



Review Body on Top Salaries.

**Report No. 13**

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

Chairman:

THE RT. HON. LORD BOYLE OF HANDSWORTH

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### REVIEW BODY ON TOP SALARIES

On 23 October 1978, the Review Body on Top Salaries was invited by the Prime Minister to review and make recommendations on:

- (i) the level of salary of Members of the House of Commons, including the question of a salary linkage;
- (ii) the arrangements for severance pay for Members of the House of Commons;
- (iii) the scope and level of the Members' secretarial allowance, with reference to the question of providing severance pay and pensions for secretaries;
- (iv) the levels of salary of Ministers and other office holders;
- (v) the pension position of former Members of the House of Commons who left the House before 2 August 1978;
- (vi) the rates of the Peers' expenses allowance;
- (vii) the scope for and level of an allowance towards the cost of running constituency 'surgeries', and
- (viii) the scope for and level of an allowance for travelling and subsistence for Peers' and Members of the House of Commons' spouses to attend official functions.

Items (i), (iv) and (vi) were dealt with in Report No. 12 which also included an interim recommendation on the level of the Members' secretarial allowance. The remaining items are dealt with in this report. Subsequently two further items were added:

- (ix) the question of a support allowance for Ministers and other office holders in the House of Lords analogous to the secretarial and other allowances paid in the House of Commons;
- (x) salary linkage, by considering further the possibility of relating the salary of a Member to one or more analogues in the professional field.

The members of the Review Body are:

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

Sir Harold Atcherley<sup>1</sup>

Sir George Coldstream, KCB, KCVO, QC

Lord Hirshfield

Andrew Leggatt, QC

Lord Plowden, KCB, KBE

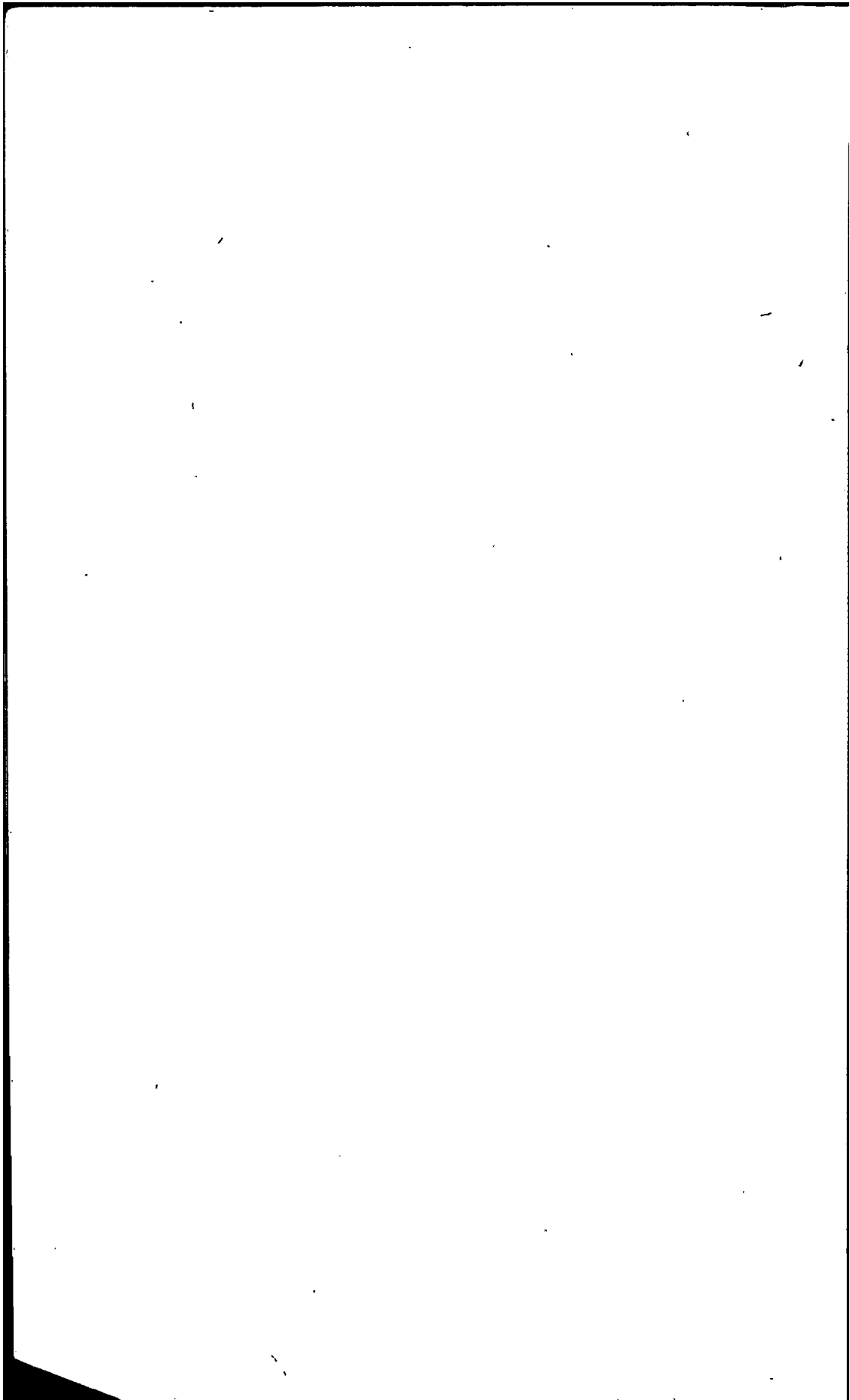
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The Secretariat is provided by the Office of Manpower Economics.

Sir John Clark resigned his membership in June 1979 and did not take part in this review.

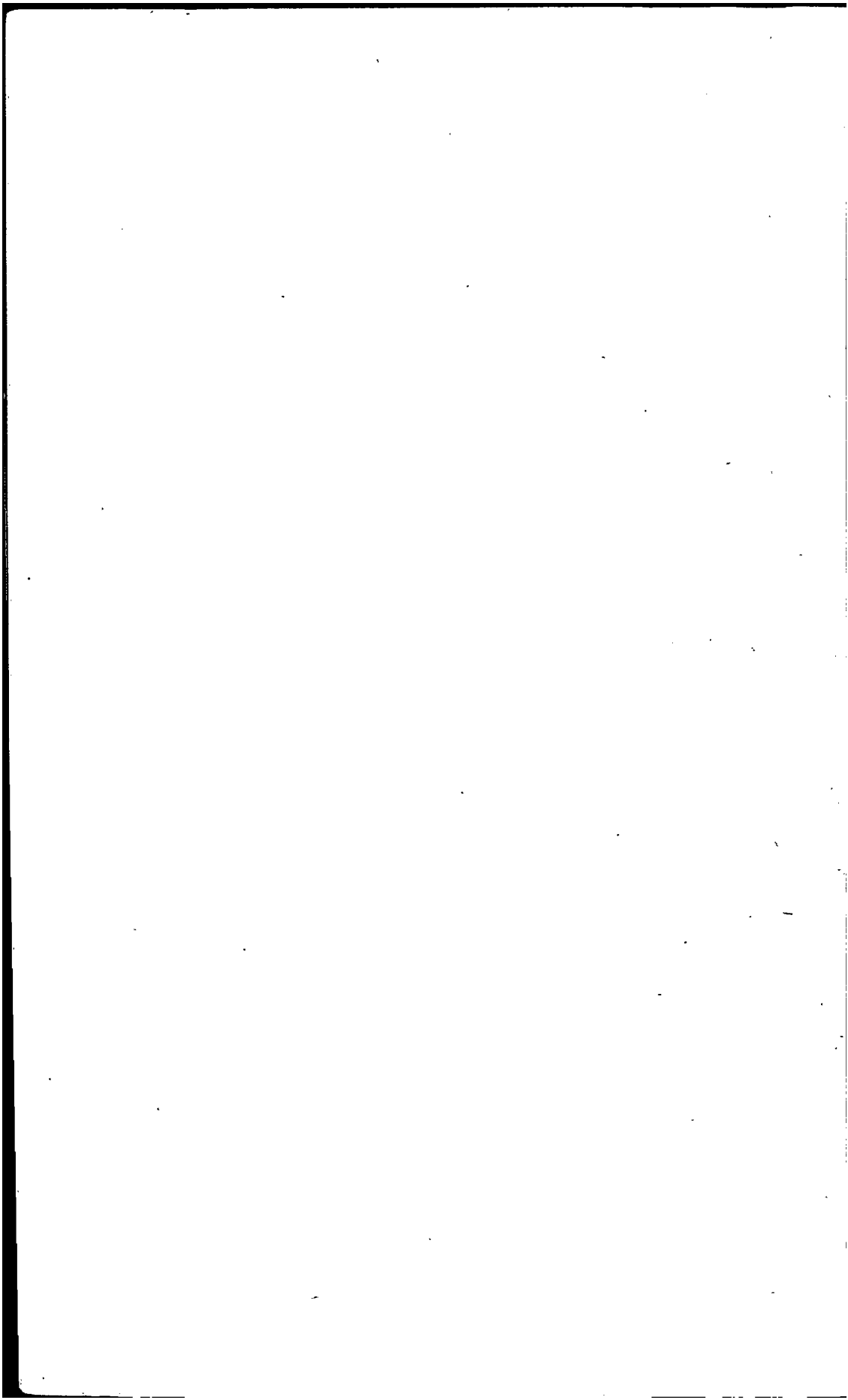
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<sup>1</sup> Also Chairman of the Review Body on Armed Forces Pay.



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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 23 October 1978 to review and to make recommendations on the remuneration of Ministers of the Crown and Members of Parliament, the Peers' expenses allowance, and specific points relating to Parliamentary allowances and pensions arrangements. The first part of our report, submitted and published in June 1979<sup>1</sup>, dealt with the salary of Members, the closely related issue of salary linkage, and the salaries of Ministers and other office holders. It also covered two other areas which warranted particularly urgent attention: the level of the Peers' expenses allowance and the maximum of the Members' secretarial allowance. At that time, we were able to make an interim recommendation only on the latter.

2. The levels of salary and of allowances recommended in that report have been accepted as appropriate at 13 June 1979. The new salaries are however to be introduced in three stages. One half of the increase has been paid from 13 June 1979, and two further equal instalments are to be paid from 13 June 1980 and 13 June 1981. The second payment is to be updated in accordance with recommendations that we have been invited to make on the level of salary appropriate for 13 June 1980.

3. In this report we deal with the remaining items in our terms of reference, including our final recommendations on the secretarial allowance, and the two further items added subsequently to our remit by the Prime Minister—the question of an allowance for Ministers in the House of Lords and the possibility of relating the salary of a Member to one or more analogues in the professional field. In some areas we have found it necessary to go beyond our original terms of reference in order to consider properly the items within our remit. The Prime Minister did confirm, when we began this review, that we might do so.

4. We have also taken the opportunity to comment, where we considered it necessary, on a number of questions, in particular, the accrual rate and transfer arrangements under the Parliamentary pension scheme and travel facilities for MPs, which have been brought to our attention in the course of this review. We have not however made any recommendations in these areas as they lie outside our terms of reference.

5. There are some further items outside our terms of reference upon which no more than a brief comment is required. These include the provision of free postage, telephones and stationery, and a number of payments—London Supplement, additional costs allowance and car mileage allowance—which are

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<sup>1</sup> Review Body on Top Salaries, Report No. 12: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I—Cmnd 7598.

linked to parallel payments in the public service. None of these appears to have given rise to significant problems and we see no reason to propose change. We are aware that some Members consider some of these arrangements inadequate but we believe that they are reasonable and that Members' concern on these matters will be reduced substantially as they receive a realistic salary. We do not consider it right when salary is depressed to attempt to boost remuneration by increasing allowances and facilities. We repeat our earlier view that the correct approach is for MPs' pay to be brought up to, and maintained at, a realistic level.

#### **Our inquiries**

6. As we indicated in Report No. 12, we have received written and oral evidence from a number of Members of Parliament and from Ministers. A list of those who gave oral evidence for the subjects covered in this report is at Appendix A. We also explained then that a questionnaire was sent to each Member of Parliament to obtain factual information on patterns of work and levels of expenditure incurred in connection with the Parliamentary duties, and to obtain opinions on a range of matters related to pay and allowances. The response rate was 53 per cent. The results of this survey are referred to as necessary in the following chapters. A full analysis is in Appendix C to Report No. 12. We would again like to express our thanks to all those who have helped our inquiries by completing the questionnaire and by otherwise bringing their views to our attention.

## CHAPTER 2

### SECRETARIAL ALLOWANCE

7. We have been asked to consider the scope and level of the Members' secretarial allowance, with particular reference to the question of providing severance pay and pensions for secretaries. When we were asked to do so, the maximum of the allowance stood at £4,200. It was increased subsequently to £4,520 for the year ending 31 March 1980 and is to rise to £4,600 thereafter. These changes followed the interim recommendation in our report earlier this year<sup>1</sup> that the maximum of the allowance should be increased to £4,600.

8. The secretarial allowance was introduced in 1969 to meet secretarial and general office expenses. The maximum against which claims could be made was then £500. In our First Report<sup>2</sup>, we recommended that the maximum should be increased to £1,000 of which £300 was to be available for research assistance. That recommendation was implemented. In our 1975-76 review we considered that the maximum of the allowance should in future provide the opportunity for Members to employ a full-time secretary. It had not previously been designed to do so. We also proposed that the limit on the amount that could be spent on research assistance should be abolished, so that the full amount would be available for secretarial or research assistance or a combination of both. We also recommended that cost of purchase and maintenance of office equipment should be met separately and not, as was the case with the cost of maintenance of office equipment, through the secretarial allowance; this recommendation has not been implemented.

9. The evidence we have received in this review suggests that greater use is now being made of the secretarial allowance and that Members are employing secretarial and research assistance at the level we anticipated in our last substantive review in 1975-76<sup>3</sup>.

10. These developments we attribute to the changing nature of a Member's job. There is now a greater reliance on the written word than hitherto in the conduct of Parliamentary business. The strengthening of the committee system of the House of Commons may be expected to emphasise this trend. Consequently Members need help to deal with the growing volume of paper and to inform themselves on often increasingly technical or specialist subjects.

11. All those who responded to the survey carried out on our behalf in 1975 employed or shared in the employment of a secretary<sup>4</sup>. The survey for this review<sup>5</sup> indicated no significant change. The difference is in the number of hours for which secretaries are employed. In 1975, 55 per cent of those

<sup>1</sup> Review Body on Top Salaries, Report No. 12: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I—Cmnd 7598 (paragraph 24).

<sup>2</sup> Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament—Cmnd 4836 (paragraphs 43-45).

<sup>3</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 (paragraphs 28-31).

<sup>4</sup> Review Body on Top Salaries, Report No. 8: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II—Cmnd 6574 (Appendix A, Table 7).

<sup>5</sup> Review Body on Top Salaries, Report No. 12: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I—Cmnd 7598 (Appendix C, Table 7).

who replied to the survey employed a secretary for 30 hours a week or more. The equivalent figure in 1978 was 72 per cent. There has also been a change in the nature of the job. The role of a secretary, a personal assistant and a research assistant can overlap. In many cases an MP's secretary is now a personal assistant who, in helping the Member to deal with the growing volume of paper that is an increasing feature of Parliamentary life, may also undertake some of the tasks normally associated with a research assistant.

12. Since 1975 there also appears to have been a substantial increase in the number of MPs who employ or share in the employment of a research assistant. Whereas in 1975 29 per cent of those responding to our survey did so, in 1978 the proportion had risen to 40 per cent<sup>1</sup>.

13. We had to determine whether in the face of this evidence of increased use the scope of the present arrangement remained appropriate. We received a variety of suggestions on this point. Some favoured the status quo; others proposed an allowance that would enable an MP to employ one full-time secretary or more, a research assistant and other staff. There was also support for separate maxima for the employment of secretaries and the employment of research assistants.

14. In considering the evidence we also had to take account of the contribution that the Library does and could make in the provision of information to MPs. At present it provides a valuable service by identifying material relevant to an inquiry by a Member and in supplying general background information on topics coming forward for debate in the House. The division of research staff into groups specialising in particular subjects is also of help not least in the provision of swift oral briefings on factual points of concern to individual Members. The Library's capacity to analyse problems in depth for individual MPs is however necessarily limited; this role falls more often to a research assistant employed direct by the individual MP.

15. In reaching our conclusions on what the maximum of the allowance should be and what it should cover, we have taken account of a further factor—the liability upon the MP to meet the cost of the employer's national insurance contribution. This now stands at 13.5 per cent of the salary of the secretary or research assistant.

16. Finally, we have sought to satisfy ourselves that claims against the maximum of the allowance will be subject to an acceptable standard of accountability—a question to which we first drew attention in our Report No. 8<sup>2</sup>. At present, it is notionally possible for an MP to claim against the secretarial allowance without employing a secretary. We have received no evidence that this occurs in practice, but there is no check within the present system which would prevent or draw attention to any such abuse. This is unsatisfactory. It is important that Parliament should be seen to apply to itself the standards of accountability it would expect to see elsewhere.

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<sup>1</sup> Review Body on Top Salaries, Report No. 12: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I—Cmnd 7598 (Appendix C, Table 7).

<sup>2</sup> Review Body on Top Salaries, Report No. 8: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II—Cmnd 6574 (paragraph 15).

17. The present single allowance, although available for secretarial or research assistance, or a combination of the two, was designed primarily to enable the MP to employ a full-time secretary. The evidence we have received indicates that many Members now do so and that in addition a significant number of Members now employ a research assistant. We think it right therefore that any new provision should be sufficient to enable the Member to employ where necessary both a full-time secretary and a part-time research assistant. We propose that there should in future be separate maximum allowances for secretarial assistance and for research assistance. The maximum of the secretarial allowance should be £5,500 and the maximum of the research allowance should be £1,250. These amounts take account of the MP's liability to pay the employer's national insurance contribution. We recognise that some Members may find two allowances less flexible than the present dual purpose allowance. We no longer see it as appropriate however, having accepted that there should be specific provision to enable MPs to employ two separate assistants, to make that provision in the form of a single maximum allowance, particularly bearing in mind the need for accountability. Provision of two allowances with separate maxima will not in itself produce an acceptable level of accountability. A minimum standard of accountability would be attained however if payments against each allowance were made direct to secretaries or research assistants by the Fees Office on behalf of Members.

*Recommendations.* We recommend that there should be two allowances with separate maxima for secretarial assistance and for research assistance. The maximum of the secretarial allowance should be £5,500. The maximum of the research allowance should be £1,250. These amounts should apply with effect from the date of acceptance of these recommendations. Payments against the allowances should be made direct to secretaries or research assistants by the Fees Office on behalf of Members.

18. We would like to make one further comment. It is a comment and not a recommendation because the matter is strictly speaking outside our terms of reference. It relates to the services provided by the Library. We have been impressed in the course of our review by the way in which the different services provided by secretaries, research assistants and the Library inter-relate. In our view it is important that as the Member's need for secretarial and research assistance grows so the Library service should continue to develop in parallel to enable it to provide information for Members specialising in a particular field. If it does not there will be a wasteful duplication of effort as successive Members and their assistants seek out the same information.

#### **Redundancy arrangements for secretaries**

19. We have been advised by the Department of Employment that a secretary who becomes redundant can qualify for a redundancy payment under the provisions of the Employment Protection (Consolidation) Act 1978. No other redundancy benefit is available unless the individual Member chooses to make some additional provision.

20. We have considered the case for some provision that would increase the payments available to secretaries, or would enable MPs to be reimbursed from public funds for any additional costs that they might incur in this respect.

21. The provisions of the 1978 Act are regarded by many employers as minima upon which to build. They are not as generous as those available to the secretarial staff employed direct by the House authorities. However, the House has much greater flexibility in the deployment of its staff and this enables it to match a surplus in one area with a shortage elsewhere. Consequently, while individual redundancy payments may be larger than those available under the 1978 Act, they are unlikely to occur as frequently as they would if staff could not be re-allocated. Staff employed by Members have no comparable obligation to move from one post to another. They have an individual contract with one or more Members, and should be aware of the conditions (including the arrangement for redundancy payments) under which they are employed, although in practice we realise that some may not be.

22. In our view it would not be appropriate to improve the present arrangements while the present system of individual employment is retained. It would add an additional cost without any commensurate benefit in the deployment of staff such as is achieved by the House authorities. We are also convinced that no sensible measures can be introduced to reimburse MPs for the cost of any additional expenditure they incur in order to top up payments due under the 1978 Act in the case of redundancy. Secretaries are employed individually in widely differing circumstances. It would be wrong to provide a fixed allowance to all Members irrespective of need; but it would also be difficult for any central authority such as the Fees Office to adjudicate on need.

23. The costs of the present redundancy arrangements vary widely. They can be substantial if an MP has employed a secretary full time for a number of years. Fifty-nine per cent of the cost has to be met by the MP as the employer; the remaining 41 per cent of the cost is met out of the Redundancy Fund which is financed out of national insurance contributions. Two illustrations demonstrate the possible range. A secretary aged 25 employed by a Member for 2 years and earning £5,000 a year would be entitled to a redundancy payment of £192—a cost to the MP of £113. A secretary aged 40 at the same level of salary employed for 10 years would be entitled to a payment of £962—a cost to the MP of £568.

24. In our earlier recommendations on the level of the maximum of the secretarial allowance we have not taken account of this additional prospective call on the resources of Members once they leave the House. There are difficulties in doing so now. The maximum of the secretarial allowance is designed as a maximum against which current actual expenditure may be reclaimed. It would not be appropriate to increase that maximum to provide for some possible future expenditure which may never be incurred. In any case, Members who need to claim will usually need to do so because they have lost their seat, a time when they will by definition no longer be eligible to claim against the secretarial allowance<sup>1</sup>. They will, however, be able to claim any such cost as deductible for tax purposes. We make no recommendation

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<sup>1</sup> Since June 1978 an allowance of up to £500 has been available to a former MP towards defraying the expenses of secretarial or research assistance which is required in connection with the former Member's Parliamentary duties after the former Member has left the House. This allowance is not intended to meet the cost of redundancy payments to MPs' secretaries.

as the issue is not within our terms of reference. Neither do we suggest that a general new facility should be provided, as we believe that the cases where the cost will be an onerous burden upon an individual Member will be few; but they will occur from time to time, arising as they do out of the MP's duties as an employer.

#### **Pension arrangements for secretaries**

25. Members' secretaries are included within the state pension scheme and Members, as employers, contribute to this. Consequently, the maximum of the allowance which we recommended in our Report No. 7<sup>1</sup> took account of the higher level of contribution required of an employer with the advent of the new earnings related state pension scheme introduced in April 1978. The increase in the maximum of the allowance that we now recommend does, as we have indicated (paragraph 15), take account of the further increase in the employer's contribution since April 1978.

26. We have considered whether the maximum of the allowance should be revised to take account of the cost to MPs of contributing to an occupational pension scheme for a secretary where the secretary is in consequence contracted out of the state pension scheme. It is conceivable that the cost could be higher than the employer's national insurance contribution that would otherwise have to be paid. The additional costs are likely however to vary and we see no yardstick by which to assess the extent to which these costs would be reasonable. In these circumstances, we have not considered it appropriate to reflect this factor specifically in the maximum that we recommend.

#### **Payment of claims against the secretarial allowance during a period of dissolution**

27. The inability of Members to make claims against the secretarial allowance for costs incurred on Parliamentary business during dissolution has been brought to our attention. It has been suggested that as a Member's salary now continues to be paid during dissolution the secretarial allowance should also be available in that period.

28. Members' salaries continue in payment during dissolution to prevent hardship for them and their families at a time when they are uncertain of their future and cannot plan ahead. The same uncertainty may also affect Members' secretaries, albeit to a slightly lesser extent, and we have certainly no wish to suggest that the secretary should be at a financial disadvantage during dissolution. The main justification for the secretarial allowance flows however from the MP's constituency responsibilities. Technically, the Member no longer represents the constituency with effect from the date of dissolution and allowances which relate to the work of the constituency therefore cease. Settlement of claims against the secretarial allowance for secretarial support during a period of dissolution would be open to misconstruction, especially since it is not unusual for a Member's secretary to be closely involved in the election campaign. We consider that the only proper and defensible course

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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 29).

is for secretarial expenses incurred during dissolution to be met either from the employer's own pocket or from party funds.

#### **Employment of secretaries by the House**

29. Our attention has been drawn, in the course of the review, to the differences that exist between the conditions of service of secretaries employed by Members and those employed by the House authorities. MPs' secretaries are covered by the state pension scheme. If they are redundant they benefit under the terms of the Employment Protection (Consolidation) Act 1978. In some cases the MP may make alternative, more favourable pension and redundancy arrangements. There are few such cases however since the maximum of the secretarial allowance, for reasons we have indicated, cannot reasonably include elements to cover the costs involved. In contrast, staff employed direct by the House authorities have more favourable pension and redundancy arrangements which are similar to those which apply to the civil service. In general therefore the position of the MP's secretary in these respects is less favourable than that of staff employed direct by the House or, indeed, of many other employees in both public and private sectors. Conversely, as an employer, the MP has a number of responsibilities which entail a potential financial liability. One to which we have already referred is the liability, under the Employment Protection (Consolidation) Act 1978, to contribute towards the cost of redundancy payments to secretaries; another is the liability to contribute towards the maternity benefits for a secretary who leaves to have a family. We have not attempted to chronicle all the potential liabilities, and there may be others.

30. It can be argued that the MP's position is no different from that of any other employer and that the secretary's pension and redundancy benefits are the same as those which apply to many other employees. Nevertheless, we consider that there is some case for attempting to standardise the conditions of service of MPs' secretaries and to bring them into line with those which apply to others employed in the House, in the public services generally, and in the 'better' private sector organisations. We have therefore looked at the ways by which some degree of improvement and harmonisation might be achieved. We have not found any that we can recommend, if the present system of employment is to be retained. We have however looked more widely at possible changes in the system. This is going beyond our terms of reference and therefore we make no recommendations. We wish only to record that it would be to the mutual benefit of secretaries and Members, if secretaries were to be employed by the House and not by Members individually. The introduction of an optional arrangement of central employment was recommended by the Select Committee on Assistance to Private Members in their First Report in 1976<sup>1</sup>. We suggest that the House might reconsider the introduction of such an arrangement now, but in doing so we would like to describe precisely what we have in mind.

31. By 'central employment' we do not mean the provision of a central pool from which Members would draw a secretary as and when they had

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<sup>1</sup> First Report from the Select Committee on Assistance to Private Members—House of Commons Paper 375, Session 1974-75 (paragraphs 11-17).

a need to do so. What we have in mind is a scheme under which Members would select their own secretary, and the secretary would then become an employee of the House. That secretary would then remain with that MP as long as the arrangement was mutually acceptable. Such a scheme would be more in line with general practice outside Parliament. Elsewhere it is normal practice for senior staff to be able to choose their own secretaries from those already employed by the organisation or if necessary from outside, in which case they then become employees of the organisation concerned.

32. If a Member left the House, for whatever reason, his former secretary would be available for employment by another MP. This would be a formal variation of existing practice. Many new MPs do at present employ secretaries of Members who leave the House, most commonly through defeat at a general election. Present practice is mutually beneficial in that the secretary finds employment and the Member gains a secretary who is already conversant with the working of Parliament. The formal variant that we are proposing (and which already operates in a number of countries) would leave the individual Member with the same freedom to select a secretary from among the secretaries already employed by the House, or from an outside source. In our view, it would however bring a number of additional advantages to the Member and to his secretary. All MPs' secretaries, as employees of the House, would share the same pension arrangements which, we assume, could be the same as those that are applicable to other secretarial staff currently employed direct by the House authorities. Individual Members would be relieved of responsibility for supplementary pensions arrangements. The problems inherent in the provision of severance pay would also be avoided as an individual secretary's employment would not be linked to the electoral fortunes of individual Members. Moreover, the accountability problem would be resolved.

33. We recognise that a move to the central employment of secretaries would be a major step for the House to take. It would mean the adoption of a system untried in this country in place of one that is well established. The House may therefore want to consider the possibility of introducing a system of central employment on an optional basis. Members could elect to take on a secretary in this way or continue to employ a secretary direct. The choice would be theirs.

## CHAPTER 3

### THE PARLIAMENTARY PENSION SCHEME

#### Background

34. Before 1964, there was no pension scheme for Members of Parliament. The only financial assistance available to former Members was provided through the House of Commons Members' Fund 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 Fund continues to provide for any former Member who may be in financial need, including Members who may have retired under the current pension scheme with an inadequate pension and without other resources. From the outset, it 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. The Members' Fund is administered by Trustees appointed by the House of Commons. Further details are in Appendix B.

35. The Parliamentary contributory pension scheme for Members was introduced in 1965 under the provisions of the Ministerial Salaries and Pensions Act 1965, and reflected the recommendations of the Lawrence Committee in October 1964<sup>1</sup>. It provided a compulsory pension scheme based on a fund managed by Trustees appointed by the House of Commons. The scheme was introduced with effect from the date of the October 1964 general election that brought in a new Parliament. Members who had left the House before that date were not covered by it. Those whose service continued into the new Parliament could however count up to ten years of service prior to October 1964 as reckonable for pension purposes. This also applied to Members who lost their seats in the October 1964 general election or earlier and who were returned subsequently to Parliament. In our First Report we recommended a number of improvements in the scheme<sup>2</sup>. These were implemented with effect from 1 January 1972 under the Parliamentary and Other Pensions Act 1972. They included special pension arrangements for Ministers and other office holders and a reduction in the period of service necessary to qualify for a pension.

36. In our 1975-76 review, we recommended further improvements<sup>3</sup>. These were implemented in the Parliamentary Pensions Act 1978 and were effective from 2 August 1978. They included provision for an option to purchase added years, for early retirement on grounds of ill health, for an option to retire at the end of a Parliament in certain cases and, for those retiring on or after 2 August 1978, an entitlement to reckon up to 15 years service before 1964 without contributions. There was no change in the entitlement of those who had left the House before 2 August 1978. For this group, the maximum

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

<sup>2</sup> Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament—Cmnd 4836 (paragraphs 53-74).

<sup>3</sup> Review Body on Top Salaries, Report No. 8: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II—Cmnd 6574 (paragraphs 31-60).

number of years served before October 1964 that were reckonable for pensions purposes remained at ten years, as provided in the Ministerial Salaries and Pensions Act 1965.

37. Two other changes were made by the House itself. The rate of children's pensions was increased from one eighth of a deceased Member's prospective pension entitlement (for a maximum of four children) to one quarter (for a maximum of two children) likewise with effect from 2 August 1978. The Act also provided for the widower of a Member who had qualified for pension to receive a pension calculated on the same basis as a Widow's pension, if he had attained the age of 65 or was under 65 but unable, for physical reasons, to earn his own living.

38. A summary of the present pensions arrangements for Members and Ministers is in Appendix C.

#### **The present review**

39. Our terms of reference invite us to consider the pension position of former Members of the House of Commons who left the House before 2 August 1978. We have nevertheless thought it right, in the light of the evidence that we have received and as three years have elapsed since we last considered the subject, to look again at the pension scheme as a whole, particularly in the light of developments in pensions practice in both the public and private sectors since 1976, to establish whether there is a need for a general review of the present scheme.

40. We have concluded that a general review would not be justified at this stage. We considered however that two particular features of the present scheme required further study. These were the rate of accrual and the arrangements for new Members to transfer from a pension scheme to which they belonged before entering the House to the Parliamentary scheme.

#### **Rate of accrual**

41. The present scheme 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, giving a maximum pension of two-thirds of final salary. What is, by comparison with practice elsewhere, a favourable rate of accrual means that the maximum benefit available to MPs is equal to that available in most public service schemes.

42. The survey of Members carried out for the review indicated less concern with the rate of accrual than in 1975. But it is the area in which most suggestions for improvement were made—about one-third of the total number of suggestions. Faster accrual has also featured in oral evidence on pensions. The most common specific proposal put to us has been that the rate should be one-fortieth of final salary for each year of service. The main argument in support of this rate is that it is extremely unusual for an MP to be able to serve the 40 years necessary under the present arrangements to qualify for full pension entitlement.

43. We can understand Members' feelings on this issue: the great majority of Members are unable to complete 40 years service in the House. However, as we explained when we considered this question in our 1975-76 review<sup>1</sup>, a number of other points have also to be taken into account. A career in Parliament is probably a 'late entry' career to a greater extent than most others. Nevertheless MPs are by no means alone in being unable, in most cases, to qualify for maximum benefit from the scheme to which they belong. An accrual rate which provides maximum benefit equivalent to two-thirds of pay at retirement after 40 years is widespread in the public services although in practice, because of late entry, the average reckonable service of public service pensioners is well below 40 years. A similar rate of accrual is common among the better private sector schemes, but many private sector schemes offer a less favourable rate. Faster rates of accrual are not common and are mainly related to particularly hazardous and physically demanding jobs (such as the police and fire services). Moreover, the cost of a faster rate of accrual could be high, particularly were Members to bear the whole cost themselves. Within the public sector it is common for an entitlement to a pension to be preserved or transferred from one scheme to another. In the private sector the preservation of pension entitlement is common and a number of private sector schemes now make provision for transfers; however, many people do not elect to transfer—partly because of problems created by current pensions legislation and partly because preservation can be financially advantageous. Where these changes have taken place, MPs have the same opportunities as other people. Against this background we consider that the present accrual rate for MPs is satisfactory. Moreover, the ability to purchase additional years of reckonable service goes a long way towards meeting the criticisms of the present rate of accrual without imposing any further financial burden on those MPs who regard the present rate as adequate.

#### **Transferability**

44. We have received evidence that the present limit of 12 months within which a Member may decide whether or not to transfer occupational pension rights into the Parliamentary scheme is inappropriate in the particular circumstances of a Parliamentary career. A Member may continue in his or her previous employment and pension scheme and need only decide at a later stage, perhaps in circumstances of achieving Ministerial office, to give up the previous employment. However, under the present scheme, if this decision is taken later than 12 months after entering the House, it is not possible to transfer existing pension rights into the Parliamentary scheme and this may involve a financial loss.

45. It has been suggested that, although transfer time limits of this nature are common in other pension schemes, more flexibility would be appropriate to the Parliamentary scheme in view of the uncertainties of a Parliamentary career. We agree and suggest that the limit should be increased—possibly to five years from entry to the House—and that consideration should be given to a further option in the event of appointment as a Minister. We do not see this as a matter requiring immediate attention but as something that Parliament might consider when new legislation is planned on the pension scheme.

<sup>1</sup> Review Body on Top Salaries, Report No. 8: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II—Cmnd 6574 (paragraphs 36-38).

### **The pension position of former Members of Parliament who left the House before 2 August 1978**

46. Two separate but related points, which we have already considered in earlier reports<sup>1</sup>, arise in relation to the effective date of the present 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 should be entitled to any benefits under the Parliamentary contributory pension scheme. The second is the amount of service prior to October 1964 that should qualify as reckonable towards the pensions entitlement of those who remained in the House after October 1964, but left before 2 August 1978 when the Parliamentary Pensions Act 1978 became effective. We consider the two points separately.

### **Former Members who left the House before 16 October 1964**

47. In this review, as in our 1975-76 review, we received a substantial amount of evidence in support of a pension provision as of right for those Members who left the House before 16 October 1964. A number of those who have given evidence have, however, recognised the problems involved in making such provision.

48. It is a firm point of pensions principle and practice that individuals who have no service on or after the date on which a scheme is introduced cannot benefit from that scheme. The Lawrence Committee endorsed this principle when recommending the introduction of a pension scheme on the lines of the scheme subsequently adopted by the House<sup>2</sup>. We examined the issue in our First Report<sup>3</sup> and we came to the same conclusion as the Lawrence Committee had done seven years earlier. We took the view that it remained appropriate for cases of financial hardship among former Members who had retired before October 1964 and their dependents to be dealt with through the House of Commons Members' Fund. We examined the question again in our Report No. 8 but, notwithstanding natural sympathy for those affected and the fact that the cost might not be prohibitive, we considered the point of principle of such importance that it could not be disregarded. We drew attention to the fact that 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 up to 1973, hundreds of thousands of former public servants had retired without a pension entitlement and were therefore in the same position. There are also many other such instances in the private sector.

49. We therefore felt bound to stand by the view that former Members who had no service after the introduction of the Parliamentary pension scheme should not be entitled to benefit from that scheme. The Members' Fund continued in being and, while we recognised that under the governing legislation

<sup>1</sup> Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament—Cmnd 4836 (paragraphs 69 and 70); Review Body on Top Salaries, Report No. 8: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II—Cmnd 6574 (paragraphs 31-35).

<sup>2</sup> Report of the Committee on the Remuneration of Ministers and Members of Parliament—Cmnd 2516 (paragraph 76).

<sup>3</sup> Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament—Cmnd 4836 (paragraphs 69 and 70).

it could not provide a pension 'as of right', we considered that it remained the appropriate channel through which to provide for the needs of former Members and of their dependents, including those who retired before October 1964. We did, however, make a new suggestion which reflected a development in the community at large, to the effect that, 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 consider an arrangement in parallel to the state pension arrangements for the over 80's. Under such an arrangement some limited benefit could be made available as of right for such Members at age 80. We made no formal recommendations on this matter, as it is a matter for Parliament itself, and we note that no action has been taken.

50. We consider that the present arrangements are unsatisfactory in this respect. Not all of those who are eligible to receive grants from the Members' Fund apply, for reasons which we can understand. Moreover, the grants that are available for those who do apply are low compared with the benefits available to Members who retire now, reflecting the proportionately smaller contributions made to the Members' Fund compared with the contributions to the Pension Fund. We understand that the Fund's expenditure is well below income and that its income could indeed be increased since at present only some £15,000 of the £22,000 available from public funds is drawn upon. In our view, the appropriate course would be to change the constitution of the Fund to entitle former Members without service on or after 16 October 1964, their widows or other dependents, to a measure of benefit as of right. The need for amending legislation should not be regarded as an insuperable barrier and we consider that such legislation should be introduced as a matter of urgency. No precise estimate of the number of potential claimants is available to us, but the number of former MPs who would qualify would be small—perhaps 200 or so at the outside. The total cost would likewise be relatively small. But if, nevertheless, it is judged to be too great we would suggest that as a minimum a grant should be made available *as of right* to all such former Members or their dependents who are aged 75 or over at the date upon which a change is made.

#### **Members who left the House on or after 16 October 1964 and before 2 August 1978**

51. In our 1975-76 review, we recommended that the maximum amount of service reckonable under the Parliamentary pension scheme prior to October 1964 should be increased from 10 years to 15 years, but that this benefit should be restricted to Members who served in the House after the date (2 August 1978) upon which our recommendations were implemented. We also recommended that the additional cost should be met from public funds. These recommendations were implemented but concern has continued to be expressed in the House about the position of those who ceased to be Members after 16 October 1964 but before 2 August 1978, and whose entitlement to credit for service before October 1964 is still restricted to 10 years.

52. Our 1976 recommendation provided a limited improvement that we considered was the most that we could then recommend. We have examined this issue again but have concluded that no further improvement would be

appropriate. The amount of credit for service before the introduction of the scheme is not ungenerous by comparison with what is permitted under other schemes both in the public and private sectors, and we can see no special circumstances that would justify more favourable arrangements for Members in this respect.

## CHAPTER 4

### OTHER PARLIAMENTARY ALLOWANCES AND FACILITIES

#### Introduction

53. We deal in this chapter with the severance arrangements for MPs, constituency 'surgery' costs, travel expenses for wives and husbands of Ministers of both Houses, and the question of a support allowance for Ministers and office holders in the House of Lords which was added to our remit by the Prime Minister on 26 June 1979. We have also decided that it would be appropriate to refer here to the travel and office equipment costs borne by Members: we made recommendations on both in Report No. 8<sup>1</sup> but they were not implemented.

#### Severance arrangements

54. Our terms of reference include the arrangements for severance pay for Members of the House of Commons. We considered this question in our 1971 review<sup>2</sup>. Before that review there had been no provision for the alleviation of the financial effect on Members of losing their seats at a general election. Moreover, at that time, the Member's salary ceased as from the date of dissolution. Unless Members retired on pensions they could, with very little notice, find themselves without income, and even where they were able to turn readily to some other employment it was often some time before they were in receipt of a steady and adequate income. Members were unable at the time to claim unemployment benefits and they were not entitled to payments under the Redundancy Payments Acts.

55. We considered that, in view of the uncertainty attached to the tenure of a Parliamentary seat and at the same time the widely different circumstances of Members in regard to opportunities to obtain alternative earnings, a severance payment should be available to all Members who lost their seat at a general election. We recommended in our First Report that Members of Parliament should continue to be paid throughout the period of dissolution and, in the event of losing their seat in a general election, should be entitled to claim a terminal grant equivalent to three months' salary. We also recommended that the status of Members of Parliament under the national insurance arrangements should be reviewed to enable them to draw unemployment benefits when appropriate. These recommendations were implemented and the severance payment was also extended to those who lost their seats because of constituency boundary changes.

56. We considered severance arrangements again in our 1975-76 review<sup>3</sup>. We examined a number of proposals by Members for improvements in the light of changes since 1971: in particular, the April 1975 re-classification of MPs for national insurance purposes, enabling them to claim unemployment

<sup>1</sup> Review Body on Top Salaries, Report No. 8: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II—Cmnd 6574 (paragraphs 16, 18 and 19).

<sup>2</sup> Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament—Cmnd 4836 (paragraphs 48-52).

<sup>3</sup> Review Body on Top Salaries, Report No. 8: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II—Cmnd 6574 (paragraphs 22-24).

benefits with effect from the day after polling day if they lost their seat in a general election. We also noted that MPs might become eligible for redundancy payments if their seat disappeared as a result of the re-organisation of the constituency. We concluded that in the circumstances no improvement in the level of benefits provided by the existing severance arrangements was necessary. We recommended that the grant under the severance arrangements should be available only as an alternative to redundancy payments in cases where a Member became entitled to such payments; otherwise, the severance arrangements should remain unchanged. We now understand that the information we received in that review was misleading and that there was in fact no circumstance in which a Member could qualify for a redundancy payment under the terms of the Redundancy Payments Acts.

57. We have in this review received many proposals for an improvement in the present severance arrangements for MPs. Fifty-nine per cent of the MPs who responded to a question on the severance arrangements in the survey<sup>1</sup> considered that the present arrangements were inadequate. Dissatisfaction was even higher among those who were over fifty years of age. The proposals for change fall into two categories. Some relate to the circumstances under which an MP would be eligible for a payment. The others relate to the size of the payment.

58. In our judgment severance payments are intended to meet a specific kind of need. When we recommended the present arrangements in 1971, our aim was to help Members defeated in a general election, who were left suddenly with no regular source of income. It was not our intention that the payment should relate to retirement on grounds of ill health (for which there is now provision in the Members' pension scheme) or to any other forms of retirement.

59. We have looked at this issue again. There will be occasions, other than defeat at a general election, when Members may be compelled to resign for unexpected reasons. But most Members who retire either do so voluntarily, sometimes to take up other employment, or, as with the member who fails to be re-elected, can see some time in advance that they may have to leave the House. In all these circumstances we do not consider that any extension of the existing criteria under which a severance payment is made is practical or desirable.

60. We turn now to the size of the payment made. There are two issues: whether the absolute amount received by MPs is sufficient and whether it should vary in amount according to age and/or the length of service in the House.

61. Our starting point has been the amounts payable under the Employment Protection (Consolidation) Act 1978 and actual practice in the public and private sectors. We have found that the amounts payable under the 1978 Act (recorded in Appendix D) are in general regarded by employers as minima. The public service and many private employers operate more favourable arrangements that are, like payments under the Act, linked to age and length of service.

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<sup>1</sup> Review Body on Top Salaries, Report No. 12: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I—Cmnd 7598 (Appendix C, Table 27).

62. We consider that the present severance payments for MPs are in general reasonable. They are more advantageous in many cases than the age and service related payments that would be available to people of similar age and service under the Employment Protection (Consolidation) Act 1978. For example, the salary of £12,000 for MPs recommended in Report No. 12 will provide, when implemented, a severance payment of £3,000 for MPs irrespective of age or length of service, whereas someone aged 40 would receive under the 1978 Act £1,150 if redundant after five years' service, or £2,300 after ten years. They are not however as advantageous as those available under many public and private sector schemes, particularly for the longer serving, older person. It is with regard to the older and longer serving Member that there are doubts about the adequacy of the present scheme. We share these doubts in view of the evidence put to us that the older Members are, and the longer they have been in the House, the more difficult it is for them to find employment.

*Recommendations.* We recommend that the basic severance payment for a Member leaving the House because of a failure to be re-elected, or through a change in constituency boundary should remain at 25 per cent of current salary, but that the payment should be increased for those Members who are more than 50 years of age and have served in the House for more than 10 years, in accordance with the table at Appendix E.

#### **General office equipment**

63. In our 1975-76 review we recommended that a new allowance be introduced to assist with the initial and maintenance costs of general office equipment<sup>1</sup>. We recommended that the maximum of the allowance should be £300 during any period of three years and that reimbursement of claims should be conditional upon evidence of expenditure. This recommendation was not implemented.

64. The recommendation took account of two conflicting objectives that we set for ourselves in the conduct of that review. The first was that Members should be reimbursed for all reasonable expenditure incurred in the exercise of their responsibilities as an MP. The second was that there should not be an undue proliferation in the number of separate allowances. Our view was that on balance there was a case for a separate allowance for office equipment.

65. At present Members have to meet initial capital expenditure on office equipment from their own resources although the cost can be claimed as deductible for tax purposes. The cost of maintaining or replacing office equipment may be claimed against the maximum of the secretarial allowance. The survey of MPs carried out for this review<sup>2</sup> shows that the costs are moderate especially when compared with secretarial expenses; those Members who replied to the question on office equipment costs and who incurred such costs spent on average £260 a year. Furthermore, to the extent that total secretarial, research and office equipment replacement and maintenance costs exceed the maximum of the secretarial allowance, they are deductible for tax purposes.

<sup>1</sup> Review Body on Top Salaries, Report No. 8: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II—Cmnd 6574 (paragraph 16).

<sup>2</sup> Review Body on Top Salaries, Report No. 12: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I—Cmnd 7598 (Appendix C, Table 8).

66. Our conclusion now is that a new separate allowance should not be introduced for office equipment. We do not consider that it would be right to recommend the provision of public funds to be used for the purchase of equipment that would then remain the property of the purchaser. This would represent a breach of the general principle that no one should be given an opportunity to benefit in this way from public funds. We would only add that these costs would not be borne by MPs if secretaries were employed by the House (paragraphs 29–33 above) and if essential office equipment, such as a typewriter, were supplied by the House authorities.

#### Constituency 'surgery' costs

67. Our terms of reference invite us to consider the scope for and level of an allowance towards the cost of running constituency 'surgeries'. In our 1971 review we concluded that the cost of hiring rooms to meet constituents was one of a number of expenses for which it was difficult to find a common yardstick for reimbursement<sup>1</sup>.

68. In considering on this occasion whether there should be financial assistance to the Member for a 'surgery', whether by an allowance or on the basis of reimbursement, we have been aware that the question also impinges on the wider issue of financial aid to political parties. It has been customary for the Member's party either to provide premises where 'surgeries' can be held or to assist with the cost of hiring premises. We suggest therefore that this particular aspect should be taken into account by the Government when it considers the report<sup>2</sup> of the Committee under the chairmanship of Lord Houghton on the question of financial support for political parties.

69. The evidence we have received in support of assistance towards the cost of constituency 'surgeries' consists mainly of the answers provided in the survey of MPs carried out for this review. Thirty of the 125 MPs who proposed that specific additional categories of expenses should be covered suggested that there should be some assistance with the expenses of a constituency office<sup>3</sup>. The survey also showed<sup>4</sup> that the average expenditure incurred by the individual MP is around £250 a year, and that 60 per cent of MPs who supplied details of expenditure spent £200 or less and 76 per cent £300 or less.

70. Other MPs in evidence have opposed the introduction of any new allowances, whether for this or other costs, on the ground that additional allowances would only confuse further the already hazy line of demarcation between remuneration and reimbursement of necessary expenditure. We agree that there has to be a limit to the number of additional payments which Members may receive if a sensible balance between pay and allowances is to be maintained and if further public confusion over reimbursement and remuneration is to be avoided.

<sup>1</sup> Review Body on Top Salaries, First Report: Ministers of the Crown and Members of Parliament—Cmnd 4836 (paragraphs 46–47).

<sup>2</sup> Report of the Committee on Financial Aid to Political Parties: Cmnd 6601.

<sup>3</sup> Review Body on Top Salaries, Report No. 12: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I—Cmnd 7598 (Appendix C, Table 17).

<sup>4</sup> *ibid*, Table 16.

71. We have not been convinced that there should be a further allowance for constituency 'surgery' costs. A Member may already choose to claim secretarial costs incurred in the constituency against the secretarial allowance, and additional expenditure may be deducted for tax purposes.

#### **Travel facilities**

72. Members' travel costs are reimbursed for journeys between Westminster, their home and constituency, within the constituency, and to central and local Government authorities concerned with the constituency area, but located outside the constituency boundaries. However, reimbursement of Members' costs for journeys to and from home is regarded as a taxable benefit and Members therefore pay tax on car mileage allowance or on the value of travel warrants in respect of such journeys.

73. In our First Report in 1971, we recommended the establishment of two funds, one for travel in the United Kingdom, the other for travel overseas, to meet the cost of Members' travel where it could be shown to be of assistance in carrying out their duties effectively<sup>1</sup>. The recommendation was accepted in principle by the Government but was not adopted by the House. In our 1975-76 review we recommended 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<sup>2</sup>. This too was not adopted.

74. We are still of the view that all travel within the United Kingdom on Parliamentary business should be reimbursed or should qualify for payment of the car mileage allowance. We recognise that there may be difficulty on occasion in distinguishing between political and party business for this purpose, but we still consider that it should be possible to draw reasonable lines of demarcation without adding unduly to the work of the Fees Office.

75. It has been put to us that the present arrangement whereby a Member, who does not live in London or in the constituency, is taxed on the value of free travel, from home to Westminster and from home to constituency, is unreasonable and does not take into account the special circumstances of an MP's position. This is in our view a matter for the Inland Revenue and falls outside our terms of reference.

#### **Travel and subsistence for wives and husbands of MPs and Peers**

76. We have been asked to consider the scope for and level of an allowance for travel and subsistence for wives and husbands of Peers and of Members of the House of Commons to attend official functions.

77. In our 1975-76 review we recommended that wives and husbands of Members of the House of Commons should be entitled to 15 free vouchers a year for first class return travel by rail, air or sea between Westminster

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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 42).

<sup>2</sup> Review Body on Top Salaries, Report No. 8: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II—Cmnd 6574 (paragraph 19).

and the Member's constituency or Westminster and home<sup>1</sup>. This recommendation was implemented and replaced the previous entitlement to 10 vouchers a year. There is no provision for Members' wives or husbands to receive subsistence payments.

78. In the survey of MPs' views on their remuneration<sup>2</sup> carried out for this review, some 56 per cent of MPs who responded to a question on the adequacy of the travel facilities for their wives or husbands considered the present facilities inadequate. There were many proposals for improvements. Of these, those which received the greatest support, apart from increases in the maximum number of warrants, were proposals for an allowance for children to travel with their parents, for entitlement to claim mileage allowance for travel by car, and for facilities to accompany Members on Parliamentary business in the United Kingdom or when they travel abroad.

79. We recognise that a Member's duties, which often involve lengthy absences from home, can impose a considerable strain on family life. It has been suggested to us that one way to ease this would be to make greater provision for free travel by wives and husbands of Members and by their children. Obviously, individual Members' circumstances will vary a great deal in this respect but the nature of the job is such that there will, inevitably, whatever Members' circumstances, be a considerable degree of pressure on their private lives. We are not convinced that further travel concessions for wives or husbands and families would help significantly. We consider that, as hitherto, the concession should be confined to wives and husbands of Members and that the maximum of 15 vouchers per year is adequate. We see no case whatsoever for an allowance for this purpose given the widely differing circumstances of individual MPs and the need for accountability. We do consider however that there is a case, where the husband or wife of a Member uses his or her car for the journey between home or constituency and Westminster, for the husband or wife to claim a car mileage allowance, at the same rate as for Members, for up to a maximum of 15 such return journeys a year. We do not favour the introduction of any subsistence payment for Members' wives or husbands in conjunction with these travel facilities. It has been represented to us that the system under which the value of warrants issued to wives or husbands of Members for travel between home and Westminster is taxable is unduly harsh. The issue here is of course similar to the one mentioned in paragraph 75 and again we consider that it is a matter for the Inland Revenue and is not within our terms of reference.

80. In our view the pressure for a travel and subsistence allowance for wives and husbands of MPs is a reflection of the past inadequacy of the Member's salary. If the salary is realistic we would consider it reasonable for additional travel and subsistence expenses not covered by an existing provision to be met out of that salary. It may be significant that, while other countries appear to be less generous in their assistance for travel costs<sup>3</sup>, they

<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 40).

<sup>2</sup> Review Body on Top Salaries, Report No. 12: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I—Cmnd 7598 (Appendix C, Table 12).

<sup>3</sup> Review Body on Top Salaries, Report No. 12: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I—Cmnd 7598 (Appendix D).

appear to have been more successful in the past in consistently keeping the salaries of their Parliamentarians in line with the cost of living.

81. Peers' wives or husbands have no entitlement to free travel or to subsistence payments. In our 1975-76 review we considered proposals that facilities on the lines of those available to MPs should be provided to enable wives or husbands of Peers to travel to Westminster to attend official functions. We concluded however that there was a significant difference between the position of an MP's wife or husband and the position of a Peer's wife or husband arising from the regular involvement of the former in the practical constituency side of the MP's job<sup>1</sup>. We remain of that view and can see no case for introducing special travel facilities for the wives or husbands of Peers.

#### **Support allowance for Ministers and other office holders in the House of Lords**

82. We have been asked to consider the question of some form of support allowance for Ministers and office holders in the House of Lords, analogous to the secretarial and other allowances for which Members of the House of Commons are eligible.

83. Ministers and other office holders in the House of Lords receive the salary appropriate to their appointment with the addition of the London Supplement. Since June 1975, Ministers below Cabinet rank in the House of Lords have also been able to claim up to £700 a year against the Peers' expenses allowance, although only the first £100 of such claims has been free of tax. In the first part of our report we made it clear that, once the salaries recommended were fully implemented and up to date, the additional income represented by this limited entitlement to the Peers' expenses allowance would not be justified and we recommended that it be withdrawn. This remains our view. The present payment is more in the nature of pay than reimbursement and is inconsistent with the system of categorising eligible items in the Peers' expenses allowance recommended in the first part of our report<sup>2</sup>, and since implemented. If there is a need for a support allowance for Ministers and office holders in the House of Lords then its purposes should be defined and a maximum amount specified for each purpose.

84. Ministers and other office holders in the House of Commons receive, in addition to the salary for the appointment and London Supplement, a Parliamentary salary which recognises their constituency responsibilities as distinct from the responsibilities of their office. They are entitled to claim for the cost of secretarial and research assistance and office expenses up to the maximum of the MPs' secretarial allowance; they are also entitled to claim some of the costs of running a home in the constituency against the additional costs allowance, the maximum of which is currently £3,866.

85. Some disparity between the total remuneration of Ministers in the House of Lords and Ministers in the House of Commons is inevitable, given that the former have no constituency responsibilities. Nevertheless, it has been

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<sup>1</sup> Review Body on Top Salaries, Report No. 9: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part III—Cmnd 6749 (paragraph 42).

<sup>2</sup> Review Body on Top Salaries, Report No. 12: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I—Cmnd 7598 (paragraph 60).

strongly represented to us that in two respects—assistance with secretarial costs and with the expense of running a home outside London—Ministers in the House of Lords are at a substantial disadvantage.

86. Ministers and office holders in the House of Lords have no constituency responsibilities but many attract a great deal of correspondence, by virtue of their public position. Although they are provided with secretarial assistance by their Departments, this assistance may not be used for non-Departmental correspondence. Neither may they claim the cost of employing a secretary to handle this correspondence against an allowance analogous to the MPs' secretarial allowance. Finally, while some Ministers and office holders in the House of Lords can at present claim up to £700, of which only £100 is free of tax, against the Peers' expenses allowance, Cabinet Ministers are not able to do so.

87. We consider that there is a case for Ministers and other office holders in the House of Lords to receive some financial help towards the cost of the secretarial assistance needed to deal with non-Departmental correspondence. We take the view that this correspondence is unlikely to be less than that of a Peer who is not a Minister or office holder, although it would not be as great as that of an MP in relation to constituency matters. This leads us to the conclusion that an allowance with a maximum of £1,000 a year would be right. However, such an allowance should not be made available so long as Ministers retain their present limited entitlement to claim against the Peers' expenses allowance.

88. Ministers and other office holders in the House of Lords are ineligible for any financial assistance or tax relief on the costs of running a second home outside London. A Minister in the House of Lords is deemed for tax purposes to live in London. Yet if, prior to assuming office, he has been living outside London, he is unlikely to move his home into London because his Government appointment is by its nature of uncertain duration. Ministers in this position are therefore likely to be faced with the expense of a second home in London. Those Ministers in the House of Lords who are entitled to claim up to £700 against the Peers' expenses allowance may of course include some elements of the additional expenditure, such as overnight expenses in London, in their claims. However, this limited, and largely taxed, entitlement is low when compared with the real costs of staying overnight in London. By contrast, a Minister in the House of Commons, although deemed for tax purposes to live in London, can claim against the Members' additional costs allowance, for the running costs of a second home outside London provided it is in or near the constituency. The claim may however only be made in respect of the time spent there on constituency business.

89. The differences in the treatment of Ministers in each House as regards allowances and tax arrangements arise largely out of the constituency responsibilities carried by a Minister in the Commons. The differences between Ministers in the House of Lords and other Peers are largely attributable to the fact that the latter do not hold a paid office. For these reasons we feel unable to recommend an allowance to enable Ministers in the House of Lords to meet the costs of maintaining a home outside London.

*Recommendations.* We recommend that Ministers and other office holders in the House of Lords should be able to claim up to £1,000 a year for secretarial expenses subject to production of evidence of expenditure. We do not however recommend any further support allowance. The present arrangements under which some Ministers and office holders in the House of Lords may claim up to £700 against the Peers' expenses allowance should cease with the introduction of the allowance for secretarial expenses.

## CHAPTER 5

### SALARY LINKAGE

90. In Part I of our report we examined the possibility of a salary link for MPs<sup>1</sup>. We have been asked subsequently to consider further the possibility of relating the salary of a Member to "one or more analogues in the professional field". Our starting point must be the position we adopted in Part I. Whilst recognising the underlying pressures that had led to the inclusion of the linkage issue in our terms of reference, we decided that in principle we could not recommend any form of link, either to another group or to an index. We concluded that the right approach to MPs' pay is regular independent review coupled with the swift implementation of the resulting recommendations.

91. In reaching that conclusion we considered evidence in which a variety of different forms of linkage were proposed, including links with particular professional groups, and we examined the underlying principles upon which any form of link would need to be based. Consequently, our conclusions were not related to a particular analogue but were intended to be of general application. It may therefore be helpful if we set out those principles.

92. The basic requirement for a link between the salaries of any two groups is a close similarity between the work, both in function and in weight of job. To fulfil its purpose a link must operate automatically, thereby updating pay from one year to the next. The result must also appear reasonable to the general public.

93. Even if these requirements are met, there remain serious objections to using any individual comparator, since the arrangements for settling its salaries could be subjected to the undesirable pressures that would inevitably arise from the knowledge that what was agreed would also apply to MPs. The different circumstances of the comparator could well generate a further difficulty. Factors might need to be taken into account which would not be relevant to the pay of MPs and which, if allowed to influence the level of MPs' pay, could lead to increases which on subsequent independent review might be found not to have been justified.

94. A link with a pay index of some kind would be more general in nature and would therefore be less open to the objections to a link with an individual comparator. But the use of a general index related to the total workforce in the country would reflect some pay movements that, for the reasons set out in Part I of our report<sup>2</sup>, would not be appropriate to the salary of MPs. A less unsatisfactory approach would be to reflect only the movements at parallel levels of pay. In that case, we remain of the view that if such an approach were thought desirable the most suitable procedure would be to make use of the movement in the nearest percentile in the Department of Employment's New Earnings Survey<sup>3</sup>. The data from that survey is published

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<sup>1</sup> Review Body on Top Salaries, Report No. 12: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part I—Cmd 7598 (paragraphs 62–75).

<sup>2</sup> *ibid.*, paragraphs 71 and 72.

<sup>3</sup> *ibid.*

in November each year, and we suggested that this date might be used each year for updating MPs' pay. The change to a November date has been criticised in Parliament because it might influence pay negotiations elsewhere in the community. We see the force of this criticism. However, it would be possible to use the New Earnings Survey and at the same time to retain a June date for change if Parliament were prepared to make use of information from the previous Survey. Yet even this course is open to serious objections of a kind that, in our view, would further undermine the case for the creation of any automatic link. For instance, in a period of falling inflation, the use of data that would be fifteen months out of date could lead to higher increases in MPs' salary than the general rate of increases current at the time of updating.

95. Since the publication of Part I of our report one fresh suggestion has been made to us, namely that some form of automatic updating of MPs' pay might be based on the increases that are recommended for the four groups specified in our standing terms of reference. These are the Chairmen and members of the Boards of nationalised industries, the higher judiciary and certain other judicial appointments, senior civil servants, and senior officers of the armed forces.

96. But we are bound to conclude that an updating system on this basis would not be appropriate either. The appointments in these groups cover a wide range both of functions and responsibilities. As a consequence, pay too covers a wide range and has to take account of many factors peculiar to individual appointments. There is no similarity between the functions and responsibilities of these groups and those of a Member of Parliament. Furthermore, there is no relationship in terms of pay level between these groups and MPs.

97. All the proposals for a link of one kind or another have one aim: the introduction of an automatic system that will effectively remove the decision on MPs' pay from the Parliamentary arena. We repeat that we do not consider that a pay link is the right way to deal with the problem. In Report No. 7 in 1975, we recommended that the salaries of Members of Parliament and of Ministers and paid office holders should be subject to biennial review by an independent body. The Government have accepted that the salaries of Ministers and paid office holders should be reviewed in this way every two years; it would be consistent to review the salary of Members with the same frequency, but with a full reassessment of the Member's job only taking place every 4 years. This is the method that we recommend.

98. As for the adoption of some form of link between independent reviews, this is not, for the reasons which we have given (paragraphs 91-96) a course we can recommend. But if Parliament resolves to take such a course then the least unsatisfactory method of updating that we can suggest is, as we have said, by reference to the appropriate percentile of the Department of Employment's New Earnings Survey.

BOYLE OF HANDSWORTH

HAROLD ATCHERLEY

GEORGE COLDSTREAM

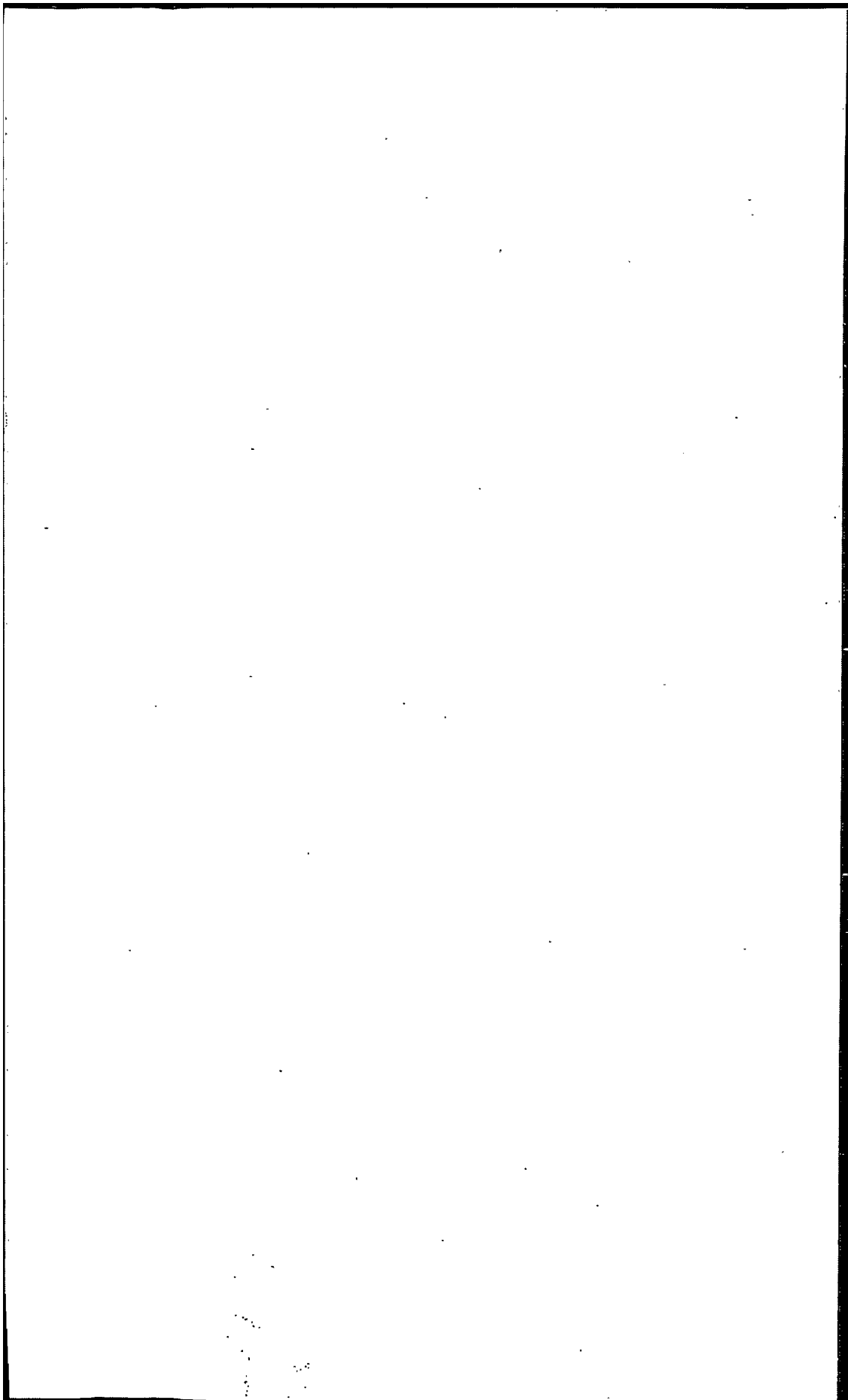
HIRSHFIELD

ANDREW LEGGATT

PLOWDEN

SEEAR

OFFICE OF MANPOWER ECONOMICS  
*15 January 1980*



## APPENDIX A

### LIST OF THOSE WHO GAVE ORAL EVIDENCE

#### *Individuals*

Mr Kenneth Baker MP  
Sir Richard Barlas KCB, OBE, Clerk of the House of Commons  
Sir Paul Bryan KB, DSO, MC, MP  
The Hon Adam Butler MP  
The Rt Hon Lord Denham, Government Chief Whip in the House of Lords  
The Rt Hon Edward Du Cann MP  
Mr Frank Field MP  
Mr Philip Goodhart MP  
The Rt Hon Lord Irving  
The Rt Hon Lord Lee of Newton  
The Rt Hon Baroness Llewelyn-Davies of Hastoe,  
Opposition Chief Whip in the House of Lords  
The Hon Charles Morrison MP  
Mr John Parker CBE, MP, Chairman of the Trustees of the Members' Fund  
The Rt Hon Lord Peart, Leader of the Opposition in the House of Lords  
The Rt Hon Enoch Powell MBE, MP  
The Rt Hon Francis Pym MC, DL, MP (then Shadow Leader of the House)  
Mr Giles Radice MP  
The Rt Hon Lord Soames GCMG, GCVO, CBE,  
Lord President of the Council  
Mr Nigel Spearing MP  
Mr John Stanley MP  
The Rt Hon Donald Stewart MP  
The Rt Hon Margaret Thatcher MP, Prime Minister  
(then Leader of the Opposition)  
Mr Philip Whitehead MP  
Mr Jerry Wiggin TD, MP  
Mr Dafydd Wigley MP  
Mr F J Wilkin OBE, DFM, Accountant to the House of Commons  
The Rt Hon Fred Willey MP  
Mr George Younger TD, MP

#### *Government Department*

Civil Service Department

## APPENDIX B

### HOUSE OF COMMONS MEMBERS' FUND

1. The Members' Fund was established in 1939 by the House of Commons Members' Fund Act 1939, and is governed by this and subsequent Acts passed in 1948, 1957 and 1962. The Fund is based on compulsory contributions from Members (£24 a year from each Member), a further contribution by the Exchequer of up to £22,000 a year, and dividends from investments.

2. The present contribution from the Exchequer is £15,000 a year. The ceiling figure of £22,000 has not been taken up since 1968-69 because the House of Commons Members' Contributory Pension Scheme caused the extent of the Members' Fund activities gradually to decline.

3. In the year ending 30 September 1978 (the latest available information) the total income from Members' contributions was £15,191, and the income from investments and from interest on deposits was £25,947.

4. The Members' Fund is managed by six of the eight Trustees of the Members' Contributory Pension Fund, who are all Members of Parliament appointed from all political parties.

5. Grants from the Fund are made to ex-Members and their widows and children in cases of special hardship.

#### *Qualifications*

6. (i) The former Member must have completed 10 years' service (save in very special circumstances) and
- (ii) must be over 60 years of age or permanently medically unfit for work.

#### *Grants to former Members*

7. Up to £1,440 a year or an amount which will take the former Member's annual income to £2,655 a year, whichever is less. If, having regard to length of service and need, the Trustees think fit, they may make a larger payment not exceeding £2,780 or such sum as, in their opinion, will bring the income up to £4,000 a year, whichever is less.

#### *Grants to widows and widowers*

8. The annual amount to a widow or widower of a past Member of the House of Commons shall not exceed £720 a year, or such sum as, in the opinion of the Trustees, will bring his or her income up to £1,935 a year, whichever is the less.

If, having regard to his or her husband's or wife's length of service or to his or her need, the Trustees think fit, they may make a larger payment not exceeding £1,390 or such sums as, in the opinion of the Trustees, will bring his or her income up to £2,605 a year, whichever is the less.

*Grants to children (up to and including 15 years of age)*

9. Where both parents are dead:

one child: £100 a year

two or more: £50 a year

Where one parent is living:

one child: £50 a year

two or more: £50 for the eldest and £30 for the others.

In order to arrive at the private income of the applicant all assets are valued, receipts from investments being assessed at the gross value before income tax has been deducted, property other than the applicant's main home is also assessed on a yearly income basis.

## APPENDIX C

### THE PARLIAMENTARY CONTRIBUTORY PENSION FUND

1. A pension scheme for Members of the House of Commons was first introduced under the provisions of the Ministerial Salaries and Members' Pension Act 1965 following the October 1964 recommendations of the Lawrence Committee. The scheme was compulsory, based on a fund managed by Trustees appointed by the House of Commons, and was effective from the date of the October 1964 general election that brought in a new Parliament. In 1972 the scheme was considerably improved and amended by the Parliamentary and Other Pensions Act 1972, and pensions for Members retiring since that date have been subject to that Act and the subsequent amending Acts of 1976 and 1978.

2. Members who retired after the introduction of the scheme 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 subsequently returned to Parliament. However, in the case of a person who was a Member after the Parliamentary Pensions Act 1978 was passed, 15 years service before October 1964 may be counted as reckonable for pension purposes.

3. Membership of the scheme is compulsory. All Members with service in the House of Commons on or after 16 October 1964 have been required to participate in the scheme, with the exception of Prime Ministers, Speakers of the House of Commons and Lord Chancellors who are entitled to ex-officio pensions from public funds.

4. The present contribution is 6 per cent of a Member's salary.

5. The minimum aggregate period of reckonable service needed to qualify for a pension is four years.

6. The Member's annual pension is calculated as one-sixtieth of his or her pensionable salary multiplied by the number of years of reckonable service (including portions of years). There is provision for part commutation of pension into a lump sum.

7. The normal minimum pension age is 65. However, there is provision for a Member who has reached age 62, has served for 25 years in the House of Commons and does not intend to stand again for election, to retire at a dissolution of Parliament and receive his or her full accrued pension. An actuarially reduced pension may also be paid, with the agreement of the Trustees, to a former Member who has reached age 60 and does not intend to stand again for election to Parliament.

#### *Office holders*

8. The 1972 Act introduced supplementary arrangements for pensions to be accrued by office holders. Benefits are related to an office holder's pensionable salary. Participation by office holders is voluntary, the qualifying period is three years.

*Ill health pensions*

9. A Member who because of ill health ceases to be a Member of the House before the age of 65 may apply to the Trustees for an early pension provided he or she would normally have been eligible for a pension but for not having attained the age of 65.

*Widows' and widowers' pensions*

10. The annual amount of widows' pensions is half of the basic or prospective pension of a deceased Member. There are restrictions on payment in circumstances of remarriage or cohabitation.

11. A widower of a Member is entitled to the same level of pension as a widow provided he has attained the age of 65 or is unable to earn his own living due to ill health.

*Children's pensions*

12. A pension is payable in respect of each dependent child (with a limit of 2) under the age of 17 (or 22 if still in full-time education) of a deceased Member, at the rate of one quarter of the Member's pension.

*Death in service benefits*

13. If a Member dies in service a gratuity will normally be payable to his or her spouse equal to the greater of the Member's annual pensionable salary and total unrefunded contributions accumulated with interest from the dates of payment. There is also provision for the payment of pension to or in respect of a widow, widower or children to be at the level of a Member's ordinary salary for a period following the death in service of the Member.

*Added years*

14. There is provision for Members of the House of Commons in service after the 1978 Act to purchase additional years of reckonable service by lump sum or by periodical payment.

*Transferability*

15. Powers are provided to receive into the Parliamentary Contributory Pension Fund transfer value payments from other superannuation schemes or funds when a Member enters the Fund, and for transfer value payments to be paid to such schemes or funds when a Member ceases to be a Member of the House.

*Contracting out*

16. The scheme is contracted out of the new state pension scheme.

*Increases in pensions*

17. Pensions awarded under the scheme are 'official' pensions for the purposes of increases under the Pensions (Increase) Act 1971.

*Actuarial provisions*

18. The Government Actuary performs the function of actuary to the Fund which includes an assessment of the general financial position of the Fund every three years and the calculation of transfer value.

APPENDIX D

EMPLOYMENT PROTECTION (CONSOLIDATION) ACT 1978  
REDUNDANCY PAYMENTS READY RECKONER

The table shows HOW MANY WEEKS PAY the employee is entitled to. At present, for the purpose of calculating a redundancy payment, a weeks pay is subject to a maximum of £110, giving a maximum entitlement of £3,300 under these provisions.

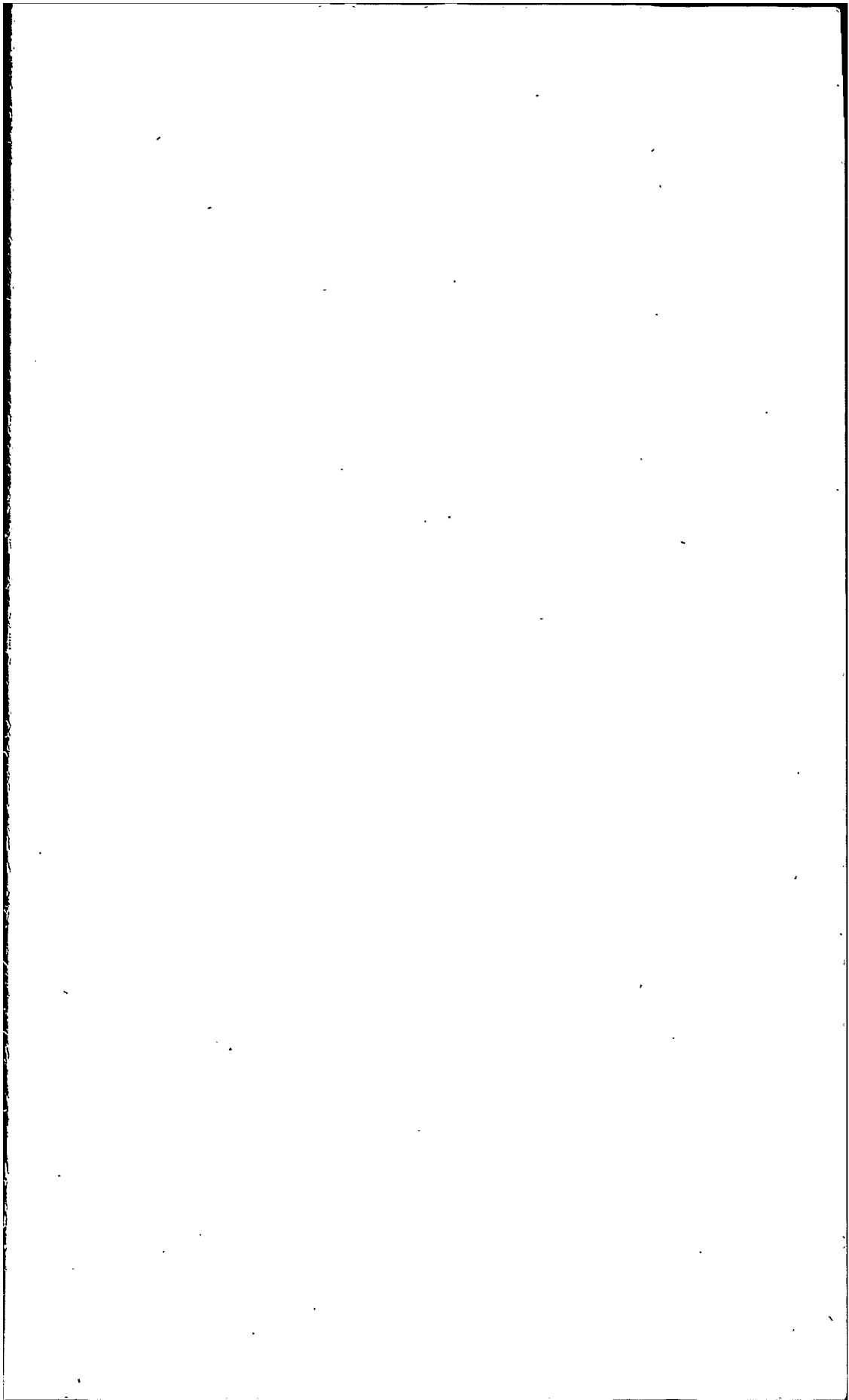
For women aged between 59 and 60, and men aged between 64 and 65, the cash amount due is to be reduced by one-twelfth for every complete month by which the age exceeds 59 or 64 respectively.

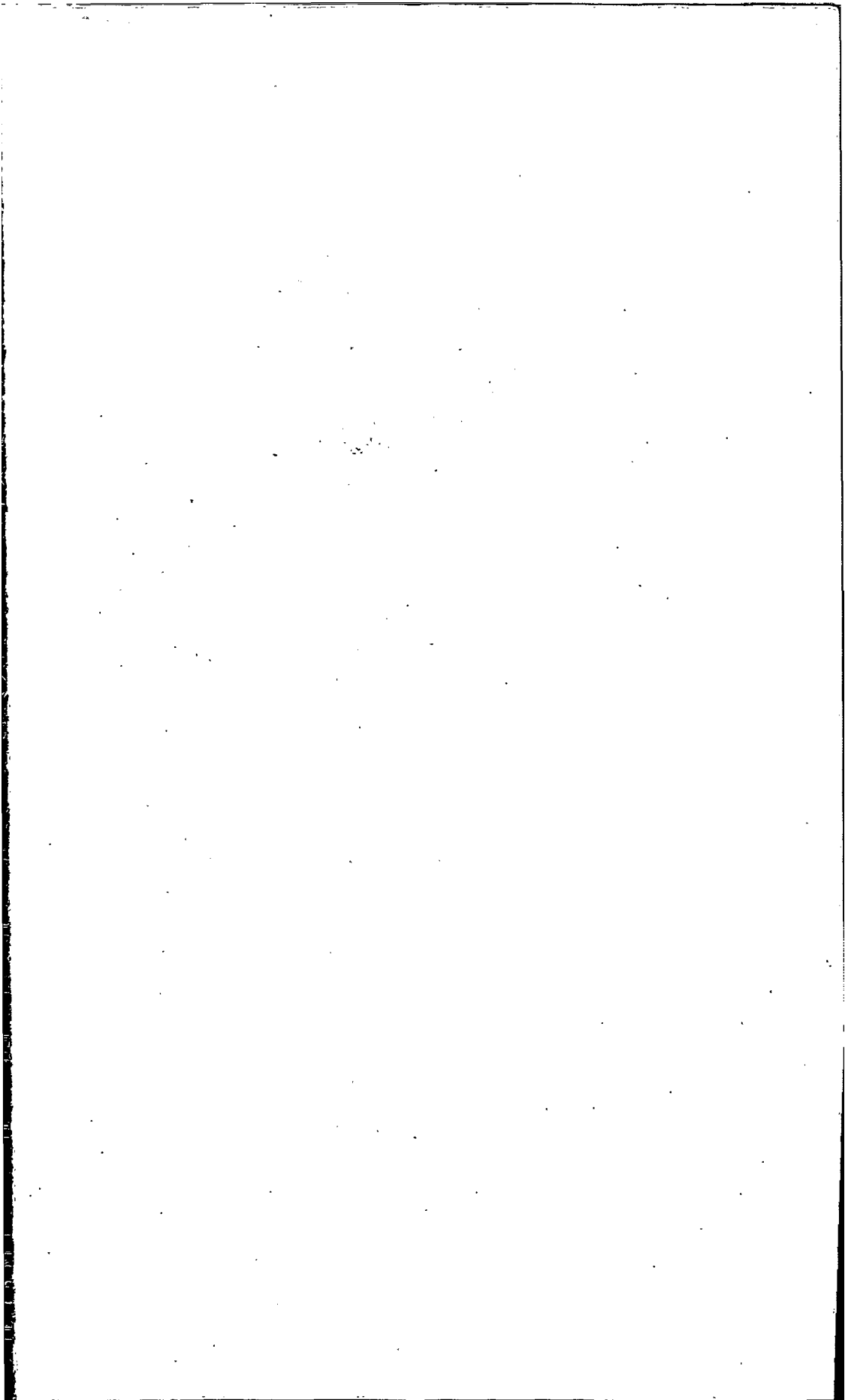
|             |    | SERVICE (years) |    |    |    |    |     |     |     |     |     |     |     |     |     |     |     |     |     |     |  |
|-------------|----|-----------------|----|----|----|----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|--|
|             |    | 2               | 3  | 4  | 5  | 6  | 7   | 8   | 9   | 10  | 11  | 12  | 13  | 14  | 15  | 16  | 17  | 18  | 19  | 20  |  |
| AGE (years) | 20 | 1               | 1  | 1  | 1  | —  |     |     |     |     |     |     |     |     |     |     |     |     |     |     |  |
|             | 21 | 1               | 1½ | 1½ | 1½ | 1½ | —   |     |     |     |     |     |     |     |     |     |     |     |     |     |  |
|             | 22 | 1               | 1½ | 2  | 2  | 2  | —   |     |     |     |     |     |     |     |     |     |     |     |     |     |  |
|             | 23 | 1½              | 2  | 2½ | 3  | 3  | 3   | —   |     |     |     |     |     |     |     |     |     |     |     |     |  |
|             | 24 | 2               | 2½ | 3  | 3½ | 4  | 4   | 4   | —   |     |     |     |     |     |     |     |     |     |     |     |  |
|             | 25 | 2               | 3  | 3½ | 4  | 4½ | 5   | 5   | 5   | —   |     |     |     |     |     |     |     |     |     |     |  |
|             | 26 | 2               | 3  | 4  | 4½ | 5  | 5½  | 6   | 6   | 6   | —   |     |     |     |     |     |     |     |     |     |  |
|             | 27 | 2               | 3  | 4  | 5  | 5½ | 6   | 6½  | 7   | 7   | 7   | —   |     |     |     |     |     |     |     |     |  |
|             | 28 | 2               | 3  | 4  | 5  | 6  | 6½  | 7   | 7½  | 8   | 8   | 8   | —   |     |     |     |     |     |     |     |  |
|             | 29 | 2               | 3  | 4  | 5  | 6  | 7   | 7½  | 8   | 8½  | 9   | 9   | 9   | —   |     |     |     |     |     |     |  |
|             | 30 | 2               | 3  | 4  | 5  | 6  | 7   | 8   | 8½  | 9   | 9½  | 10  | 10  | 10  | —   |     |     |     |     |     |  |
|             | 31 | 2               | 3  | 4  | 5  | 6  | 7   | 8   | 9   | 9½  | 10  | 10½ | 11  | 11  | 11  | —   |     |     |     |     |  |
|             | 32 | 2               | 3  | 4  | 5  | 6  | 7   | 8   | 9   | 10  | 10½ | 11  | 11½ | 12  | 12  | 12  | 12  | —   |     |     |  |
|             | 33 | 2               | 3  | 4  | 5  | 6  | 7   | 8   | 9   | 10  | 11  | 11½ | 12  | 12½ | 13  | 13  | 13  | 13  | —   |     |  |
|             | 34 | 2               | 3  | 4  | 5  | 6  | 7   | 8   | 9   | 10  | 11  | 12  | 12½ | 13  | 13½ | 14  | 14  | 14  | 14  | —   |  |
|             | 35 | 2               | 3  | 4  | 5  | 6  | 7   | 8   | 9   | 10  | 11  | 12  | 13  | 13½ | 14  | 14½ | 15  | 15  | 15  | 15  |  |
|             | 36 | 2               | 3  | 4  | 5  | 6  | 7   | 8   | 9   | 10  | 11  | 12  | 13  | 14  | 14½ | 15  | 15½ | 16  | 16  | 16  |  |
|             | 37 | 2               | 3  | 4  | 5  | 6  | 7   | 8   | 9   | 10  | 11  | 12  | 13  | 14  | 15  | 15½ | 16  | 16½ | 17  | 17  |  |
|             | 38 | 2               | 3  | 4  | 5  | 6  | 7   | 8   | 9   | 10  | 11  | 12  | 13  | 14  | 15  | 16  | 16½ | 17  | 17½ | 18  |  |
|             | 39 | 2               | 3  | 4  | 5  | 6  | 7   | 8   | 9   | 10  | 11  | 12  | 13  | 14  | 15  | 16  | 17  | 17½ | 18  | 18½ |  |
|             | 40 | 2               | 3  | 4  | 5  | 6  | 7   | 8   | 9   | 10  | 11  | 12  | 13  | 14  | 15  | 16  | 17  | 18  | 18½ | 19  |  |
|             | 41 | 2               | 3  | 4  | 5  | 6  | 7   | 8   | 9   | 10  | 11  | 12  | 13  | 14  | 15  | 16  | 17  | 18  | 19  | 19½ |  |
|             | 42 | 2½              | 3½ | 4½ | 5½ | 6½ | 7½  | 8½  | 9½  | 10½ | 11½ | 12½ | 13½ | 14½ | 15½ | 16½ | 17½ | 18½ | 19½ | 20½ |  |
|             | 43 | 3               | 4  | 5  | 6  | 7  | 8   | 9   | 10  | 11  | 12  | 13  | 14  | 15  | 16  | 17  | 18  | 19  | 20  | 21  |  |
|             | 44 | 3               | 4½ | 5½ | 6½ | 7½ | 8½  | 9½  | 10½ | 11½ | 12½ | 13½ | 14½ | 15½ | 16½ | 17½ | 18½ | 19½ | 20½ | 21½ |  |
|             | 45 | 3               | 4½ | 6  | 7  | 8  | 9   | 10  | 11  | 12  | 13  | 14  | 15  | 16  | 17  | 18  | 19  | 20  | 21  | 22  |  |
|             | 46 | 3               | 4½ | 6  | 7½ | 8½ | 9½  | 10½ | 11½ | 12½ | 13½ | 14½ | 15½ | 16½ | 17½ | 18½ | 19½ | 20½ | 21½ | 22½ |  |
|             | 47 | 3               | 4½ | 6  | 7½ | 9  | 10  | 11  | 12  | 13  | 14  | 15  | 16  | 17  | 18  | 19  | 20  | 21  | 22  | 23  |  |
|             | 48 | 3               | 4½ | 6  | 7½ | 9  | 10½ | 11½ | 12½ | 13½ | 14½ | 15½ | 16½ | 17½ | 18½ | 19½ | 20½ | 21½ | 22½ | 23½ |  |
|             | 49 | 3               | 4½ | 6  | 7½ | 9  | 10½ | 12  | 13  | 14  | 15  | 16  | 17  | 18  | 19  | 20  | 21  | 22  | 23  | 24  |  |
|             | 50 | 3               | 4½ | 6  | 7½ | 9  | 10½ | 12  | 13½ | 14½ | 15½ | 16½ | 17½ | 18½ | 19½ | 20½ | 21½ | 22½ | 23½ | 24½ |  |
|             | 51 | 3               | 4½ | 6  | 7½ | 9  | 10½ | 12  | 13½ | 15  | 16  | 17  | 18  | 19  | 20  | 21  | 22  | 23  | 24  | 25  |  |
|             | 52 | 3               | 4½ | 6  | 7½ | 9  | 10½ | 12  | 13½ | 15  | 16½ | 17½ | 18½ | 19½ | 20½ | 21½ | 22½ | 23½ | 24½ | 25½ |  |
|             | 53 | 3               | 4½ | 6  | 7½ | 9  | 10½ | 12  | 13½ | 15  | 16½ | 18  | 19  | 20  | 21  | 22  | 23  | 24  | 25  | 26  |  |
|             | 54 | 3               | 4½ | 6  | 7½ | 9  | 10½ | 12  | 13½ | 15  | 16½ | 18  | 19½ | 20½ | 21½ | 22½ | 23½ | 24½ | 25½ | 26½ |  |
|             | 55 | 3               | 4½ | 6  | 7½ | 9  | 10½ | 12  | 13½ | 15  | 16½ | 18  | 19½ | 21  | 22  | 23  | 24  | 25  | 26  | 27  |  |
|             | 56 | 3               | 4½ | 6  | 7½ | 9  | 10½ | 12  | 13½ | 15  | 16½ | 18  | 19½ | 21  | 22½ | 23½ | 24½ | 25½ | 26½ | 27½ |  |
|             | 57 | 3               | 4½ | 6  | 7½ | 9  | 10½ | 12  | 13½ | 15  | 16½ | 18  | 19½ | 21  | 22½ | 24  | 25  | 26  | 27  | 28  |  |
|             | 58 | 3               | 4½ | 6  | 7½ | 9  | 10½ | 12  | 13½ | 15  | 16½ | 18  | 19½ | 21  | 22½ | 24  | 25½ | 26½ | 27½ | 28½ |  |
|             | 59 | 3               | 4½ | 6  | 7½ | 9  | 10½ | 12  | 13½ | 15  | 16½ | 18  | 19½ | 21  | 22½ | 24  | 25½ | 27  | 28  | 29  |  |
|             | 60 | 3               | 4½ | 6  | 7½ | 9  | 10½ | 12  | 13½ | 15  | 16½ | 18  | 19½ | 21  | 22½ | 24  | 25½ | 27  | 28½ | 29½ |  |
| men only    | 61 | 3               | 4½ | 6  | 7½ | 9  | 10½ | 12  | 13½ | 15  | 16½ | 18  | 19½ | 21  | 22½ | 24  | 25½ | 27  | 28½ | 30  |  |
|             | 62 | 3               | 4½ | 6  | 7½ | 9  | 10½ | 12  | 13½ | 15  | 16½ | 18  | 19½ | 21  | 22½ | 24  | 25½ | 27  | 28½ | 30  |  |
|             | 63 | 3               | 4½ | 6  | 7½ | 9  | 10½ | 12  | 13½ | 15  | 16½ | 18  | 19½ | 21  | 22½ | 24  | 25½ | 27  | 28½ | 30  |  |
|             | 64 | 3               | 4½ | 6  | 7½ | 9  | 10½ | 12  | 13½ | 15  | 16½ | 18  | 19½ | 21  | 22½ | 24  | 25½ | 27  | 28½ | 30  |  |

APPENDIX E

PROPOSED RATES OF SEVERANCE PAY, AS A PERCENTAGE OF SALARY, BASED ON MPs' AGE AND LENGTH OF SERVICE

|              | LENGTH OF SERVICE (Completed years) |    |     |     |     |     |            |
|--------------|-------------------------------------|----|-----|-----|-----|-----|------------|
|              | under 10                            | 10 | 11  | 12  | 13  | 14  | 15 or over |
| AGE under 50 | 25                                  | 25 | 25  | 25  | 25  | 25  | 25         |
| 50           | 25                                  | 25 | 26  | 27  | 28  | 29  | 30         |
| 51           | 25                                  | 26 | 27½ | 29  | 31  | 32½ | 34         |
| 52           | 25                                  | 27 | 29  | 31½ | 33½ | 36  | 38         |
| 53           | 25                                  | 28 | 31  | 33½ | 36½ | 39  | 42         |
| 54           | 25                                  | 29 | 32½ | 36  | 39  | 42½ | 46         |
| 55—64        | 25                                  | 30 | 34  | 38  | 42  | 46  | 50         |
| 65           | 25                                  | 25 | 28  | 31  | 34  | 37  | 40         |
| 66 or over   | 25                                  | 25 | 27  | 29  | 31  | 33  | 35         |





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