



HOUSE OF LORDS

House of Lords Commission

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1st Report of Session 2017–19

# **Financial Support for Members of the House of Lords**

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# Financial Support for Members of the House of Lords

## FIRST REPORT OF SESSION 2017–19

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### Introduction

1. This report invites the House to agree changes, put forward by the Leader of the House, to the system for financial support available to Members of the House, specifically regarding the current and future rates of the daily allowance.
2. Responsibility for considering changes to the system of financial support for Members is a matter reserved to the House of Lords Commission, but any changes must be agreed by the House as a whole.
3. The present system of financial support for Members was introduced in October 2010. It is based on a Resolution (reproduced in the Annex) and a report of the House Committee, which were both agreed by the House on 20 July 2010.<sup>1</sup> The Leader of the House has tabled a Resolution that seeks to amend the 2010 Resolution to reflect the changes proposed in this report. This report should be read alongside that Resolution. The House's agreement to that Resolution would allow the new arrangements to operate from 1 April 2018.

### The current system

4. Members who do not receive a ministerial or office holders' salary may currently claim a flat-rate attendance allowance of either £300 or £150.<sup>2</sup>
5. The 2010 Resolution was not time-limited, but the accompanying report recommended that “any new arrangements [be] put in place for the duration of the present Parliament”. Towards the end of the 2010–15 Parliament, the House Committee agreed that those arrangements should continue into the next Parliament until they were superseded by any new arrangements agreed to by the House. The then Chairman of Committees tabled a Written Statement on 25 March 2015 accordingly.<sup>3</sup>
6. Although we recognise that much Parliamentary work is conducted outside the Chamber, and also that many Members carry out Parliamentary work independently of the House and during non-sitting hours, we continue to believe that the best available criterion for measuring a Member's contribution to the work of the House is attendance at sittings of the House or its committees. **We therefore believe that financial support for Members should continue to have attendance as its core criterion.**

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1 House Committee, *Financial Support for Members of the House of Lords* (1st Report, Session 2010–12, HL Paper 18); HL Deb, 20 July 2010, cols 915–945.

2 The full rate may be claimed for attendance in the Chamber on a sitting day, or attending a committee meeting at Westminster. A Member may also elect to claim £150 in respect of such attendances. That amount can also be claimed in respect of participation in authorised business away from Westminster, such as committee visits, Parliamentary delegations, outreach programmes, and representing the House.

3 Written Statement, House of Lords: Financial Support for Members, [HLWS458](#) (Session 2014–15)

7. As the daily allowance rates of £300 and £150 have been fixed since their introduction in 2010, the amount of the allowance has reduced in real terms.
8. While freezing the rate of the daily allowance for the duration of the 2010–15 Parliament was justified, in line with fiscal restraint more generally, **we agree with the Leader of the House that some means of providing a modest uprating mechanism should now be introduced, as otherwise over time the amount of the daily allowance will continue to reduce in real terms.**

### Proposed changes

9. The Leader has proposed that the daily allowance should be increased by the same rate that the Independent Parliamentary Standards Authority (IPSA) applies to MPs' pay, beginning from 1 April 2018.<sup>4</sup> On 1 March, IPSA determined that the next increase will be 1.8 per cent.<sup>5</sup> Applying this increase to the current daily allowance would result in a new flat-rate attendance allowance of either £305<sup>6</sup> or £153.
10. To put in place sustainable arrangements for effecting subsequent increases, the Leader also proposed that future IPSA determinations should be applied to the daily allowance rates every 1 April thereafter.
11. The cost of the daily allowance in this financial year is projected to be lower than in 2016/17, at £19.3 million, versus £22.4 million. The forecast cost is £18.8 million for 2018/19, and £18.2 million for 2019/20 and 2020/21.
12. If the proposed increase was agreed the increase in costs for 2018/19 would be approximately £339,000,<sup>7</sup> which can be accommodated within the existing Financial Plan.
13. **We therefore agree with the Leader's proposal that the following changes should be made to the daily allowance:**
  - **An increase in the daily allowance from 1 April 2018, in line with the next IPSA increase to MPs' salaries, of 1.8 per cent; and**
  - **That the daily allowance be increased every 1 April thereafter, in line with the rate applied by IPSA to future increases to MPs' salaries.**

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4 Since April 2013, MPs' pay has been uprated annually, and since a review of MPs pay and expenses in 2015, the amount has been uprated in line with changes in average public sector earnings; the figures for which are produced by the Office of National Statistics. The IPSA determination was 1.3 per cent in April 2016 and 1.4 per cent in April 2017. We note that annual determinations are also made in the Welsh and Northern Irish Assemblies regarding increases to the pay and expenses of AMs and MLAs, respectively.

5 IPSA, 'MP's pay for 2018–19' (1 March 2018): <http://www.theipsa.org.uk/news/press-releases-2018/1-march-2018-mps-pay-for-2018-19>

6 The exact amount would be either £305.40 or £152.70 but the standard approach is to round to the nearest £, i.e. 49p and under, rounded down; 50p and above, rounded up.

7 Based upon 145 sitting days and an average daily attendance of 500 Members. The projected increase factors in a proportion of claims for £153, on the basis of current claiming patterns.

## **ANNEX: HOUSE OF LORDS ALLOWANCE RESOLUTION**

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*(As agreed by the House on 20 July 2010)*

That—

1.—

(1) Members of this House, except any Member who receives a salary under the Ministerial and other Salaries Act 1975 and the Chairman and Principal Deputy Chairman of Committees, should be entitled to an allowance in respect of each day of attendance on or after 1 October 2010.

(2) “Attendance” means attendance—

- (a) at a sitting of this House or a Committee of this House, or
- (b) on such other Parliamentary business as may be determined by the House Committee.

(3) The amount of the allowance payable to a Member in respect of a day of attendance should be—

- (a) £300, or
- (b) if paragraph (4) applies, £150.

(4) This paragraph applies if—

- (a) the attendance in question is away from Westminster, or
- (b) the attendance is at Westminster but the Member elects that this paragraph should apply.

2.—

(1) Accordingly, the following provisions should not apply in relation to expenses incurred on or after 1 October 2010—

- (a) paragraph (1)(d) of the Resolution of 22nd July 1980 (office costs allowance),
- (b) paragraph (1) of the Resolution of 25th July 1991 (day and night subsistence), and
- (c) paragraph 4 of the Resolution of 10th November 2004 (overnight subsistence on visits away from the House).

(2) The limit on the expenses incurred from 1 August 2010 to 30 September 2010 which a Member of this House may recover under paragraph (1)(d) of the Resolution of 22nd July 1980 (office costs allowance) should be the amount obtained by multiplying—

- (a) the number of days in that period specified by the Member, subject to a maximum of 40 days, and
- (b) the appropriate amount for expenses incurred in that period (calculated in accordance with paragraph (3)(b) of the Resolution of 20th July 1994).