24	8	11	24	6	5	2	1	1	87 (b)	319	260	216	
Subscriptions	8	5	8	5	1	3	—	—	—	30	208	58	95	
Donations	4	15	8	3	1	1	—	—	—	33	151	92	147	
Books, journals and newspapers	5	1	2	3	1	—	—	—	—	12	224	56	97	
Wife's/husband's expenses												20	283	
Total of above										340	243	545	175	
Expenses of constituency surgery	22	5	10	7	—	1	1	4	4	54 (b)	487	..	..	
Meals in the House	2	—	2	1	—	1	1	—	—	7	300	..	..	
Clothing	3	—	2	1	—	1	1	—	—	8	328	..	..	
Capital allowance for car purchase	1	—	—	1	1	—	—	1	1	4	653	..	..	
Other	2	3	—	1	—	1	—	—	—	7	167	162	252	
Total of above										420	281	707	190 (c)	

(a) Based only on those giving an amount.

(b) These totals are not the sums of the appropriate breakdowns in Table 13 since some Members named more than one item within a category.

(c) The average shown in the 1971 Report (Cmnd. 4836—Appendix A, Table 14) was £206; this included research expenditure.

TABLE 15

## All Members of Parliament: Average hours per week spent on Parliamentary work

	Average hours per week									
	In the House		Outside the House				On visits		In total on Parliamentary business	
			On behalf of constituents		On preparatory work for Parliamentary proceedings					
	1975	1971	1975	1971	1975	1971	1975	1971	1975	1971
Minister (a) (b)	31	31	14	12	14	23	1	2	61	68
Parliamentary Secretary or Under Secretary (b)	45	27	13	10	14	31	4	2	78	70
Other office holder	62	58	12	9	3	3	1	1	79	71
Other Members	46	42	14	11	7	7	3	3	70	63
All	46	42	13	11	7	7	3	3	70	63

(a) For Ministers departmental work was included in 1971 but it is not clear how far it was included in 1975.

(b) For both Ministers and Parliamentary Secretaries and Under Secretaries departmental work was normally included in 1971 under 'hours spent on preparatory work for Parliamentary proceedings' but in 1975 was included partly under 'hours spent in the House' and partly under 'hours spent on preparatory work for Parliamentary proceedings'.

TABLE 16A

## All Members of Parliament: Percentage distribution of hours spent in the House

	Percentage of MPs whose average hours per week were:											All ranges (100%)	
	Under 26	26-30	31-35	36-40	41-45	46-50	51-55	56-60	61-65	66 or over	No.	%	
Office holders (a)	28	16	2	5	2	5	5	23	2	12	43		
Other Members	4	6	6	16	16	25	7	15	2	3	363		
All: 1975	7	7	6	15	15	23	6	16	2	4	406		
1971 (b)	10	9	9	22	8	19	7	11	2	2	481		

(a) See footnotes (a) and (b) to Table 15.

(b) The figures were not shown in the 1971 Report (Cmd. 4836).

TABLE 16B

## All Members of Parliament: Percentage distribution of hours spent in total on Parliamentary work

	Percentage of MPs whose average hours per week were:											All ranges (100%)	
	Under 41	41-45	46-50	51-55	56-60	61-65	66-70	71-80	81-90	91 or over	No.	%	
Office holders (a)	12	2	5	5	5	7	14	30	5	16	43		
Other Members	3	1	6	5	15	12	12	26	10	10	350		
All: 1975	4	1	6	5	13	11	12	27	9	10	393		
1971	6	4	9	13	14	12	13	16	7	5	481		

(a) See footnotes (a) and (b) to Table 15.

TABLE 17

All Members of Parliament: Number and percentage going abroad on Select Committees, delegations etc. in the 12 months preceding the survey and average number of days spent abroad

	Number of MPs	MPs going abroad		Average number of days spent abroad(a)
		Number	Percentage	
Office holders	59	14	24	11
Other Members:				
Former office holder	97	36	37	17
Not former office holder:				
Less than 2 years' service	106	32	30	7
2 or more years' service	183	83	45	23
Total other Members	386	151	39	18
All: 1975	445	165	37	17
1971	524	238	45	18

(a) Based only on those going abroad.

TABLE 18

Members of Parliament who are not office holders: Percentages with and without other paid occupations

	Former office holder	Not former office holder	Years of service				All	
			Less than 6	6-10	11-15	16 or over	1975	1971
	%	%	%	%	%	%	%	%
Members with other paid occupations	82	64	78	73	84	69	70	
Members without other paid occupations	18	36	22	27	16	31	30	
Replies to question (number)	(95)	(287)	(197)	(68)	(48)	(382)	(454)	
Percentage of returns from non office holders	98	99	100	100	96	99	99	

TABLE 19

**Members of Parliament who are not office holders: Percentage distributions  
of hours spent on other paid occupations**

Hours spent on other paid occupations	Former office holder	Not former office holder	All	
			1975	1971
	%	%	%	%
While the House is sitting:				
Under 5	39	40	40	29
5- 9	18	26	24	23
10-19	30	25	26	29
20-29	10	7	8	14
30 or more	3	2	2	5
Replies to question (number)	(77)	(181)	(258)	(311)
Percentage of returns from those with other occupations	99	98	98	98
During recess:				
Under 5	22	28	26	18
5- 9	17	12	13	13
10-19	25	23	24	18
20-29	19	16	17	24
30 or more	17	20	19	26
Replies to question (number)	(72)	(176)	(248)	(300)
Percentage of returns from those with other occupations	92	95	94	94

TABLE 20

Members of Parliament who are not office holders: Relationship of hours spent in total on Parliamentary business to hours spent on other paid occupations while the House is sitting

	Percentage (cumulative) of MPs whose total hours spent on Parliamentary business were less than:										All ranges	
	41	46	51	56	61	66	71	81	91	Total	No.	
	%	%	%	%	%	%	%	%	%	%	%	
Members with no other paid occupation	1	1	2	4	16	27	36	69	82	100	107	
Members with other paid occupations: hours spent while the House is sitting:												
Under 5	2	3	6	10	26	37	51	82	93	100	94	
5-9	2	2	5	14	40	48	59	90	97	100	58	
10-19	10	12	27	36	45	60	72	88	93	100	67	
20-29	—	12	41	53	65	76	100	100	100	100	17	
30 and over	20	20	40	60	60	80	100	100	100	100	5	
All	3	5	11	16	31	43	55	82	91	100	348	

TABLE 21

**All Members of Parliament: Percentage considering that further Parliamentary functions should be treated as paid offices and number specifying functions**

	Office holders	Other Members		All MPs
		Former office holders	Not former office holders	
Whether any Parliamentary functions not at present treated as paid offices should be so treated:				
Replies to question (number)	47	76	223	346
Percentage of total returns (%)	80	78	77	78
Percentage of replies saying YES (%)	36	32	27	29
Functions specified	Number	Number	Number	Number
Chairman of Committee/Chairmen's Panel	3	8	20	31
Member of Select Committee	1	2	10	13
Member of Standing Committee	1	3	9	13
Opposition Whip	11	11	12	34
Opposition spokesman	4	4	9	17
Parliamentary Private Secretary	—	—	6	6
Official of a political group	2	—	5	7
Any function requiring full-time attendance	—	1	6	7
Other	—	1	3	4
Total number of functions specified	22	30	80	132
Number of Members specifying functions	17	24	59	100

TABLE 22

**All Members of Parliament: Percentages considering present severance arrangements inadequate and number suggesting improvements**

	Replies to question	Percentage of total returns	Percentage of replies saying not adequate
	Number	%	%
<i>Type of MP</i>			
Office holders	53	90	68
Other Members:			
Former office holders	88	91	39
Not former office holders	270	93	55
<i>Age (years)</i>			
Under 40	91	92	57
40-49	151	94	56
50-59	106	90	48
60-64	41	95	56
65 and over	22	88	36
<i>Length of service (years)</i>			
Under 2	97	92	59
2- 5	99	93	51
6-10	89	92	60
11-15	53	93	47
16-25	57	97	42
26 and over	16	80	56
All	411	92	53
<b>Suggested improvements</b>		<b>Number</b>	
<b>Severance payment of:</b>			
4 months' salary		2	
6 months' salary		64	
9 months' salary		3	
12 months' salary		21	
Scheme related to length of service (a)		81	
Scheme related to age		17	
Parliamentary allowances to continue for a period		5	
Statutory redundancy payments		16	
Payable on resignation and/or failure to secure re-adoption		24	
Based on personal circumstances		9	
Other improvements (mainly unspecified)		28	
Total number of suggestions		270	
Number of Members making suggestions		210	

(a) Includes 3 schemes based on both age and length of service.

TABLE 23

## All Members of Parliament: Opinions on pension provisions

	Office holders	Other Members	Total	All MPs					
				Age (years)			Pre-October 1964 service (years)		
				Under 40	40-59	Over 59	0	1-9	10 or more
Whether prepared to pay a higher rate of contribution in return for a more rapid accrual of pension entitlement	%	%	%	%	%	%	%	%	
Percentage of replies saying YES	89	78	80	75	79	90	80	76	84
Replies to question	(56)	(346)	(402)	(85)	(256)	(61)	(280)	(72)	(50)
Percentage of total returns	95	90	90	86	92	90	90	91	89
Whether in favour of the scheme including provision for the purchase (calculated on normal actuarial principles) of added years of reckonable service									
Percentage of replies saying YES	96	84	86	87	87	80	88	75	90
Replies to question	(50)	(337)	(387)	(83)	(243)	(61)	(269)	(68)	(50)
Percentage of total returns	85	87	87	84	87	90	87	86	89
Whether the present Parliamentary pension arrangements, including those for widows and dependents, are considered adequate in other respects									
Percentage of replies saying NO	50	56	55	49	56	61	51	60	75
Replies to question	(54)	(330)	(384)	(78)	(242)	(64)	(259)	(73)	(52)
Percentage of total returns	92	85	86	79	87	94	84	92	93

TABLE 24

## All Members of Parliament: Number of suggestions for improvements in pension arrangements

Suggested improvements	Office holders	Other Members	Total
	Number	Number	Number
Faster accrual (a):			
One-fortieth per year of reckonable service (b)	1	16	17
Other	5	12	17
Unspecified	3	19	22
Higher proportion of salary	—	5	5
Earlier retirement:			
60 years	2	8	10
63 years	—	2	2
Death in service benefit	1	9	10
Improved provision for early retirement through ill-health	1	8	9
Improved transference of existing pension rights	2	11	13
Improved provision for widows/dependents	13	53	66
Additional back service credit for Members with pre-October 1964 service	1	7	8 (c)
Members who retired prior to October 1964 should be entitled to a pension	—	2	2
Option for earlier retirement on reduced pension	4	9	13
Improved protection against inflation (d)	1	25	26
Other improvements (mainly unspecified)	8	70	78
Total number of suggestions	42	256	298
Number of Members making suggestions	30	192	222

(a) Includes 36 suggestions made by 36 Members who said that they were satisfied with the present Parliamentary pension arrangements in other respects.

(b) The current accrual rate is one-sixtieth per year of reckonable service.

(c) One Member with less than 10 years' and 7 Members with 10 or more years' pre-October 1964 service.

(d) The Parliamentary pension scheme falls under the provisions of the Pensions (Increase) Act 1971.

TABLE 25

**All Members of Parliament: Percentages proposing various intervals for  
adjustment of salaries and for general reviews of remuneration**

Interval for adjustment of salaries		Whether there should be a periodic general review of remuneration		Interval for such a review	
Annual (a)	70	YES	90	Biennial	40
Biennial	19	NO	10	About every 4 years (b)	48
About every 4 years	6			Other:	
Other	5			As for civil service or annual	10
				Other	1
Replies to question (number)	(429)	Replies to question (number)	(401)	Replies to question (number)	(342)
Percentage of total returns	96	Percentage of total returns	90	Percentage of those proposing such a review	95

(a) Includes "as for civil service".

(b) Includes 5 per cent proposing "once in each Parliament".

TABLE 26

**All Members of Parliament: Numbers suggesting adjustment of salaries between reviews by linkage to movements in salaries or indices**

Suggestions for linkage (a)	All MPs
<i>Movements in salaries in</i>	Number
Civil service	227
of which:	
Above Under Secretary	6
Under Secretary	7
Assistant Secretary	26
Below Assistant Secretary	3
Unspecified	185 (c)
Judiciary	18
of which:	
Circuit Judge	11
High Court Judge	4 (d)
Unspecified	3
Other specified professions	10
Unspecified professions	16
"Evelyn King scheme" (b)	3
Other specified groups of professions	4 (e)
<i>General indices</i>	
Index of retail prices	29
Average earnings or wages	15
Average salaries	3
Earnings and prices	2
Against linkage with other occupations or general indices	14
Total number of suggestions	341
Number of Members making suggestions	325

- (a) Includes 75 suggestions from Members who proposed the same interval for adjustment of salaries as for the general review and 39 from Members who did not say how often they wanted a review.
- (b) A scheme suggested by Evelyn King MP in 1975 whereby the salary of a Member would be calculated at 1 December each year as "x" per cent of an average of (i) average weekly earnings, (ii) the salary level of an Assistant Secretary in the civil service and (iii) the salary level of a Circuit Judge.
- (c) Includes 33 saying "higher grades of the civil service".
- (d) Includes one who said that Ministers should be so linked.
- (e) Civil servant and judge (1)  
Civil servant, judge and army officer (2)  
Civil servant, judge, army officer and Royal Household (1).

TABLE 27

## All Members of Parliament: Additional comments offered by respondents

	Office holders	Other Members	Total
	Number	Number	Number
Present personal financial situation difficult	1	14	15
Was better off before becoming an MP and/or would be better off in outside job	2	11	13
Poorly treated in comparison with legislatures abroad	—	14	14
Salary needs to accord with high standard of public service	—	10	10
Specific salary proposals	1	13	14
Need for this review to be speedy	1	10	11
Salary increase more important than raising allowances	2	5	7
Adequate allowances more important than salary increase	—	23	23
Increase should be limited by economic considerations	—	10	10
Lack of family life and/or pressure on dependents	—	12	12
Parliamentary work is increasingly time consuming	—	18	18
Differentiate full and part-time Members	3	12	15
Supports concept of full-time commitment	1	9	10
Resists professionalisation/favours part-time commitment	—	13	13
Change differential between Ministers and backbenchers	—	14	14
Minister/office holder to receive higher proportion of Parliamentary salary	6	4	10
Take remuneration out of political arena	5	27	32
Higher car mileage allowance	3	29	32
Remove income tax/national insurance anomalies	1	13	14
Other	—	8	8
Total number of comments	26	269	295
Number of Members offering comments	24	176	200
Number of Members returning questionnaire	59	386	445

APPENDIX B

**LIST OF INDIVIDUALS AND ORGANISATIONS  
WHO GAVE ORAL EVIDENCE**

**Individuals who gave oral evidence**

Mr Jack Ashley CH, MP, and Mrs Ashley.

The Rt. Hon. Lord Carrington KCMG, Leader of the Opposition in the House of Lords.

The Rt. Hon. Edward du Cann MP.

The Rt. Hon. Lord Elwyn-Jones, the Lord Chancellor.

Mr Michael English MP.

Mrs Winifred Ewing MP.

The Rt. Hon. Lord Goronwy-Roberts.

Mr Peter Hordern MP.

The Rt. Hon. Roy Jenkins MP.

The Rt. Hon. Ronald King Murray QC, MP, the Lord Advocate.

Sir Peter Kirk MP.

The Earl of Limerick.

Mr John H McCluskey QC, the Solicitor General for Scotland.

Mr John Mackintosh MP.

Mr Peter Mills MP.

The Rt. Hon. Earl St. Aldwyn KBE, TD, DL, JP, Opposition Chief Whip in the House of Lords.

The Rt. Hon. Lord Shackleton KG, OBE.

The Rt. Hon. Lord Shepard, Lord Privy Seal and Leader of the House of Lords.

The Rt. Hon. Edward Short MP, then Lord President of the Council and Leader of the House of Commons.

Mr David Steel MP.

The Rt. Hon. George Strauss MP, Chairman of the Trustees of the Parliamentary Contributory Pension Fund.

Mr Mike Thomas MP.

The Rt. Hon. Jeremy Thorpe MP.

Mr Christopher Tugendhat MP, accompanied by Miss L. Hastie (secretary).

Mr W van Straubenzee MBE, MP, Chairman of the Select Committee on Assistance to Private Members.

Mr Brian Walden MP.

The Rt. Hon. William Whitelaw CH, MC, DL, MP.

The Lord Winterbottom.

**Government Departments and other organisations who gave oral evidence**

Civil Service Department.

Board of Inland Revenue.

Members of the Secretaries Council of the House of Commons.

## APPENDIX C

### CURRENT SALARIES OF MINISTERS AND PAID OFFICE HOLDERS

	£
Prime Minister	20,000
Cabinet Minister	13,000
Minister not in the Cabinet } Minister of State	9,500–7,500
Parliamentary Secretary or Under Secretary of State	5,500
Lord Chancellor	20,000
Attorney General	14,500
Solicitor General	11,000
Lord Advocate	11,000
Solicitor General for Scotland <sup>1</sup>	7,750
Chief Whip, House of Commons	9,500
Chief Whip, House of Lords	6,500
Deputy Chief Whips, both Houses	5,000
Other Government Whips, House of Lords	4,500
Other Government Whips, House of Commons	4,000
Leader of the Opposition, House of Commons	9,500
Opposition Chief Whip, House of Commons	7,500
Two other Opposition Whips, House of Commons	4,000
Leader of the Opposition, House of Lords	3,500
Opposition Chief Whip, House of Lords	2,500
Mr Speaker	13,000
Chairman of Ways and Means, House of Commons	6,750
Chairman of Committees, House of Lords	6,750
Deputy Chairman of Ways and Means, House of Commons	5,500
Principal Deputy Chairman of Committees, House of Lords	5,500

**Notes:**

Ministers and other office holders, other than those who are provided with an official residence, receive a London supplement of £385 a year. Those who are Members of the House of Commons receive a Parliamentary salary of £3,700 a year (except Cabinet Ministers who receive £3,000 a year) in addition to their Ministerial or official salary and are also eligible, with certain modifications, to claim against the allowances and facilities available to all Members of Parliament. Those who are Members of the House of Lords may claim up to a maximum of £700 a year against the Peers' expenses, and the first £100 of such claims is free of tax.

The salaries of the Prime Minister and of Mr Speaker include flat-rate elements of £5,000 and £4,000 a year respectively that are free of tax in recognition of the additional expenses of the offices.

The salary of the Lord Chancellor includes £2,500 in recognition of his function as Speaker of the House of Lords.

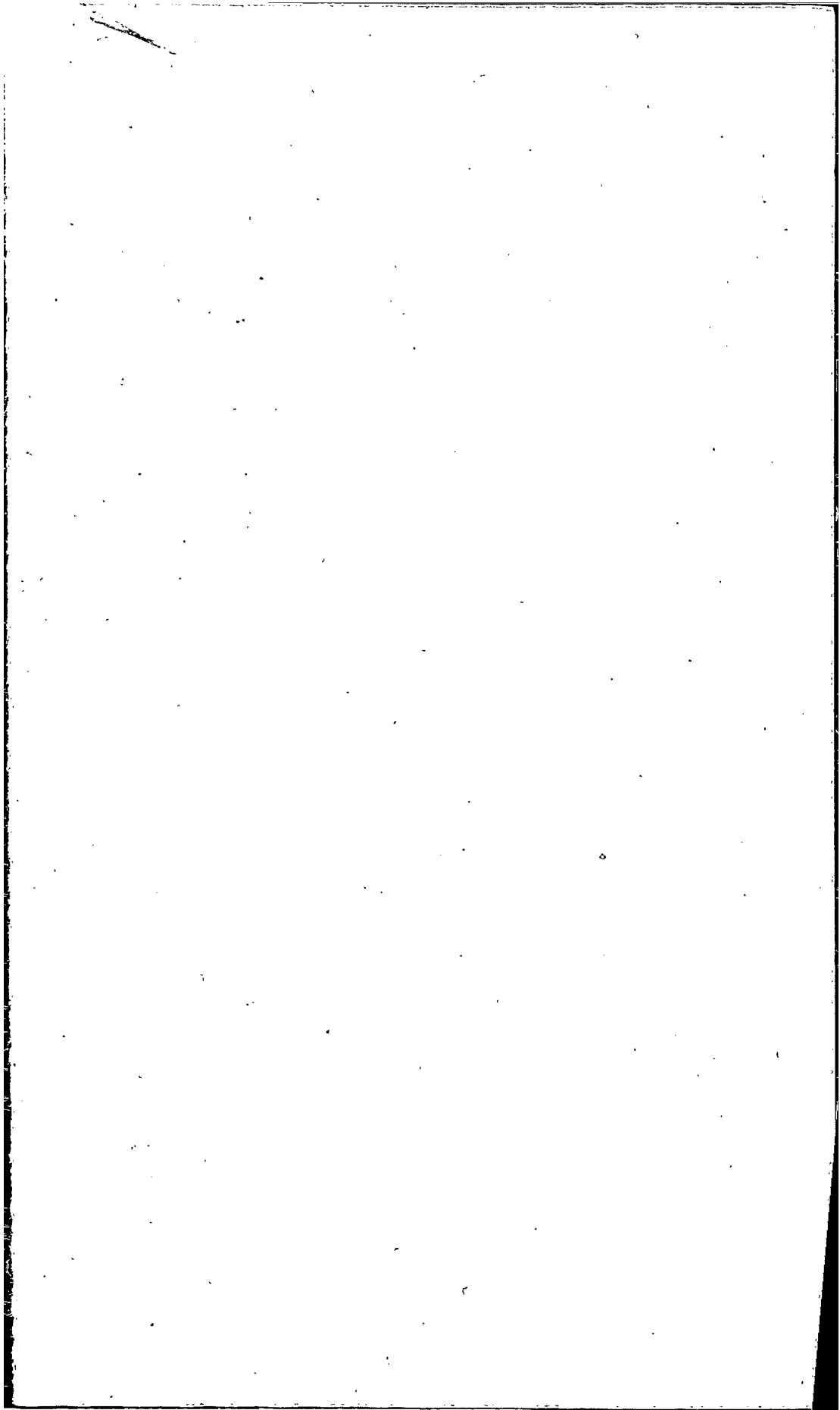
Statutory pensions of £7,500, £6,500 and £8,500 a year respectively are attached to the offices of the Prime Minister, Mr Speaker, and the Lord Chancellor.

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<sup>1</sup> The present Solicitor General for Scotland is not a Member of either House of Parliament.

Printed in England for Her Majesty's Stationery Office by Westerham Press.

Dd 295218 Kk 527/76



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