



Review Body on Top Salaries

Report No. 17

Ministers of the Crown
and Members of Parliament
and the Peers' expenses
allowance

Chairman:

THE RT. HON. LORD PLOWDEN, KCB, KBE

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REVIEW BODY ON TOP SALARIES

On 8 August 1980 the Review Body on Top Salaries was invited by the Prime Minister to undertake for 1981 a review of the salaries of Members of Parliament and of Ministers and other paid office holders. The Review Body was also invited to review the allowance available to MPs for secretarial and research assistance, the Peers' expenses allowance, and the allowance for secretarial expenses of Ministers and other paid office holders in the House of Lords.

The members of the Review Body are:

Lord Plowden, KCB, KBE, *Chairman*

Sir Harold Atcherley¹

The Rt. Hon. Lord Boyle of Handsworth

Sir George Coldstream, KCB, KCVO, QC

Lord Hirshfield

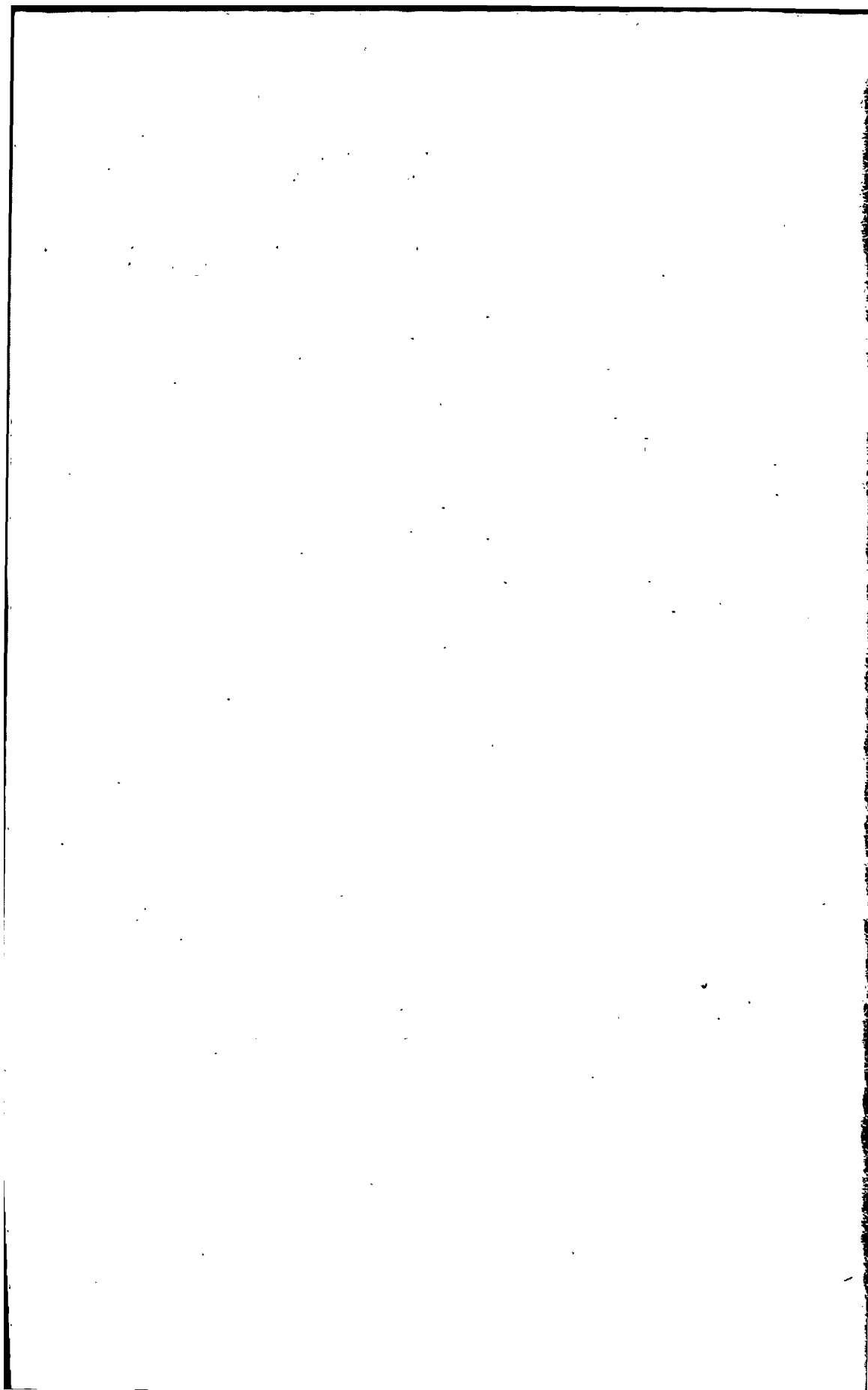
Andrew Leggatt, QC²

Baroness Seear

The Secretariat is provided by the Office of Manpower Economics.

¹Also Chairman of the Review Body on Armed Forces Pay.

²Mr Leggatt was unable to take part in this review.



MINISTERS OF THE CROWN AND MEMBERS OF PARLIAMENT AND THE PEERS' EXPENSES ALLOWANCE

Introduction

1. Our last full review of the remuneration of Members of Parliament and Ministers and other paid office holders was in 1979 (Reports Nos. 12 and 13). Report No. 12¹ contained our recommendations on salaries and our views on the question of a salary link for MPs. The report also included our recommendations on the Peers' expenses allowance and an interim recommendation on the MPs' secretarial allowance. In Report No. 13² we completed our review of the secretarial allowance and dealt with a number of other questions affecting Parliamentary allowances, pensions and facilities.

2. Most of our recommendations were accepted by the Government. The salaries recommended in Report No. 12 were accepted as appropriate at 13 June 1979, but the Government decided that they should be introduced in three stages: one half of the increase was to be paid with effect from 13 June 1979; one quarter from 13 June 1980; and the remaining quarter from 13 June 1981.

3. Later in 1979 we were asked to bring up to date the 'second stage' increases due to be paid on 13 June 1980 as part of the process of implementation of the salaries recommended in Report No. 12. Accordingly, in Report No. 15³ we recommended the salaries which we considered appropriate, on a fully up-to-date basis, at 13 June 1980, together with revised 'second stage' salaries to be paid at that date. We also recommended increases in the maxima of the secretarial and research allowance for MPs, the Peers' expenses allowance and the secretarial allowance for Ministers and other paid office holders in the House of Lords.

4. The Government on this occasion took the view that there were "clear and compelling reasons, of a kind that the Review Body could not take into account, for not accepting the Review Body's recommendations in full"⁴. They proposed that substantially smaller percentage increases than those which we recommended should be applied to the second stage salaries to take effect from 13 June 1980; and that the percentage increase applied to the second stage should also be applied to the third stage due in 1981. The Government also proposed that the increase in the maximum of the MPs' allowance for secretarial and research assistance should be similarly reduced. In a debate on 21 July 1980⁵ the House of Commons accepted the Government's proposals for the salaries to be implemented on 13 June 1980 and 13 June 1981, but passed the following resolutions:

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

²Review Body on Top Salaries, Report No. 13: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II - Cmnd. 7825.

³Review Body on Top Salaries, Report No. 15: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance - Cmnd. 7953.

⁴Statement to the House of Commons by the Prime Minister, Hansard, 7 July 1980, Col. 30.

⁵Hansard, 21 July 1980, Cols. 161-203.

- (i) that from 13 June 1980 the salary of MPs should be regarded for pension purposes as £13,750 (the fully up-to-date salary recommended in Report No. 15);
- (ii) that "in the light of the continued difficulty in providing fairly for the salaries of Members of this House, the salaries of Members should be regulated to correspond with the amounts of the salary paid to a specified grade in the public service";
- (iii) that MPs' pensions should accrue at the rate of 1/40th for each year of service;
- (iv) that the secretarial and research allowance should be at the level recommended in Report No. 15.

5. The Government accepted that the maximum of the MPs' secretarial and research allowance should be at the level which we had recommended. The remaining questions were, however, the subject of a further debate on 19 February 1981¹, along with some proposals for changes in the House of Commons Members' Fund and the Parliamentary pensions arrangements. The House decided that pensions should be calculated on a notional salary of £13,150, the salary which it agreed in the previous debate should be implemented on 13 June 1981. The House also accepted a Government proposal that a Select Committee should be appointed to examine "the desirability and possible method of conducting reviews of Members' salaries by an independent body once during the first session of each Parliament and of adjusting such salaries during the periods between such reviews by reference to increases in the remuneration of a designated group of outside occupations".

6. With regard to the Parliamentary pensions scheme, the House decided that pensions should continue to accrue on the basis of 1/60th of relevant terminal salary for each year of reckonable service. Some improvements in the arrangements for transfer into the Parliamentary scheme of pension rights earned in outside employment, and for purchasing additional reckonable service, were also agreed. Both changes are consistent with our past recommendations and we welcome them.

7. The change in the Members' Fund which was agreed on 19 February 1981 also results from our recommendations. There has been much concern extending over many years about the position of former MPs who had no service on or after 16 October 1964 and were thus ineligible to benefit under the pensions scheme. We recommended in Report No. 13 (paragraph 50) that such former MPs should be entitled, along with widows and other dependents, to a measure of benefit as of right under the Members' Fund. We further recommended that if this were judged too expensive, a grant should, as a minimum, be made available as of right to all such former MPs or their dependents who were aged 75 or over at the date upon which a change was made. The Government proposed, and the House agreed, that grants from the Fund should be payable as of right to Members with at least 10 years' service, even if that service was interrupted, who left the House before 16 October 1964, and to their widows and dependent widowers. The Government considered that the cost would be too great if the qualifying condition of 10 years'

¹Hansard, 19 February 1981, Cols. 491-552.

service were relaxed. These arrangements will provide, however, for the Trustees to relax the 10 years' service rule in exceptional cases if the Government Actuary advises that adequate scope exists in the Fund. The grants will be £1,000 for former MPs and £500 for widows. We particularly welcome the introduction of these arrangements. We suggest that the House should keep a close watch on the adequacy of the grants.

The current review—salaries

8. The review which we have been asked to carry out this year is set against a background of considerable uncertainty over the future method of determining MPs' pay, which is now to be the subject of inquiry by a Select Committee. In these circumstances it did not seem appropriate for us to attempt a full review such as that which we carried out in 1979. A more limited course would be simply to bring our previous recommendations up to date at 13 June 1981. We are, however, faced with the fact that, even when the final instalment of the increases agreed in 1980 is paid in June 1981, our Report No. 15 recommendations will still not have been implemented in full. To do so would produce an overall increase in salary cost of about 5 per cent over and above the increase of 12 per cent which is already due to be paid with effect from 13 June 1981.

9. We made it clear in Report No. 15 (paragraph 6) that the increases which we then recommended were substantially below the increase in both the retail price index and relevant salaries elsewhere. We have no doubt from evidence on current salary levels that a case could be made for further increases in the pay of MPs and Ministers; but while the amounts set out in Report No. 15 remain to be fully implemented, and having regard to current economic circumstances, we see no point in putting forward new figures which would add to the existing shortfall. *We strongly recommend, however, that the salaries recommended in Report No. 15 should be implemented in full and as soon as possible.* These are set out below, alongside the salaries which it has so far been agreed should be implemented on 13 June 1981. The salaries implemented on 13 June 1980 are set out in Appendix A. Whether we shall have a continuing role to play as an independent body in advising on the pay of MPs and Ministers is not for us to determine; but in the event of our being asked to carry out a review next year it would be our intention to recommend fully up-to-date figures as at 13 June 1982.

**SALARIES RECOMMENDED IN REPORT NO. 15 AS APPROPRIATE AT
13 JUNE 1980 AND THOSE WHICH IT HAS SO FAR BEEN AGREED
SHOULD BE IMPLEMENTED ON 13 JUNE 1981**

A. Members of Parliament

Salary recommended in Report No. 15 as appropriate at 13 June 1980:
£13,750

Salary so far agreed for implementation on 13 June 1981: £13,150

B. Ministers and other paid office holders

Office	Salary recommended in Report No. 15 as appropriate at 13 June 1980		Salary so far agreed for implementation on 13 June 1981	
	Excluding Parliamentary salary	Including Parliamentary salary (a)	Excluding Parliamentary salary	Including Parliamentary salary (b)
Prime Minister	£ 38,000	£ 46,000	£ (34,650) ^(c)	£ (42,320) ^(c)
Lord Chancellor	43,000 ^(d)	43,000 ^(d)	(40,000) ^(e)	(40,000) ^(e)
Mr Speaker	28,500	36,500	27,500	35,170
Cabinet Minister	28,500	36,500	26,250	33,920
Minister in charge of a Department but outside the Cabinet (f)	23,000	31,000	21,900	29,570
Minister of State	19,500	27,500	18,650	26,320
Parliamentary Secretary and Under Secretary of State	15,000	23,000	14,250	21,920
Attorney General	30,500	38,500	27,850	35,520
Solicitor General	24,000	32,000	23,000	30,670
Lord Advocate	24,000	32,000 ^(g)	23,000	30,670 ^(g)
Solicitor General for Scotland	20,500	28,500	19,750	27,420
<i>House of Commons</i>				
Leader of the Opposition	25,000	33,000	24,100	31,770
Parliamentary Secretary to the Treasury (Chief Whip)	23,000	31,000	21,900	29,570
Deputy Chief Whip	19,500	27,500	18,650	26,320
Chief Opposition Whip	19,500	27,500	18,650	26,320
Government Whip	12,500	20,500	12,050	19,720
Assistant Opposition Whip	12,500	20,500	12,050	19,720
Chairman, Ways and Means	19,500	27,500	18,650	26,320
Deputy Chairman, Ways and Means	17,000	25,000	16,450	24,120
<i>House of Lords</i>				
Chief Whip	19,500	19,500	18,650	18,650
Deputy Chief Whip	15,000	15,000	14,250	14,250
Government Whip	12,500	12,500	12,050	12,050
Chief Opposition Whip	12,500	12,500	12,050	12,050
Chairman of Committees	19,500	19,500	18,650	18,650
Principal Deputy Chairman of Committees	17,000	17,000	16,450	16,450
Leader of the Opposition in the House of Lords	15,000	15,000	14,250	14,250

- Notes: (a) Including for those Ministers and other office holders who are Members of the House of Commons, the Parliamentary salary of £8,000 recommended in Report No. 15.
- (b) Including for those Ministers and other office holders who are Members of the House of Commons a Parliamentary salary of £7,670, so far agreed for implementation on 13 June 1981.
- (c) The salary shown is notional. The Prime Minister decided to forego an increase in Ministerial salary in 1979 and to be paid the same salary as Cabinet colleagues in 1980. The salary at present to be paid on 13 June 1981 is £26,250 excluding Parliamentary salary (£33,920 including Parliamentary salary).
- (d) Includes £5,750 in recognition of the Lord Chancellor's function as Speaker of the House of Lords.
- (e) The salary shown is notional and includes £5,500 in recognition of the Lord Chancellor's function as Speaker of the House of Lords. The Lord Chancellor decided to forego an increase in Ministerial salary in 1979 and to be paid the same salary as Cabinet colleagues in 1980. The salary at present to be paid on 13 June 1981 is £26,250.
- (f) There are no Ministers in charge of a Department but outside the Cabinet at present.
- (g) The present Lord Advocate is not a Member of Parliament and therefore does not receive a Parliamentary salary.

Allowances

10. We have also been asked to review the allowance available to MPs for secretarial and research assistance, the Peers' expenses allowance and the allowance for secretarial expenses available to Ministers and other paid office holders in the House of Lords. The recommendations we made in Report No. 15 in respect of the levels of these allowances, which are for reimbursement of expenses actually incurred, were implemented in full. In the following paragraphs we make recommendations to bring them up to date as at 13 June 1981. Our recommendations are framed in the light of movements in the last year in prices and earnings.

Secretarial allowance and research allowance

11. In Report No. 12 we recommended separate maximum allowances to enable an MP to employ both a full-time secretary and a part-time research assistant. Parliament decided that the allowances should be combined to provide a single maximum, currently £8,000 available for both secretarial and research expenses and general office expenses. It was also decided that a further amount, with a current maximum of £800, should be made available to MPs for payments into an approved scheme to provide pensions for secretaries and research assistants. We consider that the maximum allowance of £8,000 is no longer sufficient to cover the cost of employing a full-time secretary and a part-time research assistant and *recommend* that the maximum of the allowance should be increased to £8,600.

12. We have been requested to examine a number of points concerning the scope and application of the allowance. Our views on these are set out in the following paragraphs.

Payment for temporary assistance when a Member's secretary or research assistant is unable to work because of illness

13. When a Member's secretary or research assistant is ill, it may become necessary to engage temporary assistance; but there is no specific provision to

pay for this. Any unused part of the secretarial and research allowance may of course be applied for this purpose. The allowance, however, is set at a level which is intended to be no more than sufficient, after allowing for payment of employer's national insurance contributions, to provide for the employment of a full-time secretary and a part-time research assistant. We think it right, moreover, that Members should be in a position to follow normal 'good employer' practice for paying staff during periods of illness. In the circumstances we *recommend* that supplementary provision, pro rata to the secretarial and research allowance, should if necessary be made available where an MP continues to pay his secretary or research assistant for a period of absence of, say, more than four weeks, and needs to secure temporary help. We suggest that the precise arrangements should be settled by the House, bearing in mind that it may be desirable to specify somewhat different rules for research assistants as compared with secretaries since in relatively short periods of absence the need to replace the former may be less pressing.

Payment of secretaries and research assistants during the dissolution of Parliament

14. The secretarial allowance at present ceases to be payable while Parliament is dissolved. In Report No. 13¹ we pointed to a number of reasons supporting the case for withholding the allowance during periods of dissolution. It has been put to us, however, that considerable anomalies and inconvenience arise from the present position: a secretary may, for example, have to be discharged at the time Parliament is dissolved only to be re-engaged a few weeks later. Having given this matter further consideration, we have concluded that in future the allowance should continue to be available during dissolution. We *recommend* accordingly. The 'winding up' allowance which is paid to Members defeated at an election to defray secretarial or research expenses is a separate matter and should continue to be paid where applicable.

Office equipment

15. In Report No. 13² we concluded that it would be wrong to introduce an allowance for the purchase and maintenance of office equipment, since this would involve the use of public funds for the acquisition of equipment that would remain the property of the MP. That remains our view. However, we recognise that the costs of purchasing such equipment can be a considerable burden, and have considered whether there might be an alternative approach. It seems to us that there is a strong case for the House to supply and maintain for the use of Members and their secretaries such standard items as typewriters, dictation equipment and calculators; under such an arrangement the equipment would remain the property of the House. We suggest that the House should explore the feasibility of this proposal with a view to devising detailed arrangements.

16. This and a number of other problems mentioned in this report would be greatly eased by the introduction of central employment of secretaries which we recommended in Report No. 13³.

¹Review Body on Top Salaries, Report No. 13: Ministers of the Crown and Members of Parliament and the Peers' expenses allowance: Part II - Cmnd. 7825 (paragraphs 27-28).

²*ibid* (paragraphs 63-66).

³*ibid* (paragraphs 29-33).

Travel expenses of MPs' secretaries and research assistants

17. We have also been asked to consider provision for travel costs of secretaries and research assistants arising from constituency business. Such costs can be set against the allowance for secretarial and research assistance but, as we have mentioned, the allowance is intended to cover the basic costs of employing a full-time secretary and a part-time research assistant. There may well be no margin for travel expenses, particularly when the constituency is far from London. It has been suggested that some of the 15 free return journeys a year available to MPs' wives or husbands for travel to and from the constituency might be transferred, if the MP wishes, to a secretary or research assistant. We consider that these are two completely separate issues. It would not be appropriate to cut into the provision for MPs' wives and husbands, which is intended to help to ease the strain that a Parliamentary career can impose on family life. On the other hand we are not satisfied of the case for making specific provision for payment of travel expenses of secretaries and research assistants, which in practice could well give rise to considerable difficulties. The matter needs more detailed consideration and we propose to examine it further in any future review we may conduct.

Provision of pensions for MPs' secretaries and research assistants

18. In Report No. 13¹ we examined the possibility of revising the maximum of the secretarial allowance to take account of the cost to MPs of contributing to an occupational pension scheme for a secretary. We concluded, however, that the additional cost would be likely to vary and we saw no ready yardstick by which to assess the extent to which the costs would be reasonable. In the circumstances we did not consider it appropriate to reflect this factor specifically in the maximum that we recommended. The House of Commons resolved, however, that an additional amount should be made available to enable MPs to contribute towards pensions for their secretaries and research assistants. At present the amount available may not exceed 10 per cent of the salary in payment to the secretary or research assistant, subject to an overall limit of £800. We understand there has been some concern about the interpretation which has in practice been placed upon the resolution. That is not a question for us, but we have been asked to consider whether in any case the limit of 10 per cent of salary is reasonable. Since the point has been raised with us at a late stage, it has not been possible in the time available for completion of the present review to take evidence or to consider the matter in sufficient detail to justify proposing any immediate change in the existing arrangements. In the event of our being required to carry out a further review of Parliamentary pay and allowances next year, it will be our intention to look into this question specifically and to report our findings.

Peers' expenses allowance

19. The Peers' expenses allowance covers three categories of expenditure, each with an individual daily maximum. The categories and the current maxima are: overnight subsistence, £23·00; day subsistence and incidental travel, £11·00; secretarial costs, postage and certain additional expenses, £10·00. We *recommend* that the individual daily maximum for each group should now be:

¹*ibid* (paragraphs 25-26).

- (i) overnight subsistence—£25·50;
- (ii) day subsistence and incidental travel—£12·50;
- (iii) secretarial costs, postage and certain additional expenses—£11·00.

20. We wish to emphasise that the Peers' expenses allowance is not, as is sometimes suggested, an attendance allowance. The 1957 resolution that introduced the allowance indicated that the object was to enable Peers (other than paid office holders) to recover "any expenses certified by them as incurred for the purpose of attendance at sittings of that House or of Committees, other than sittings for judicial business . . ."¹.

Ministers and other paid office holders in the House of Lords – allowance for secretarial expenses

21. Ministers and other paid office holders in the House of Lords can claim up to £1,175 a year for secretarial expenses unconnected with departmental correspondence, subject to production of evidence of expenditure. We *recommend* that the maximum of the allowance should be increased to £1,275.

PLOWDEN

HAROLD ATCHERLEY

BOYLE OF HANDSWORTH

GEORGE COLDSTREAM

HIRSHFIELD

SEEAR

OFFICE OF MANPOWER ECONOMICS

8 May 1981

¹Hansard, 9 July 1957, Col. 227.

APPENDIX A

CURRENT PARLIAMENTARY SALARIES

A. Members of Parliament

Current salary: £11,750

B. Ministers and other paid office holders

Office	Current salaries	
	Excluding Parliamentary salary	Including Parliamentary salary (a)
	£	£
Prime Minister	(31,750) ^(b)	(38,680) ^(b)
Lord Chancellor	(35,200) ^(c)	(35,200) ^(c) ^(d)
Mr Speaker	24,500	31,430
Cabinet Minister	23,500	30,430
Minister in charge of a Department but outside the Cabinet ^(e)	19,300	26,230
Minister of State (Commons)	16,250 ^(f)	23,180 ^(f)
Minister of State (Lords)	16,400	16,400 ^(g)
Parliamentary Secretary and Under Secretary of State (Commons)	12,350	19,280
Parliamentary Secretary and Under Secretary of State (Lords)	12,500	12,500 ^(d)
Attorney General	25,050	31,980
Solicitor General	20,600	27,530
Lord Advocate	20,600	27,530 ^(g)
Solicitor General for Scotland	17,150	24,080
<i>House of Commons</i>		
Leader of the Opposition	20,950	27,880
Parliamentary Secretary to the Treasury (Chief Whip)	19,300	26,230
Deputy Chief Whip	15,500	22,430
Chief Opposition Whip	16,250	23,180
Government Whip	10,250	17,180
Assistant Opposition Whip	10,250	17,180
Chairman, Ways and Means	16,000	22,930
Deputy Chairman, Ways and Means	14,000	20,930
<i>House of Lords^(d)</i>		
Chief Whip	16,100	16,100
Deputy Chief Whip	12,350	12,350
Government Whip	10,550	10,550
Chief Opposition Whip	9,950	9,950
Chairman of Committees	16,150	16,150
Principal Deputy Chairman of Committees	14,150	14,150
Leader of the Opposition in the House of Lords	11,900	11,900

Notes: See overleaf

Notes: (a) The Parliamentary salary is currently £6,930.

(b) The salary shown is notional. The Prime Minister decided to forego an increase in Ministerial salary in 1979 and to be paid the same salary as Cabinet colleagues in 1980. The salary in payment is currently £23,500 (£30,430 including Parliamentary salary).

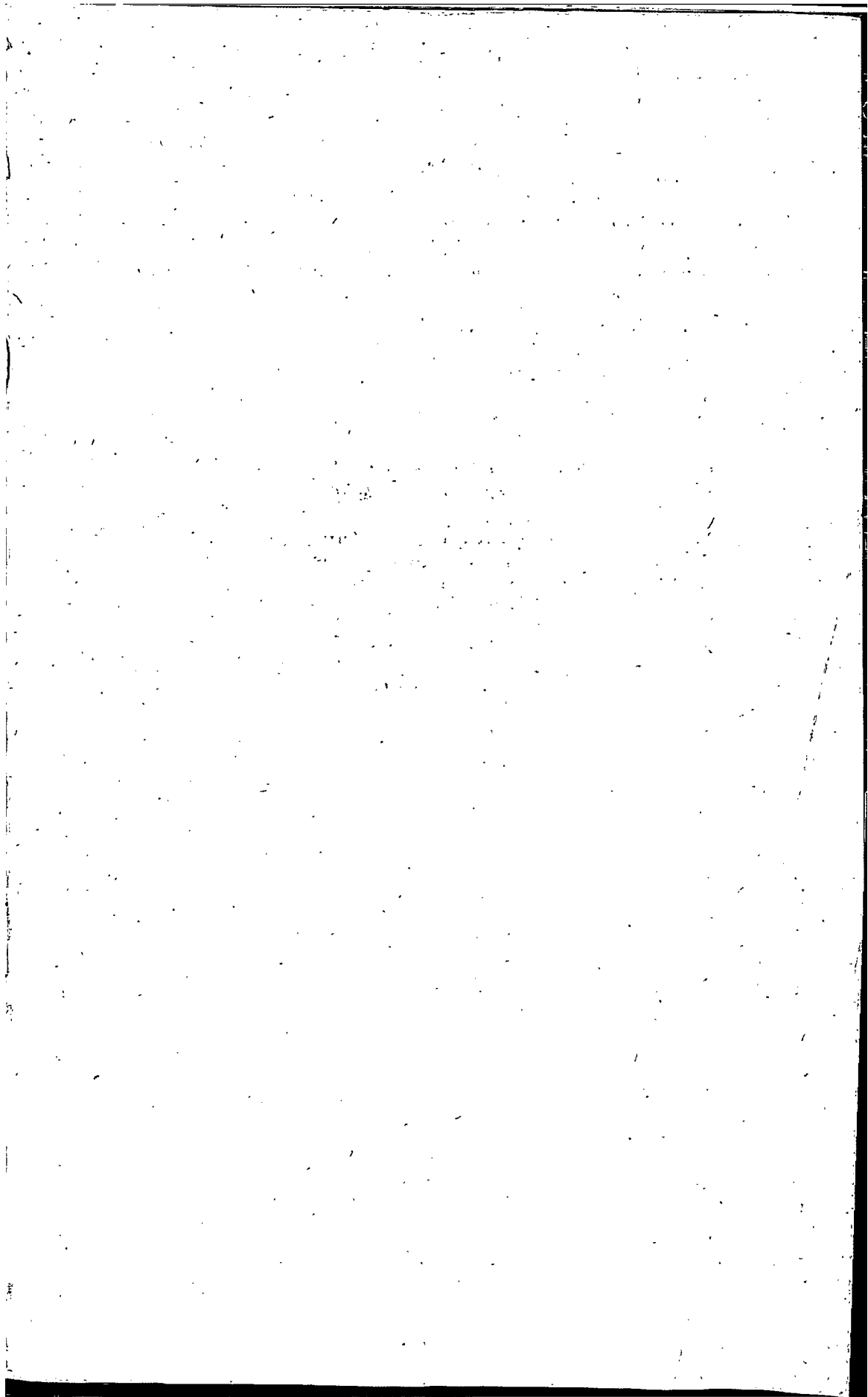
(c) The salary shown is notional and includes £5,075 in recognition of the Lord Chancellor's function as Speaker of the House of Lords. The Lord Chancellor decided to forego an increase in Ministerial salary in 1979 and to be paid the same salary as Cabinet colleagues in 1980. The salary in payment is currently £23,500.

(d) No Parliamentary salary paid.

(e) There are no Ministers in charge of a Department but outside the Cabinet at present.

(f) For those paid at the maximum of the Minister of State range, current salary is £16,850 (£23,780 including Parliamentary salary).

(g) The present Lord Advocate is not a Member of Parliament and does not therefore receive a Parliamentary salary.



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