

Parliamentary Standards (Amendment) Bill

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Schedule – The Initial Calculation

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B I L L

TO

Amend the Parliamentary Standards Act 2009 to require the Independent Parliamentary Standards Authority to reduce the cost and change the schemes of payment of Members of the House of Commons; and for connected purposes.

BE IT ENACTED by the Queen’s most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 The Members’ Allowance

(1) After section 3A of the Parliamentary Standards Act 2009 there is inserted—

“3B The Members’ Allowance

The Independent Parliamentary Standards Authority must prepare a scheme which would replace the payment of salaries and certain allowances to MPs provided for in sections 4, 4A and 5 of this Act with a Members’ Allowance, as required by the Parliamentary Standards (Amendment) Act 2010.”. 5

(2) The Independent Parliamentary Standards Authority (“the IPSA”) must prepare the first Members’ Allowance scheme before the end of the period of 8 weeks beginning with the day on which this Act is passed, and may prepare revisions (“a revision”) at any time it considers appropriate. 10

(3) A Members’ Allowance scheme must—

(a) provide for the payment of a Members’ Allowance in the form of a monthly payment to each MP, at a level determined on the basis of— 15

(i) the calculation in the Schedule to this Act (“the initial calculation”),

(ii) the factors set out in paragraphs (b) to (d) of this subsection, and

(iii) the considerations referred to in subsection (4) of this section,

(b) make provision for the IPSA to review the level of the Members’ Allowance in time for the beginning of each new Parliament, taking account of GDP growth, the GDP deflator, the retail prices index, the 20

- consumer price index and such other factors as the IPSA considers appropriate,
- (c) provide for a regional weighting of the Members' Allowance according to the distance of a Member's constituency from Westminster, to a maximum total value as set out in Step 5 of the initial calculation, and 5
 - (d) be administered with the objective that the total annual cost of administering the scheme by the IPSA is no more than 2.5% of the total value of payments made under the scheme in that year ("the administration costs objective").
- (4) The IPSA should take into account that the Members' Allowance must enable an MP to perform their parliamentary, constituency and national duties when making its final proposal of the level of the Members' Allowance. 10
 - (5) Separate provision must continue to be made under section 5 of the Parliamentary Standards Act 2009 (MPs' allowances scheme) for the payment of Staffing Expenditure and Constituency Office Rental Expenditure. 15
 - (6) The IPSA must set out in its proposed scheme guidance on the likely tax status of the Members' Allowance, having consulted HMRC for this purpose.
- 2 Consideration of a Members' Allowance scheme by the House of Commons**
- (1) The Speaker must lay a Members' Allowance scheme (or revision) before the House of Commons. 20
 - (2) When the scheme (or revision) is laid, the IPSA must publish in a way it considers appropriate –
 - (a) the scheme (or revision), and
 - (b) a statement of its reasons for proposing that scheme (or revision).
 - (3) A Minister must by regulations made by statutory instrument bring a scheme (or revision) proposed by the IPSA under section 2(1) into effect, including making such transitional, transitory or saving provision as he considers appropriate. 25
 - (4) A Minister must lay a draft of the regulations referred to in section 2(3) within 12 weeks of the Speaker laying the Members' Allowance scheme (or revision) before the House of Commons. 30
 - (5) A statutory instrument containing regulations under section 2(3) may not be made unless a draft of the instrument has been laid before and approved by a resolution of the House of Commons.
 - (6) If the regulations referred to in section 2(3) are not approved by the House of Commons within four months of being laid, the IPSA must propose a revised scheme under section 1 of this Act. 35
- 3 The IPSA administration costs objective**
- (1) The IPSA must aim to limit the administrative costs of the Members' Allowance scheme to no more than 2.5% of the total value of payments made under the scheme in any given financial year ("the administration costs objective"). 40
 - (2) The IPSA must make an annual assessment of whether it has met this objective on the basis of the IPSA's accounts for that year.

- (3) If the administration costs objective has not been met, the IPSA must publish a report explaining why it has not been met.

4 Interpretation

In this Act—

“MP” means a Member of the House of Commons;

“the Minister” means the Leader of the House of Commons or the Secretary of State.

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5 Short title

This Act may be cited as the Parliamentary Standards (Amendment) Act 2010.

SCHEDULE

Section 1

THE INITIAL CALCULATION

- 1 The IPSA must make its initial calculation of the Members' Allowance as follows.
- Step 1* 5
- 2 Take the total cost of payments to MPs, associated payments and the cost of administering those allowances paid to MPs under the relevant resolutions of the House of Commons (except those relating to additional salaries for office holders) in respect of the twelve months ending with 5 April 2010, including— 10
- (a) salary payments to MPs,
 - (b) employer's national insurance contributions for MPs,
 - (c) basic employer pension payments for MPs,
 - (d) Personal Additional Accommodation Expenditure and the London Costs Allowance, 15
 - (e) Travel Expenditure,
 - (f) Resettlement Grant,
 - (g) ex-gratia payments,
 - (h) an estimate by the IPSA of the amount that MPs did not claim but were entitled to claim, 20
 - (i) an estimate by the IPSA of the total cost of administering the payments listed in this Schedule, taking account of the staff costs and associated overhead costs of both the House of Commons and the IPSA,
 - (j) an estimate by the IPSA of that part of the costs associated with the following committees and other bodies relevant to the payments listed above— 25
 - (i) the Speaker's Committee for the IPSA,
 - (ii) the Members' Estimate Committee,
 - (iii) the Members' Estimate Audit Committee, 30
 - (iv) the Administration Estimate Audit Committee,
 - (v) the Committee on Members' Allowances,
 - (vi) the House of Commons Commission,
 - (vii) the Committee on Standards in Public Life, and
 - (viii) the Senior Salaries Review Body, 35
 - (k) an estimate by the IPSA of the cost of administration incurred by MPs and their staff relevant to the payments listed in this Schedule, and
 - (l) any other associated costs to be determined by the IPSA.

Step 2

- 3 Deduct 5% from the total calculated in Step 1.

Step 3

- 4 Uprate this figure by taking into account certain indices to be determined by the IPSA to arrive at an appropriate total figure for each financial year during the remainder of the relevant Parliament. 5

Step 4

- 5 Deduct a maximum of 2.5% from the total described in Step 3 to be set aside for each financial year of the relevant Parliament for the IPSA administration costs. 10

Step 5

- 6 Deduct up to 17.5% from the total described in Step 3 to be used as a fund for each financial year of the relevant Parliament for regional weighting, Disability Assistance, Security Assistance, Contingency Payments and such other allowances and payments not already mentioned in this Schedule to be determined by the IPSA. 15

Step 6

- 7 Divide the total arrived at in Step 5 by the number of seats in the House of Commons to make the initial calculation of the Members' Allowance for each financial year of the relevant Parliament. 20

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Presented by Adam Afriyie.

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