



Review Body on Senior Salaries

REPORT No. 48

Review of parliamentary pay and allowances

Chairman: Sir Michael Perry, CBE

Presented to Parliament by the Prime Minister by
Command of Her Majesty
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and allowances

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Contents

	<i>Page</i>
Part 1: External Pay Comparability for Ministers and Members of Parliament	1
Section I Introduction	2
II Job size relativities for Ministerial and parliamentary posts	3
III Ministerial level external market comparisons	5
IV Comparisons of public sector leadership roles, their pay, and pay in the private sector	7
V Detailed comparisons for Westminster MPs.	12
VI Movement since 1996	13
Part 2: Review of the Office Costs Allowance for Members of Parliament	15
Section I Introduction	16
II Background considerations	17
III MPs work and their support needs	19
IV The arguments for change.	23
V Structure and costings	27
Appendix A Member of Parliament generic job description	32
Part 3: Review of Allowances for Members of the House of Lords	35
Section I Introduction	36
II The role of Members of the House of Lords	38
III Peers' views about current allowances	40
IV Possible ways ahead	43
Appendix 1 Role profile: Frontbench spokesmen	47
Appendix 2 Role profile: Politically orientated backbench peers	48
Appendix 3 Role profile: Specialist peers with a political role	50
Appendix 4 Role profile: Specialist backbench peers	52

Part 1

External Pay Comparability for Ministers and Members of Parliament

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Section I

Introduction

1.1 In October 2000, the Office of Manpower Economics (OME), on behalf of the Senior Salaries Review Body (SSRB) asked Hay Management Consultants to provide a comparison of the salaries of Members of the House of Commons, and Ministers and paid office holders in both Houses, against the salaries of posts of equivalent weight in the private sector and other areas in the public sector. This follows up work of a similar nature carried out for the SSRB in 1996.

1.2 We have addressed this requirement in a number of different sections.

- We examine the job size relativity of ministerial and paid office holders in Parliament against a general sample of public and private sector comparisons.
- We compare ministerial level jobs in base pay terms against both private and public sector comparisons.
- We examine both job size relativity and pay data in more detail for jobs and equivalents below Minister of State, where there are many more public and private sector comparisons available.
- We also look at the changes in relativity to the external market for Ministers and MPs pay since 1996.

Section II

Job size relativities for Ministerial and parliamentary posts

2.1 Table 1 *below* shows job size relativities for ministerial and parliamentary roles. These are taken directly from our work in 1996, and we assume the levels of responsibility are unchanged. We note strong representations during our current work on House of Lords allowances that relativities between the Chairman of Committees and the Leader of the Opposition and the Opposition Chief Whip are inappropriate. But we have examined none of these roles in detail and can offer no substantive comment on this question. For clarity we have displayed these as clear steps or clearly definable levels below the Prime Minister. We have also provided illustrative roles in both the public and private sectors.

Table 1: The Jobs of Ministers, Members of Parliament, Members of the Scottish Parliament and Members of the National Assembly for Wales

Responsibility Levels (Estimated)

Level	Jobs	Sample Public Sector Comparisons	Sample Private Sector Comparisons
1	Prime Minister		
2			
3			Chairman of global companies e.g. in energy
4			Chairman of very large international companies
5	Cabinet Minister (large)		Chairman of biggest UK plcs
6	Cabinet Minister (median)	Cabinet Secretary	MD/Chief Executive of biggest UK plcs
7	Cabinet Minister (smaller)	Permanent Secretary to the Treasury; Chief of the Defence Staff	
8		Lord Chief Justice	MD/Chief Executive major plc Chairman mid-250 plc
9		Permanent Secretary (median)	Main Board Directors of biggest plc
10		Permanent Secretary (small); 4 Star Officer	
11	Minister of State (large)	2nd Permanent Secretary	Directors of major plcs
12	Minister of State (median)	JESP 21-22 (formerly large Grade 2); Median 3 Star Officer	
13	Minister of State (smaller)	Chief Executive, medium county/ major city (Cardiff/Edinburgh); Chief Constable of the largest provincial forces (Manchester)	MD of subsidiary of major internal company, or international regional head; turnover £500 million to £1 billion. Or Chief Executive of smaller but more international parent company

Level	Jobs	Sample Public Sector Comparisons	Sample Private Sector Comparisons
14	Parliamentary Under Secretary of State (large)	JESP 17-19 (formerly large Grade 3); Chief Executive, smaller city (Swansea, Aberdeen); Chief Constable 2500-officer force; Median 2 Star officer; Chief Executive Teaching Hospital	GM/Country Manager of c. £200 million subsidiary. Key Director of major (£1 billion) business
15	Parliamentary Under Secretary of State (median)	JESP 15-16 (formerly median Grade 3); Larger Directors in large counties/cities; Chief Constables of small forces; Chief Executive of big region General Hospital Trust	Key Director of company at level 13 (above)
16	Parliamentary Under Secretary of State (smaller)/ Government Whip/ Some Committee Chairmen	JESP 14 (formerly small Grade 3); Group Captain commanding front-line airbase; Director of Social Services in many counties; Director of Education in medium city/small county; Chief Executive of District General Hospital Trust	GM/Country Manager of c. £50 million subsidiary; key Board director of company at level 14 (above); some directors of companies at level 13 (above)
17		JESP 12-13 (formerly large Grade 4/5); Chief Executive, many Shire Districts	GM/Country Manager of small subsidiary operation; some directors of companies at 14; some third tier roles in companies at 13
18	Westminster MPs (median)	JESP 9-11 (formerly median Grade 5); Secondary Headteachers (large schools); Battalion Commanders; "Chief Superintendents" c. 400 officers; Director of a District General Hospital.	Key line role reporting to Board director in major company with direct impact on £100-200 million resource. Board role in substantial UK enterprise.
19	Member of the Scottish Parliament (median)	JESP 7-8 (formerly small Grade 5); Area Social Services Manager; Director of Housing, medium Shire District; Superintendent c. 200 officers; Head of a large fundholding GP practice; Head of small secondary school	<i>Either</i> line role responsible for major resources in sales or production; <i>or</i> category/account/brand manager in marketing
20	Member of the National Assembly for Wales (median)	Large Grade 7; Head of Planning for a District Council; Reader at a major University; Headteacher of a large primary school.	<i>or</i> key professional or functional expert in charge of corporate and business services teams
21		Chief Inspector; Head of small Primary School; Service Head in small local authority; Army Major	Job size depends on role, complexity and scale of impact on the business

Section III

Ministerial level external market comparisons

3.1 There are only relatively few comparisons for ministerial roles. In the private sector they are almost exclusively board members and directors of major companies. In Table 2 *below* we compare the **salary entitlements** (not salaries taken) by Ministers with Base Salary data from the Hay Survey of Boardroom Remuneration for 2000.

Table 2: Ministers External Pay Comparison (Base Pay Only) for 2000
Data from the Hay Boardroom Guide (survey of Boardroom Remuneration)

	Salary Entitlement		Q1	Median	Q3	Average
	Commons	Lords				
Prime Minister	£158,658			£585,000*		£654,000*
Cabinet Minister	£114,543	£85,983	£501,000	£555,000	£621,000	
Minister of State Parliamentary	£82,697	£66,294	£165,000	£197,000	£234,000	
Under Secretary Westminster	£74,424	£57,244	£92,000	£106,000	£127,000	
MPs**	£48,371		£53,100	£59,100	£66,800	

N.B. Salaries in the Commons include both the Ministerial and MPs element.

*In relation to job weight there is little or no pattern in the external pay market at levels above that of Cabinet Minister, and there is anyway no direct comparator elsewhere to the job of Prime Minister. Certainly, few companies would have pay differentials as narrow as those illustrated if they had jobs as far apart in weight terms as the Prime Minister and Cabinet Ministers.

**Pay data for Westminster MPs is taken from the Hay Industrial & Service Organisations Database for July 2000.

3.2 Private Sector comparisons for these salaries need to be treated with the utmost caution. We have quoted base salary information only. Most, if not all, comparators would also receive in addition annual bonus payment eligibility, share options and often some form of long-term incentive plan (LTIP). Since there are no real salary comparisons for the Prime Minister, the figures we have quoted are for the base salaries of the largest roles in our databases. In addition to median data, we have also given an average figure which may give a better indicator at this level.

3.3 In Table 3 *below* we also include an updated analysis of Ministers' Pay Comparisons with the Public Sector.

Table 3: Ministers' Pay Comparisons with the Public Sector for 2000

	Salary Entitlement		
	Commons	Lords	
Prime Minister	£158,658		No comparators
Cabinet Ministers (median)	£114,543	£85,983	£165,000 to £170,000 (Cabinet Secretary)
Cabinet Ministers (smaller)			£147,000 (Chief of the Defence Staff) £165,000 (Lord Chief Justice)
Ministers of State	£82,697	£66,294	approximately £100,000 JESP 21-22 (formerly 'Grade 2' Civil Servants) £120-£140,000 (Chief Executive, major city unitary)
Parliamentary Under Secretary (median)	£74,424	£57,244	approximately £78,000 JESP 15-16 (formerly 'Grade 3' Civil Servants) £80,000 to £100,000 (Chief Executive, NHS Trust with regional services, large £100 million) up to £102,699 (Chief Constable, smaller forces) £83,200 (Hay median data for local authorities) £89,900 (Hay median data for the public sector, including nationalised industries)

N.B. Salaries in the Commons include both the Ministerial and MPs element.

The figures in this table need to be interpreted with caution. The job size matches are not precise. Moreover, the pay scales for the Civil Service have been extended upwards in recent years. Progression is now governed by job size and performance.

Section IV

Comparisons of public sector leadership roles, their pay and pay in the private sector

4.1 The job size level of Minister of State (level 13 on Table 1) is where a large number of Public Sector comparison roles become apparent. In Table 4 below we include roles in Local Government, Healthcare, Education, Police, Government Agencies and the Armed Forces. The job levels are the same as those used in Table 1, i.e. steps or definable levels below the level for the Prime Ministers job. In addition, at each level there are many types of job and only some are illustrated. Nonetheless, the comparisons between recognisable roles and base salary are clear enough. There are several points to emerge from looking at job weight alone:

- Close comparisons, however, can be misleading, as there are many service and functional specialisms involved. The roles and responsibilities in Social Services, education and the Police Service mean that top jobs in these areas can only be filled by people qualified in those professions, not by recruitment from other parts of the economy.
- There are also differences at levels 13, 14 and 15 in the opportunity for strategic thinking and development. Because they have more strategic choice the top jobs in universities and major teaching hospitals score alongside Chief Executives from elsewhere in the public sector who have bigger resources to manage.
- While Table 4 omits the Senior Civil Service in Whitehall, it is evident that many jobs in that setting call for a balance of attributes which is quite distinct from leadership and line management of major organisations.

4.2 In Table 5 we list examples of Private Sector Roles at all levels below level 13. We also include indicative of Base Salary data taken from the Hay Industrial and Service database for July 2000. This shows the upper quartile, median and lower quartile for typical salaries at each level. We have deliberately excluded the higher paying Financial Sector from this comparison.

4.3 Taken together Tables 4 and 5 show a number of themes about pay:

- There is a certain amount of commonality across the various public services in Table 4. Base salaries are all of the same order of magnitude and all except at levels 18 and below are distinctively different from the private sector in Table 5. Senior salaries are generally lower in the public sector and less money is given to those who take on additional responsibility. If the comparison showed bonuses and other incentives this point would be even more obvious. In the public sector pay increases with job weight at a slower rate than the private sector.

- In spite of the commonality across the public services, it is not always straightforward to recruit people from one service to another. If, for example, an NHS trust sought to recruit managerial talent from local government, it would have to offer a high salary to get the right individual. As a rule, people expect an increase of 15 per cent or more to reward and encourage them in moving jobs. Even to get a shire District Chief Executive (level 7) to move up to running a Trust (level 16) would involve paying at the top of the accepted range for Trusts. A lateral move from another level 16 post would be more expensive still.
- If moves within the public sector can be problematic, it is far more difficult to attract people from the private sector into the public sector. In the NHS, the Trust movement drew some private sector applicants into finance, personnel and estates director jobs, and even brought in a few Chief Executives. It is hard to see how that pattern can be repeated given the salary gaps shown between Tables 4 and 5 especially remembering that addition to bonuses and other package ingredients will only widen the public/private sector gap. Public sector careers show a distinctive pattern in the economy, with areas such as teaching, nursing, the police and the local government professions drawing in new recruits to be trained, but losing experienced people and unable to replace them from the wider labour market.

4.4 In spite of these themes, it is important not to build too many conclusions on the summary tables, for two reasons. First, the public sector data in Table 4 is very much a simplified version of a complex national picture, embracing many different pay structures and pay setting processes, and variations by region and organisation. Second, both tables are only about base salary. Even in the public sector, adding further payments and the value of benefits would make the picture more diverse. In the private sector, bonuses, benefits and (for senior executives) long term incentives would add considerably to package value. For the biggest private sector roles shown in Table 5, base salary would account for little more than half the package value, so the comparison between the two tables considerably understates the remuneration gap between sectors.

Table 4: Public Sector Leadership Roles Compared (Base Salary Only) – 2000

Job Level	Local Government	Healthcare	Education	Police	Government Agencies	Armed Forces*
13	Chief Executive, major city unitary £120-140,000	Chief Executive, major & complex merged Trust £120-140,000	Vice Chancellor, major university £100-140,000	Chief Constable, largest forces up to £114,405	Chief Executive, major nationwide Services Agency £90-100,000	Two Star Officer £73,780-£78,368
14	Chief Executive, small/medium city unitary £90-120,000	Chief Executive, major regional/teaching hospital Trust £100-120,000	Vice Chancellor, medium university £90-130,000	Chief Constable, major force up to £110,406	Chief Executive, large medium knowledge-based Agency £80-90,000	Commodore Brigadier Air Commodore £67,835
15	Larger Directors in large counties/cities £80-100,000	Chief Executive, large (£100 million) Trust with regional services £80-100,000	Vice Chancellor, Small university £80-120,000	Chief Constables of smaller forces up to £102,699	Chief Executive, up to £100 million research Agency £75-85,000	
16	Director of Social Services in many counties; Director of Education in medium city/County £65-80,000	Chief Executive, District General Hospital £65-80,000	Director/ProVice Chancellor in major university £65-80,000	Deputy Chief, major force around £75-88,000	Chief Executive, up to £100 million services Agency £70-80,000	Captain RN Colonel Group Captain £53,184-£59,199
17	Chief Executive, many Shire Districts £60-70,000	Major Director, large hospital Trust; some Health Authority Directors £55-70,000	Head of large FE College £55-75,000	Assistant Chief Constable up to £74,040	Key regional/line director, major service; major research director £65-75,000	
18	Resources/Corporate Services Director, District Council; Assistant Director, large unitary or County £50-60,000	Major Director, District General Hospital £50-60,000	Head of large Secondary School up to around £63,000	Chief Superintendent £52,137-£55,485	Some Directors/heads of function £55-65,000	Commander RN Lt Colonel Wing Commander £43,690-£50,582
19	Assistant Director, small unitary; some Directors, Shire Districts £40-50,000	Some Trust Directors; Head of major Care Group/area; Head of large GP practice £40-50,000	Head of small/medium Secondary School up to around £52,000	Area Commander, many areas £44,697-£55,485	Some Directors/heads of function £50-60,000	
20	Head of major Service, District Council £35-45,000	Service Manager, Area or Care Group Manager £35-45,000	Head of large Primary School up to around £44,000	Smaller Superintendent roles £44,697-£52,137	Major Policy/Research/Service group leader £40-50,000	Lt Commander RN Major Squadron Leader £30,973-£37,097
21	Head of Service in small local authority £30-40,000	Major business/nurse manager role £30-40,000	Head of small Primary School up to around £38,000	Chief Inspector £35,760 to £38,247	Policy/Research/Service group leader £35-45,000	

* Armed Forces Pay is quoted for comparative purposes and does not include the X-factor element.

Table 5: Private Sector Roles — Examples — 2000

Level	Role Description	Q1	M	Q3
13	MD of subsidiary of major international company, or international regional head; turnover £500 million to £1 billion. Or Chief Executive of smaller but more international parent company	£139,700	£159,600	£173,000
14	GM/ Country Manager of c. £200 million subsidiary. Key Director of major (£1 billion) business.	£114,800	£134,000	£144,000
15	Key Director of company with MD at level 13.	£92,300	£104,700	£119,000
16	GM/ Country Manager of c. £50 million subsidiary; key Board director of company at level 14 above; some directors of companies at level 13.	£78,400	£88,100	£102,800
17	GM/ Country Manager of small subsidiary operation; some directors of companies at level 14; some third tier roles in companies at level 3.	£62,500	£70,500	£81,100
18	Key line role reporting to Board director in major company with direct impact on £100-200 million resource. Board role in substantial UK enterprise.	£53,100	£59,100	£66,800
19	Either line role responsible for major resources in sales or production; or category/account/ brand manager in marketing;	£45,400	£50,300	£56,500
20	or key professional or functional expert in charge of corporate and business services teams.	£39,200	£43,200	£48,500
21	Job size depends on role, complexity and scale of impact on the business.	£33,600	£34,600	£41,300

Data from the Hay July 2000 Industrial & Service database for Base Salary only.

Notes on Tables

Table 4

- Job sizes and pay levels in local government and some areas of further and higher education reflect Hay experience and surveys.
- Vice Chancellor salaries are published in the Times Higher Education Supplement, and data on University size and income is reported by the Higher Education Statistics Agency.
- Information on headteacher pay ranges from Incomes Data Services, and on the criteria for using them from Review Body publications.
- Job sizes in the police service based on Hay experience. Pay data is published in various sources, e.g. police service journals.
- Job sizes in Agencies based on Hay experience. Pay rates are based from level 10 upwards on salary averages for key JESP (job evaluation) scores.
- Extreme examples have been omitted. For example, headteachers in the very biggest schools can earn up to £70,000, but probably fall in level 17 on job size. The very biggest leadership roles in local government, education and the police service fall above level 13 and attract higher salaries.
- Where specific pay agreements are quoted, the rates are UK general, not London.
- There will be a number of individuals whose salary falls outside the pattern shown.

Table 5

- Job sizes and pay rates draw on Hay experience and surveys, and are a considerable simplification of a vast range of roles and pay levels across the economy.
- Bonuses, other incentives and benefits are in addition to the figures shown.
- There will be many individuals whose salary falls outside the pattern shown, particularly because of the influence of skills, track record and performance in setting base salary in the private sector.

Section V

Detailed comparisons for Westminster MPs

5.1 Table 6 *below* provides some more detailed comparison for MPs at Westminster (level 18). The information is taken from the Hay database for July 2000 and illustrates the variation in salary levels within different sectors. This emphasises the high pay levels in the Financial Sector when compared to the Industrial & Service Sector and Public Sectors.

Table 6: Market Pay Comparisons — July 2000

Base Salary	Lower Quartile	Median	Upper Quartile
All organisations	£53,900	£61,300	£68,900
Industrial & Service Sector	£53,100	£59,100	£66,800
Financial Sector	£65,900	£70,200	£75,800
Financial Sector (Base less Regional allowance)	£64,700	£69,800	£75,700
Public Sector (mainly Local Authorities and NHS Administration)	£50,900	£54,800	£61,200

Section VI

Movement since 1996

6.1 We were also asked to comment on whether the gap between MPs/Ministers salaries and those of external comparators in both the public and private sectors has changed since the last review in 1996. For this purpose we were to assume that job responsibilities have remained the same since the last review.

6.2 The following Tables (7, 8 and 9) show comparisons with Ministers' pay and the private sector for 1996 (Table 7), 1997 (Table 8) and 2000 (Table 9).

Table 7: 1996 Comparisons of total salary

	Commons	Lords	External Pay			Ratio of Commons Salary to Hay Median
			Q1	Median	Q3	
Prime Minister	£84,217			£450,000		18.7%
Cabinet Minister	£69,651	£57,161	£320,000	£375,000	£485,000	18.6%
Minister of State Parliamentary	£56,785	£50,328	£133,700	£146,000	£155,000	38.9%
Under Secretary	£49,283	£42,361	£77,600	£85,000	£95,000	58.0%
Westminster MP*	£34,085		£42,000	£46,700	£51,500	73.0%

NB. Salaries in the Commons includes both the Ministerial and MPs element.

* Hay Industrial & Service Data from January 1996

Table 8: 1997 Comparisons of total salary

	Entitlement		External Pay			Ratio of Commons Salary to Hay Median
	Common	Lords	Q1	Median	Q3	
Prime Minister	£143,860			£494,000		29.1%
Cabinet Minister	£103,860	£77,963	£370,000	£430,000	£525,000	24.2%
Minister of State Parliamentary	£74,985	£51,838	£158,000	£175,000	£205,000	42.8%
Under Secretary	£67,483	£43,632	£86,000	£90,000	£97,000	75.0%
Westminster MP*	£43,860		£48,000	£52,000	£58,500	84.3%

NB. Salaries in the Commons includes both the Ministerial and MPs element.

* Hay Industrial & Service Data from July 1997

Table 9: 2000 Comparisons of total salary

	Entitlement		External Pay			Ratio of Commons Salary to Hay Median
	Common	Lords	Q1	Median	Q3	
Prime Minister	£158,658			£585,000		27.1%
Cabinet Minister	£114,543	£85,983	£621,000	£555,000	£501,000	20.6%
Minister of State	£82,697	£66,294	£234,000	£197,000	£165,000	42.0%
Parliamentary Under Secretary	£74,424	£57,244	£127,000	£106,000	£92,000	70.2%
Westminster MP*	£48,371		£53,100	£59,100	£66,800	81.8%

NB. Salaries in the Commons includes both the Ministerial and MPs element.

* Hay Industrial & Service Data from July 2000

6.3 These analyses show that since 1996 ministerial salary relativities with external comparators have increased slightly over the last four years. However the figures for the Prime Minister should be treated with great caution because of the scarcity of comparative data. It should be noted also that the private sector comparisons are for Base Salary only. Comparisons for the total package would be far less favourable.

6.4. In the period between 1996 and 2000 the pay of Cabinet Ministers has increased (relative to the Hay median) only very slightly if at all from 18.6 per cent to 20.6 per cent. For Ministers of State the relativity has increased marginally from 38.9 per cent to 42 per cent.

6.5 The Parliamentary Under Secretary level increase is just over 12 percentage points from 58.0 per cent in 1996 to 70.2 per cent in 2000. This is mirrored by Westminster MPs where the increase is fractionally under 9 percentage points with a rise from 73 per cent to 81.8 per cent.

6.6 The 1996 findings of the SSRB recommended significant increases in Ministerial and Parliamentary pay. This was implemented immediately after the last election in May 1997. We have therefore included an extra table (Table 8) showing salary relativities with external comparators using data for July 1997. This shows that between 1996 and 1997 there was a significant increase at all levels in the ratio of Commons salary entitlement at all levels.

6.7 When these ratios are compared for 1997 and 2000 there is a decrease in the levels of competitiveness at all levels of between one and five percentage points.

Part 2

Review of the Office Costs Allowance for Members of Parliament

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Section I

Introduction

1.1 In October 2000 the Office of Manpower Economics (OME), on behalf of the Senior Salaries Review Body (SSRB), commissioned Hay Management Consultants to assist the Review Body in its consideration of the Office Costs Allowance for Members of Parliament. In particular, we were asked to consider whether the current level of the allowance was reasonable in the light of MPs' current needs, and also whether there would be advantage in splitting the allowance between the staff element and other items. Associated with this, we were asked to consider employment arrangements for MPs' staff as well as central provision of information technology and other major items of office equipment.

1.2 In order to offer views and recommendations, a team of Hay consultants interviewed:

- Twenty one Members of Parliament who accepted an invitation which was sent to 40 in total. Interviewees were drawn as far as possible from different parties, with different constituency characteristics, and with different length of service in the House. The purpose of these interviews was to understand the nature of Members' jobs and the pressures on them; their current support arrangements; and what changes they would favour.
- The Director of Finance and Administration and several of his staff in the House of Commons to gain their perspective on current approaches, the usage of the Office Costs Allowance, and accountability issues.
- The House of Commons Library to understand their relationship with Members and the use made of their services.
- The Transport and General Workers Union branch representatives. Many MPs' staff are Members of the TGWU, both at Westminster and in constituencies.

1.3 Although the number of MPs interviewed was relatively small, we believe the sample was reasonably representative of the current Membership of the House. Inevitably, however, there is always the possibility in exercises like this that those most dissatisfied with the status quo and in favour of change are more likely to agree to participate than those who are broadly satisfied with current arrangements.

1.4 We are grateful to those MPs and their staff who gave up their time to help us with this work, and to the officials of the House.

Section II

Background considerations

History and purpose of the OCA

2.1 The Office Costs Allowance has increased in real terms over a long period of time. It was last reviewed by the SSRB in 1996 when the view was taken that it should be sufficient to cover the cost of 2 to 2½ full-time equivalent staff, as well as the reasonable cost of office equipment (including computers, fax machines and so on), the rent, business rates and utilities of an office in the constituency, and a range of incidental expenses such as postage and telephones, which are free to MPs at Westminster but not in their constituencies. The OCA can also be used for purposes such as staff training, arranging constituency surgeries and ‘non-political’ communications to constituents.

2.2 Because of its origins, the way it has grown over time, and the traditional preferences of MPs themselves, the OCA has always been a single allowance, offering maximum flexibility to individual Members in how they organise their support arrangements. This arrangement has been maintained, although accountability mechanisms have strengthened over the years, partly to protect the interests of staff and the reputation of MPs as good employers. In particular, staff contracts are now held by the House of Commons Fees Office who pay salaries directly to them, at levels determined by individual MPs.

Previous debate about the allowance

2.3 The level of the OCA has been regularly reviewed and, at various times, proposals have also been considered to modify the OCA system as a whole. This has been done in two principal ways:

- First, it has been suggested on many occasions that central provision of IT and other equipment could be cheaper and more effective than the current arrangements under which individual Members take their own decisions. In 1999, the SSRB recommended a system of central purchasing, but this was not adopted by the House.
- Secondly, staff representatives and others have suggested that the OCA be split between staff costs (which have for many years accounted for about 75 per cent of total expenditure under the allowance) and the remainder. The staff cost element would be removed from the OCA and administered separately by the House authorities, probably (although not necessarily) utilising agreed payscales. Such arrangements would not remove selection, deployment and dismissal responsibilities from MPs. But they would at least dilute the MP’s role as employer (especially as many have often been thought unsuitable and/or untrained). Staff would be protected against poor employment practices in general and in particular trade-offs between their salaries and other costs.

2.4 Recently, evidence has emerged from the Parliamentary Labour Party and other directions that proposals along these lines might be more favourably received than in the past. It has been noted that the Scottish Parliament and the Welsh and Northern Ireland Assemblies all provide office equipment centrally to their Members; the separation of staff costs from the rest of the allowance is seen

by many as consistent with better and fairer employment practice; and the removal of the majority of the OCA from individual Members' apparent control might make the allowance system less politically sensitive.

2.5 In parallel, many Members have recently suggested that the OCA remains insufficient to cover their needs, especially for good quality staff.

2.6 We examine both the level of support now required by Members and the structure of the allowance in subsequent sections of this report.

Section III

MPs' work and their support needs

The MP's role 3.1 Although several had detailed comments, our interviewees confirmed that the generic job description produced for our 1996 report remains broadly valid. This is reproduced at Appendix A. The MP's role has the following major elements:

- Contributing, whether in the Chamber, Committees or to the party, to developing policy on general or specific issues, and communicating this outside Westminster, especially within the constituency. This encompasses the fundamental responsibility to scrutinise and monitor the Executive.
- Representing the interests of the constituency as a whole, for example on planning and development matters; and staying closely in touch with local business and significant public services within the constituency (e.g. education and the health service) to understand and feedback experience.
- Representing, especially to public authorities, individual constituents who may need what they perceive to be high level support to understand their rights, obtain what they need, or explain why their wishes cannot be satisfied.

Recent developments 3.2 This statement of role is highly generalised and we thought it fundamental to our task to understand how its various aspects had developed since 1996. Inevitably, responses varied between MPs but in general the following picture emerged.

- **Contribution to policy.** The majority of our interviewees are active in trying to influence policy debate. Several are Members of Select Committees; some have prominent opposition or party spokesmen roles; some see themselves as representing specific interest groups apart from their own constituency; others aim to contribute to debate in a traditional way (and some commented that the Westminster Hall innovation opened further opportunities). There is no doubt that, for many of our interviewees, this kind of activity takes up a substantial proportion of the time they spend at Westminster.

The impression we have gained however is that with inevitable exceptions, effective participation in the policy process is more obvious for many opposition Members, and especially for those representing smaller parties who must share the load more thinly, than it is for Government supporters. It is also important for those who sit on the more influential Select Committees. One Member commented that few of his colleagues "understood the need here to find a niche". We have also been struck by comments from some Members (and many of our interviewees in the House of Lords) about the allegedly declining quality of Commons debate and the legislation it produces.

- ***Representing the constituency as a whole.*** Our interviewees were nearly unanimous that expectations in this area had grown substantially from business, public institutions such as schools, and indeed the public generally. The Press have become much more insistent on the local MP contributing to local debate (for example through regular columns) and everyone expects them to ‘fight the local corner’ with Ministers and other influential players at national or European level.
- ***Services to individual constituents.*** Many MPs commented on the continued growth in constituency ‘casework’ and the volume of campaigning. Email and other forms of communication have increased the volume and also changed people’s expectations about how quickly matters can be progressed. Many MPs receive 30 to 50 communications daily from constituents and the frequency of surgeries has increased, often to twice weekly. It appears that housing, the Child Support Agency, and perhaps above all immigration form the biggest part of many MPs’ casework. All emphasised that finding a definitive ‘solution’ to a constituent’s problem was not by any means always the objective. Simply pointing individuals in the right direction or gaining a proper explanation from the relevant agency was often what was required. Also, in the words of one MP, “many cases are frankly a mess” where defining the real problem had to be the first step. Several expressed frustration and dissatisfaction at the response of named Government departments to their inquiries.

3.3 It is now normal for many MPs to divide their time fairly evenly between Westminster and the constituency. A pattern of attendance at Westminster from Monday lunchtime to Thursday evening is very common. Fridays, weekends and Monday mornings (where possible) are given over largely or even entirely to activity in the constituency.

Current support arrangements

3.4 As on previous occasions, we found a wide variety of support arrangements among MPs and there is no entirely satisfactory data about trends. Nevertheless the following observations appear generally valid:

Expenditure under the OCA

- The whole of the OCA is spent by almost all Members. Many interviewees said it was insufficient and several make contributions from their own pockets.

Constituency-based arrangements

- The trend, especially in urban areas, to base the majority of support staff in the constituency continues, notwithstanding the substantial improvement in accommodation at Westminster. The reasons seem fairly clear. Staff in constituency offices can network more easily with local agencies and make arrangements for surgeries, visits and so on more conveniently. In some but by no means all cases the public can have access to them. And staff costs are lower outside London. This may compensate to some extent for space costs (see below).
- Constituency offices are often located in party or trade union premises and invariably rent is paid for them from the OCA. Some MPs, either for practical reasons or as a point of principle, have rented from the commercial sector. The nature of constituency offices appears to vary substantially. Some are in reality a work space for Members’ staff while others provide meeting and reception facilities as well. In some cities, Members of the same party have joint offices.

- Constituency based staff are primarily engaged in casework, correspondence and diary management. Often they also produce press releases and other material for local distribution.
- Constituency offices usually have modern equipment, purchased from the OCA (see also below). They are often equipped with parliamentary reference materials, public directories and so on. Access to the Parliamentary Data and Video Network (PDVN) is, however, extremely patchy, partly because of technical problems. Party sources of information appear to be used more frequently than the House of Commons Library by constituency workers.
- Security is seen as a serious issue for constituency offices. Members have taken police advice in many cases. They have had to spend up to £2,500 on modern systems which may also cost up to £1,000 per year to run. In isolated cases (burglary rather than assault) security concerns have led MPs to transfer their operation to local authority premises.

Westminster-based arrangements

- A large number of MPs continue to base most of their support at Westminster. In these cases, a relatively traditional secretary role is often found (although it is not as universal as in the past). ‘Researchers’ concentrate normally on constituency and casework matters, but may also help Members on specialist interests, often helped by the Library. In these cases, local constituency parties are often repaid for part-time local support/ message taking and for arranging surgeries.

In-depth research support

- A relatively small minority of MPs employ full or (more often) part-time researchers primarily to support their ‘specialist subject(s)’. Members of Select Committees would like much more support of this kind. A recent innovation, at least on the Conservative side, is the establishment of the Parliamentary Research Unit, which has been given space by the House authorities. This employs around 12 graduates who research topics in depth on request from subscribing Members. We understand that subscriptions to this service are in the £2,000 to £5,000 per year range, and are sourced from the OCA. By contrast, research support to backbenchers from the political parties is said to have declined.

Pressures on staff

- Several Members emphasised the degree of strain which staff could be put under, especially by distraught constituents. We were given several examples of breakdowns or of resignations for this reason. Stress therefore seems a growing problem especially in constituencies. Associated with this, several interviewees emphasised how important the quality of support staff has become. As one put it, “It would be a big mistake simply to increase the OCA without paying attention to the quality of staff and their training”.

Equipment

- The large majority of MPs have purchased computers and associated equipment for themselves and at least their full-time staff. As far as possible this is funded from the OCA. Most have taken some advice (usually from their party or individuals) on what to purchase and have “shopped around”. Some admit to mistakes.

Management

- Many interviewees claim that managing their various commitments — staff, space, equipment and incidentals such as postage — within the existing OCA has become difficult if not impossible. They and the TGWU believe that staff too easily become the first to suffer when difficult choices have to be made, reinforced by the lack of training and experience most Members have in employment matters.

Section IV

The arguments for change

4.1 In this section, we examine in turn each of the major uses to which the OCA is currently put — staff, equipment, space and other remaining costs. We examine reasonable requirements for each. We return to the structure of the allowance and costings in section V of this part.

Staff requirements 4.2 Many interviewees suggested, often forcibly, that the notional two to two and a half staff assumed in the SSRB's 1996 report are now insufficient. They suggest three and a half or even four full-time equivalents are now required. Their principal arguments are:

- The increased volume of constituency business, both 'representational' and casework, and the higher expectations of constituents about the response and help they can obtain from MPs.
- The stress that many staff have to cope with, and the long hours that many put in.
- It is unreasonable to expect one or even two assistants to have in depth knowledge of all the major items of constituency casework, especially if they have secretarial and diary management responsibilities as well. In particular, some interviewees emphasised the need to have one assistant with in-depth knowledge of immigration matters.
- Members need to cover adequately the various aspects of their roles. In particular, many have well defined parliamentary responsibilities which, in their view, could be better performed were more and better support available. (This applies particularly to opposition spokesmen and even more to Members of small parties.) Some interviewees suggested in more general terms that the Commons as a whole is not scrutinising the Executive properly, and would do a better job if they had more support.

4.3 We recognise the increased levels and volume of public expectation and the stress staff can be under. We return to the implications below. Otherwise, however, we have certain reservations about these arguments at both general and specific levels.

4.4 Generally, many MPs admit to being 'workaholics'. As one relatively long standing Member said, individuals have to make choices about how to spend their time and effort. Obviously, the nature of the constituency as well as a Member's own interests will influence this decision; but there seems little merit in assuming that support arrangements are needed to enable every MP to carry out all the major aspects of the generic job to the highest standards which could possibly be set. We doubt whether this aspiration is realistic or achievable.

4.5 At the more specific level we are particularly sceptical about how much support most MPs could properly justify for 'parliamentary' work, particularly

because of the way legislation is now processed. The existence and funding mechanism of the Parliamentary Research Unit suggests a fair number of Members would agree with us. On the other hand there is no doubt that a separate case could be made for additional support at Westminster for opposition frontbenchers, many Members of small parties, and Members of Select Committees. But such improvements would be better achieved, in our view, through mechanisms other than the general OCA — for example by Short Money and dedicated support to Select Committees.

4.6 In respect of the requirement for casework, diary management and personal support there appear two problems:

- Different constituencies generate vastly different levels of ‘demand’. The SSRB recognised this in 1996 and suggested a possible Exceptional Needs Allowance. As already noted, immigration and housing matters appear to determine many Members’ total workload, and vary between constituencies.
- The level of service provided is ultimately discretionary. There is no doubt that some MPs have substantially more demanding ‘performance standards’ than others and the most active solicit casework. High service standards are particularly noticeable among those with slim majorities, but also appear to be generational and ethical. For a number of reasons, ‘newer’ MPs appear in general to attach higher priority than their predecessors (even from the same Party) to helping individual constituents and indeed the constituency as a whole. Such a reputation in turn breeds a higher level of demand.

4.7 For a substantial number of MPs we do not believe the case for more than about two and a half full time equivalent staff has effectively been made. On the other hand, it would be wrong to prevent Members in constituencies which generate high demand from achieving their own and their constituents’ service standards in difficult circumstances, while making a Parliamentary contribution at Westminster. We therefore believe it appropriate to cost the allowance on the assumption that many MPs can now justify three full time equivalent staff, while hoping that other Members will not feel it necessary to draw on their full entitlement.

4.8 It is even clearer than before that all Members have an absolute requirement for high quality, reliable and therefore properly paid staff to form their core support. Intellectual, political, inter-personal and ‘coping’ skills are clearly increasingly important for successful job holders as is the ability to undertake a wide variety of tasks. According to where the balance of the MP’s activity lies, the staff could be aligned in a number of different ways. In our 1996 Report, we suggested a number of ‘reference models’ for costing purposes. We have reviewed and updated these, and consider them in section V of this part.

Equipment 4.9 Standardisation and/or central procurement of IT and other office equipment has been discussed on a number of occasions, but has not been taken up. We believe it would be right to revisit this issue for a number of reasons:

- There ought to be some economies of scale from central provision of equipment although individual MPs should be given some choice at the margin about their detailed needs.
- The opportunity could be taken in parallel to upgrade access to the PDVN.
- Equipment is already provided centrally by the devolved bodies in Scotland, Wales and Northern Ireland and many Members say it seems anomalous for Westminster to continue to be different.

- Computer literacy among Members has substantially improved. They make better use of modern technology than did many of their predecessors. Many are surprised that the new Portcullis House, for example, does not come fully equipped.
- Importantly, Members and their staff would be spared invidious choices between remuneration and equipment costs, particularly when the latter tend to fall (especially for new Members) lumpily.

4.10 We understand that the House of Commons authorities have estimated that the initial cost of providing each Member with two personal computers, one laptop, one headset, and two printers would be around £8,000 per head and the annual cost of maintenance and service development would be less than £1,000 per head. It is possible that Members would argue for an extra PC and also a fax machine but this otherwise seems a reasonable estimate of the need and cost.

Office space in the constituency

4.11 This is a difficult area. As we have already observed, significant numbers of MPs have little if any support in the constituency and may, at most, pay their local parties a notional rent for using premises for surgeries. But most now appear to pay for office space locally. This is a fact of life, but causes a number of problems, both in our view and in that of some interviewees. These are:

- Office space costs vary very considerably between constituencies. This disadvantages London Members, for example, who must compromise on space, location or staff pay if they are to keep within their allowance.
- There is no consensus about precisely what volume and space is required to function effectively. This may well vary according to different kinds of constituencies, again creating unfairness.
- In sharing premises with constituency associations or trade unions, real or perceived ‘grey areas’ between public and party activities inevitably occur.
- There is absolutely no doubt that many constituency associations and the like find rent funded from the OCA a useful form of incremental revenue.
- Some premises are apparently distinctly sub-standard, very often because the OCA is felt insufficient to fund space (including security) as well as staff and IT costs. In these circumstances good quality space is not the first priority.
- The cost of office space and running costs is clearly a source of very considerable strain on the OCA for most of those who have constituency offices.

4.12 There appears to us a very strong case for putting constituency offices on a much more regular — and professional — footing. We are strongly attracted by some form of ‘central provision’ of office space, provided always that the current MP wanted a constituency base in the first place. Space and other specification standards should be agreed by the House. Beyond that, two options appear worth detailed investigation:

- First, the MP’s office might be located permanently in a suitable public building provided by the local authority (who would of course need to be reimbursed from the House budget). We have canvassed this option with several interviewees, some of whom thought it distinctly worth pursuing. Others expressed reservations around political conflict with local councillors and possibly accessibility. We have already noted that a few Members have moved their offices into public buildings, primarily for security reasons.

- Alternatively, the sitting Member could, in line with the current practice of many, rent suitable commercial premises. Provided the reasonableness of the rent was approved by independent experts, we believe the Fees Office should then lease this space on behalf of the Member.

4.13 The second of these options, in particular, would no doubt raise the total cost of providing support to Members since, whatever their other disadvantages, current arrangements are often relatively inexpensive. But we believe that, cost notwithstanding, the improvements in quality, accessibility, accountability and security would be very worthwhile.

Other running costs 4.14 MPs incur a wide variety of miscellaneous costs, including telephone, postage (both of these when away from Westminster), printing (for example of newsletters), the hire of space for surgeries (particularly in dispersed constituencies), utilities, cleaning and in some cases interpreters. Many Members seem to spend around £5,000 per year on such items, although this would be much less for those based exclusively at Westminster who benefit from free telephones and postage. A few of these costs could be avoided if offices were centrally provided and others (e.g. postage) could be paid by the House up to an agreed maximum.

Section V

Structure and costings

5.1 This section discusses the structure of the allowance and suggests reasonable costings for the major items it covers. The costings assume that current administrative arrangements remain broadly unchanged; the structural reforms we suggest would themselves carry cost implications.

The structure of the OCA

5.2 For reasons outlined earlier, many Members and their staff would like the OCA to be split to promote better transparency, improve the treatment of staff, remove the need to make invidious choices between staff and other expenditure, and remove public and media confusion that the OCA is a supplement to an MP's salary.

5.3 There are several options for restructuring as follows:

- (i) The existing or upgraded OCA could simply be divided between the staff element and other costs, perhaps in the proportion 75:25 which is typical of the current split in actual expenditure. MPs would still determine individuals' salaries and have these paid through the Fees Office as at present. Any contributions to pooled research or other support activities would form part of this 'staff allowance'.
- (ii) The OCA could be split as above, but additionally staff would be paid on agreed House of Commons pay scales.
- (iii) In addition to the split, IT and other major office equipment could be taken out of the OCA and provided centrally.
- (iv) A further refinement could be the public provision of space in constituencies, along either of the options discussed in the previous section.

5.4 Under any of these variations, the MP must have the absolute right to appoint staff, specify their responsibilities and ultimately dismiss them after proper procedure. The system simply could not operate otherwise. With that general proviso, we would evaluate the various options as follows:

- (i) This would protect staff against some "arbitrary" decisions to divert money in other directions and perhaps protect individual Members from having to make invidious choices. It should also limit expenditure by Members without constituency offices who use the current OCA only to fund staff. On the other hand, this option (and the others) would substantially reduce Members' flexibility in how they ran their support operations. Further, we foresee distinct problems about the "rump" 25 per cent or so which would not be devoted to staff. This would amount to between £13,000 (25 per cent of the current OCA) and £17,000 (our estimate of a reasonable requirement for IT, constituency space costs and other incidentals — see below). In particular, some Members might be under considerable pressure from local parties to increase payment for space, surgeries and so on. Others with no

need currently for a constituency office might feel “obliged” to establish one, to spend the allowance. Accusations of lavish spending on computers and other items might be made, especially if incurred shortly before retirement or a General Election. It is probably fair to say that the current OCA system does not expose MPs to these potential difficulties to the same extent.

- (ii) With central pay scales, a framework would be better established to promote the quality of staff which are necessary and, we suspect, these would lead fairly naturally to improved induction and training. The Fees Office would have to hold reference job descriptions, agree and maintain London and regional pay scales, and match these to the individual role of each member of staff. This system might build on job profiles already available from previous SSRB reports which the TGWU uses. Gross overpayment or under-payment would not take place, provided individuals actually carried out the duties specified. We have no doubt that moves in this direction would entail more work for the Fees Office and that, inevitably, they would get involved in difficulties between Members and their staff. This is however a benefit as well as a potential problem. Because of labour market pressures London Members’ cash entitlement should ideally be higher than that of other Members whose staff are based in constituencies elsewhere. Otherwise, the same issues of flexibility and the “rump” allowance would persist as in Option (i).
- (iii) Central provision of IT equipment would to some extent reduce flexibility still further. But, with the precedents of the three devolved institutions in mind, this would probably be seen as sensible. It would also remove from Members worries about the financial consequences of major equipment failure.
- (iv) “Central provision” of office space along the lines suggested in the previous section would have the major advantage (in our view) of removing a major source of inequalities among MPs, which arises from different rent levels across the country. It would also provide Members and their constituencies with a neutral non-party political “space” of reasonable quality and security. All suspicions of hidden subsidies to constituency parties or trade unions would be removed. The disadvantages might be in separating MPs’ constituency and party roles a little too neatly, and — in some constituencies — agreeing a suitable location. This latter problem may apply in particular in rural areas without a natural focal point. It would be essential therefore to include somewhere in the allowance system an element to enable MPs to meet constituents in a number of places, through hiring halls for surgeries and other events.

We should emphasise that none of these options would provide complete protection against certain kinds of misuse. The system would still depend in the last resort on the Member confirming the suitability of an individual for a post (although under Option (ii) basic tests could perhaps be introduced). More importantly, it would not be realistic to expect the Fees Office to monitor in detail hours of work or whether the activities performed were actually those in the job description.

5.5 On balance, we are inclined to consider that separation of the staff cost element from the total OCA would cause as many problems as it solved unless IT and space needs were also provided centrally. This arrangement would leave a rump OCA of only a few thousand pounds to cover incidental expenditure, described below. Further, the fairly substantial increase in resources which we think should be devoted to MPs’ support could probably be justified only in the context of major systems changes.

Costings 5.6 This section considers reasonable staffing models and other expenditure which needs to be funded in order to promote quality service. In our view, around

£77,000 needs to be spent (compared to £51,572 at present) provided reasonable office support is maintained in the constituency as well as or instead of at Westminster. We would hope that this sum, which is designed to meet the needs of Members with (among other things) active and difficult constituency workloads, will be seen as a maximum entitlement which does not have to be drawn on by all MPs.

Staff costs

5.7 In our 1996 Report, we concluded that most backbenchers needed two full-time staff of broadly graduate calibre or two and a half full time equivalents, some of whom would be devoted to relatively routine clerical and secretarial work. As suggested earlier the requirement for most Members has increased to cope with high levels of demand and provide the improved services which the constituency as a whole and individual constituents now expect. We therefore believe that, for costing purposes, we should assume that many MPs can now justify two staff of graduate or senior secretarial level and a further more junior full-time employee to deal with routine matters. We also consider that, since full-time staff will in most cases be involved in non-specialist constituency support activities the staffing allowance should have a small element of about £3,000 designed to enable Members to purchase ‘pooled’ research support.

5.8 In 1996, we developed very brief descriptors of the different kinds of jobs commonly found supporting MPs (*Table 1 at end of section*). We have updated these although we should observe that, as in other walks of life, some distinctions — notably between ‘secretary’, ‘researcher’ and ‘caseworker’ — have now become seriously blurred (because of the effect of technological change and the spread of IT literacy). With that proviso, we reproduce the updated descriptors opposite and attach median pay rates to each, drawn from our surveys. We have also developed a number of model staffing arrangements which we believe could be justified especially in the light of the increased workload at constituency (rather than Westminster) level. These are as follows:

- A full-time Parliamentary Assistant at Westminster, and a full-time Senior Secretary based in the constituency, assisted by a full-time junior. The cost of this arrangement would be £62,000 including National Insurance Contributions. It is suitable for an MP with moderate casework, with a lot of constituency arrangements and a specialist Parliamentary profile. In our experience this is an exceptional, although not unknown, arrangement at present.
- An Executive Secretary/PA at Westminster; and a Constituency Assistant, supported by a part-time Junior Secretary. Also a £3,000 contribution to pooled research. This covers a high political and constituency profile with substantial routine casework. The cost would be £60,000 including National Insurance Contributions.
- Two Constituency Assistants and a full-time junior secretary, all based in the constituency, designed to field a heavy and complex casework load. Again, a £3,000 contribution to pooled research. It would cost £57,000 including National Insurance Contributions.
- A Senior Secretary based at Westminster; a Constituency Assistant and a full-time Junior Secretary in the Constituency. This is suitable for an MP with a substantial workload balanced between Westminster and the constituency without the need for specialist support, beyond the £3,000 provision for pooled research. The cost of this option would be £59,000 including National Insurance Contributions.

5.9 It therefore appears reasonable to set the staff costs element of the OCA at £60,000 including National Insurance Contributions and as appropriate a

contribution to pooled research. We should, however, enter one reservation about this figure. For Members representing Inner London constituencies the staff models would — because of the local pay market — justify a figure of around £70,000. Similarly, calculations based on Outer London and the South East would support a figure above £60,000. We are not convinced that regional variations in the staff allowance level could be implemented, but they are worth considering.

IT and office equipment

5.10 We have referred to the House of Commons authorities' calculations about the cost of fully equipping an MP's office(s). Assuming that equipment was typically replaced every four or five years, £3,000 would seem a reasonable estimate of the annualised cost and should permit each MP two Personal Computers.

Space costs

5.11 We have already discussed inconsistencies between MPs about what sort of office accommodation they require (if any) in the Constituency and have expressed our concerns about severe regional and local variations in market rents. Based on current levels of expenditure incurred by many of our interviewees, a figure of around £8,000 a year (including insurance and business rates) could be justified for this element. This excludes the additional security which now seems necessary and for which around £1,000 per year seems appropriate. "One-off" grants outside the OCA for security upgrades might also be appropriate, perhaps against police or other reputable recommendations.

5.12 We emphasise that these figures merely reflect a broad average of what appears to be spent by MPs on constituency office space. For the reasons discussed in paragraphs 4.11 to 4.13 and in paragraph 5.4, we strongly favour moving away from a cost-based approach to one which relates to space and its quality.

Incidental expenditure

5.13 As already suggested, this takes a variety of forms, including telephone costs, postage, heating, cleaning, printing and the rent of space for surgeries. For MPs with a constituency office these items appear to total about £5,000. We would favour, however, some limited flexibility in this element of the allowance. Clearly, the House budget, however structured, should not be expected to fund unlimited expenditure on items such as telephones and postage (although both are free at Westminster). But some flexibility in relation to expenditure on surgeries — hiring rooms, interpreters and so on — would be appropriate because of different needs in different constituencies.

Table 1: MPs Support Staff — External Pay Comparisons

Job	Hay Job Evaluation Score (Job Units)	Base Pay (Median (October 2000))	
		Inner London	Outside London/ South East
Parliamentary Assistant — Generally, a qualified and experienced graduate (or equivalent) capable of conducting, evaluating and interpreting in-depth research on a specialist subject of some complexity. May also assist on more general issues arising from the constituency including casework, and on substantive media contact.	342	£28,500	£24,000
Executive Secretary/PA — A highly experienced, quite probably graduate level assistant. Conducts research in respect of constituency matters or matters of specialist interest. May progress casework. Substantial external contact with e.g. media, lobby groups, constituency parties. Controls MPs diary and arranges all activities. Purely secretarial activities are likely to be of secondary importance, at least in time terms.	282	£27,000	£22,000
Research Assistant or Constituency Assistant — Graduate or experienced person, capable of progressing complicated constituency casework; and/or conducting research from several readily available sources, presenting the results in ways which are politically and presentationally useful to the Member. May handle routine correspondence independently and, in constituencies, handle a range of visitors. Drafts and issues press material. In the constituency, a link with the local party.	252	£23,500	£18,500
Executive Secretary — Very experienced secretary equivalent to that of a senior manager in a major company. Full secretarial, word processing, diary management, filing and message taking role. May delegate routine text production. Conducts correspondence about arrangements, programmes, etc. But much less influence/decision taking about programmes or external relationships than the broader roles.	220	£22,500	£17,500
Senior Secretary — Experienced secretary providing full text production, filing, diary keeping, and message taking support. Drafts and may sign routine letters of confirmation and the like. Using keyboard skills at a high level is likely to form the biggest single part of the job.	182	£20,000	£15,500
Junior Secretary — Routine transcription work using standard formats, audio tapes and straightforward word processing packages. Also filing and routine duties such as opening/ dispatching post. May receive visitors and field/filter phone calls.	125	£17,000	£12,500

Appendix A

Member of Parliament Generic Job Description

- Job purpose:** Represent, defend and promote national interests and further the needs and interests of constituents wherever possible.
- Principal accountabilities**
1. Help furnish and maintain Government and Opposition so that the business of parliamentary democracy may proceed.
 2. Monitor, stimulate and challenge the Executive in order to influence and where possible change government action in ways which are considered desirable.
 3. Initiate, seek to amend and review legislation so as to help maintain a continually relevant and appropriate body of law.
 4. Establish and maintain a range of contacts throughout the constituency, and proper knowledge of its characteristics, so as to identify and understand issues affecting it and, wherever possible, further the interests of the constituency generally.
 5. Provide appropriate assistance to individual constituents, through using knowledge of local and national government agencies and institutions, to progress and where possible help resolve their problems.
 6. Contribute to the formulation of party policy to ensure that it reflects views and national needs which are seen to be relevant and important.
 7. Promote public understanding of party policies in the constituency, media and elsewhere to facilitate the achievement of party objectives.
- Nature and scope** An MP's work may be seen under three broad headings. The first is his or her participation in activities designed to assist in the passage of legislation and hold the Executive to account. This is traditionally seen as the "core" role of the parliamentarian. The second area is work in and for the constituency. This is in part representational; in part promoting or defending the interests of the constituency as a whole; and in part it is designed to help individual constituents in difficulty. The third part of the job is work in support of the party to which the Member belongs, and for which he/she was elected.

Parliamentary work

In the Chamber — An MP spends typically four days each week in the House. It is possible, at least in theory, to spend much of this time in the Chamber itself. But there is little doubt that the majority of Members spend significantly less time there than was typical in the past. This is in part because the Chamber is, generally speaking, perceived to be less significant in influencing affairs than it was 20 or 30 years ago; and also because the time available has been squeezed both by constituency matters and by the amount of work which Members spend in committee or in pursuing their political interests through other channels.

Members appear in the Chamber to speak rather than to listen. It is a forum for making a case but for most of the time has only a marginal effect on major decisions. Nevertheless, it can sometimes be the scene of events of dramatic importance which seize the attention of the electorate. Debates and question time are exacting tests for Ministers and are important in the parliamentary process, but there are a number of other ways in which MPs can use the Chamber. For example, there are adjournment debates at the end of each day and this provides a useful way of ventilating a constituency grievance, and persuading a Minister to act. Ten Minute Rule Bills are a useful device for generating attention for a particular issue although they are of limited value in getting legislation to the

statute book. Twenty Private Members Bills are selected by ballot at the beginning of each session, and these also present to the successful Members an opportunity for pursuing a particular interest. There is, however, little chance of legislative success without government support.

In Committee — In addition to work in the Chamber itself an MP can contribute to the political process through Membership of either Select or Standing Committees. Select Committees, of which the most important is the Public Accounts Committee (PAC), are cross party bodies which can be highly effective in examining specific or general government policies in a relatively bi-partisan manner. Effective work on Select Committees requires background study, planning, devising and putting questions and checking the proceedings for publication. A great deal of reading is involved to do the job properly and it is often necessary to consult various interested parties. The chairmen of Select Committees are appointed by the committees themselves.

By contrast, Standing Committees consider legislation in detail prior to its being sent back to the Chamber. It is up to an MP whether a full contribution is made or not. In general terms, opposition MPs see little chance of major substantial changes to Bills in committee, although sometimes spectacular coups are achieved. The presence of government MPs is required usually just to vote and speaking is often discouraged because it delays proceedings. The Speaker has a list of MPs who act as Chairmen, which he/she compiles with the advice of party whips.

The allocation of MPs to committees is carried out by the Committee of Selection, by permission of the House, save for Select Committees established before 1979, where it is done by the whips. In practice, however, the influence of the whips over appointment to all committees, and particularly to the more important Select Committees, is considerable. Generally, although the work is not mandatory, there is an expectation of MPs being prepared to serve on committees, newer Members serving an apprenticeship through Membership of the less popular ones. The committee clerks provide help and advice on procedural matters but it takes some time and effort for an MP to accumulate sufficient working knowledge to serve as the real basis for effective committee performance.

There are, in addition to Select and Standing Committees, a number of party and multi-party committees on particular issues. These are of varying importance and effectiveness.

There is no research support available to MPs specifically for committee work, other than the House of Commons Library, although committees as a whole can and do commission specific research.

Range of members' practices

In practice, some Members, although perhaps only a relatively small minority, seek to influence events by participating to the fullest extent in the Chamber itself.

Others prefer to work through Select Committees or the party backbench committees. But MPs can “make their mark” in the political arena by other means. Many have a specific area of interest or expertise which they bring to the House and, through this, become seen by all parties as respected experts in some specific area. They are often able to reinforce this role through the media. Others — particularly the longer serving and more experienced — play an important role in reinforcing their party’s activities, for example during particularly difficult debates. Some, usually because of their specific expertise, can help in the execution of government policy, formally or informally. Yet others champion specific causes inside and outside the House. All MPs are subject to pressure from

lobby groups. Some however work closely with bodies such as charities or trade associations to promote their interests.

By using one or more of the means available, it is generally held that the majority of MPs make an identifiable contribution to the national political process. This role is however largely tailored to their own needs, capabilities and ambitions.

Work in the constituency — There is broad agreement that this aspect of MPs' work has increased immensely over the last 20 years. MPs visit their constituency about weekly and indeed many live there. Constituency work can be divided into two parts, the general and the particular.

General work — In general, MPs must maintain contact with a wide range of local bodies, both official and voluntary, to feel the pulse of issues affecting the constituency overall. This involves such activities as keeping in touch with the local authority and local councillors, giving talks to local societies and schools, visiting factories, and participating in civic events. Through this work Members can identify how national policies or issues impact on their own constituencies so that they can if appropriate contribute to debate on them. In at least some constituencies the MP is also seen as a quasi — Civic Leader, alongside leading Councillors and other dignitaries.

Part 3

Review of Allowances for Members of the House of Lords

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Section I

Introduction

1.1 In October 2000, the Office of Manpower Economics (OME), on behalf of the Senior Salaries Review Body (SSRB), commissioned Hay Management Consultants to support the SSRB in its review of the allowance system for Members of the House of Lords. The review covers the following allowances, all of which are intended to reimburse peers for expenses incurred in attending the House:

- The Day Subsistence Allowance which for backbench peers is £37 per day. They must attend the House in order to claim.
- The Office and Secretarial Allowance which for backbench peers is £36 for every day the House sits, again reclaimable against attendance. Additionally, active backbench peers may claim £36 per day for up to 30 days when the House is not sitting, provided they have claimed the maximum under this heading for those days when they have attended.
- The Overnight Subsistence Allowance which can be claimed at £84 for every day the House sits by peers who do not maintain their principal residence in London.
- The Travel Allowance under which the cost of travel can be claimed to and from the House and on Parliamentary business in the UK, and/or the motor allowance under which 52.5 pence per mile can be claimed for up to 20,000 miles, with further mileage at 24.2 pence per mile.

1.2 Arrangements for Lords Ministers are somewhat different. In particular the Secretarial Allowance for them and other office holders is a consolidated lump sum of £4,460 per annum. For Lords Ministers who maintain a second home in London the night subsistence allowance is also consolidated, at £18,480 per annum.

1.3 When the Review Body last examined the allowance system in 1996 it concluded that, on the whole, the levels of peers' allowances were appropriate. On this occasion, however, it was made clear that the Review Body wanted us to consider the current system in depth, in particular to understand the implications of changes in the composition of the House on its role, working practices, and the needs of current (and prospective) Members.

1.4 In order to understand the issues and make recommendations, we interviewed 30 Members of the House, drawn from the various parties and the crossbenches. We tried to achieve some balance between long standing Members and those who had been in the House a shorter time. We also chose a proportion of hereditary peers. On the whole we targeted a group of relatively frequent attenders. We also interviewed the Accountants Office to understand the operation of the allowance system in detail; and reviewed documentation, including the report of the Royal Commission on Reform of the House of Lords.

This process has enabled us to assess change in the House over the last four years and to take some account, as far as appropriate, of the direction of probable change in the future.

1.5 The positive response rate to our request for interviews was exceptionally high, without doubt demonstrating the importance which Members of the House of Lords attach to these issues. We are grateful to all those peers who gave freely of their time, opinions and ideas during the exercise.

Section II

The role of Members of the House of Lords

2.1 Since the 1996 Review, the powers of the House have not significantly changed, but its composition is now radically different. In particular, the hereditary peers have been reduced to 92 and large numbers of new life peers have been created over a short period. Inevitably, interviewees differed about how far and in what depth the character of the House has changed. But most were clear that important changes can be observed, while noting also that the personal circumstances and working styles of many Members are different from what they were in the past. Our interviews suggested the following:

- The self-confidence and sense of legitimacy of the House has grown, making it more willing in many areas to question/oppose the Executive and the House of Commons.
- The House has grown more ‘professional’ in its capability and conduct. Many interviewees believe that although the load has grown (see below) it is working better, especially because its Members are experienced and well informed.
- On the other hand, some interviewees consider the House has become more focused overall on the party-driven process of carrying or opposing Government legislation. This is reinforced by the deliberate absence of an automatic majority for any party.
- New Members tend to have strong, clear and more modern expectations about the infrastructural support which they should receive. There is strong dissatisfaction about working conditions and inherited assumptions about various matters, including allowances, are questioned.
- Many peers see membership of the House as part of a continuing ‘portfolio career’. We look at this in more detail below, but for many commitment to participation in the House has to be balanced against their other obligations for economic and other reasons.
- Finally, the House is perceived to be working much harder. There are several reasons for this, with its changed composition not necessarily the most important. We have been quoted numerous statistics about the number of days on which the House has sat (more than the House of Commons), the length of daily sessions, and the number of amendments to Government legislation introduced in the Lords. Most interviewees perceive the quality of draft legislation to be poor, emphasising the House’s collective professional responsibilities to debate and improve it.

2.2 Some interviewees doubted whether the revised composition of the House and the changes we have outlined imply that new roles have been created. Nevertheless the ways in which active Members aim to play a constructive part in the Parliamentary process can now be codified more confidently than in the past.

Leaving aside special cases such as Bishops and Lords of Appeal, as well as those who attend rarely, it seems to us that the contribution of individual Members can be very broadly classified as follows:

- ‘Political’ Members, often former Members of the House of Commons, who believe their job is fundamentally to support or oppose the passage of the Government’s legislation. For substantive and procedural reasons this generally entails a high level of attendance at the House (three or four days weekly); some input to party policy formulation and tactical co-ordination; participation in voting rosters (particularly relevant in the evenings and for all night sittings); and political loyalty. Voting is often all important. The requirement for contributing to debate, tabling motions, asking questions and so on is much higher for Members of opposition parties than for Government supporters.
- Members who are either ‘experts’ in a specialism or an area of public policy; or they are strongly identified with certain issues. In most cases they have been selected for membership of the House precisely because of the knowledge, expertise, experience and networks they can bring. For this group, many of whom are crossbenchers, the requirement to attend the House is much less constant than for the first group. But they believe it is important to contribute whenever they have something of value to say. For them, membership is often part of a ‘portfolio career’ also involving part-time work with for example commercial organisations, charities or quangos, and in many cases substantial networking.
- Many Members combine — although to varying degrees — elements of both the ‘political’ and ‘specialist’ roles. We have interviewed both ‘specialists’ who have taken the party whip and fundamentally ‘political’ peers who nevertheless have specific interests which are recognised by their colleagues and on which they expect to make a contribution whenever the House considers them. It seems particularly difficult for this group to balance the demands on their time, effort and often their resources.
- Frontbenchers. Leaving aside the relatively few paid office holders, these are in some respects similar to the ‘politically orientated’ group we have described above. But they have greater policy and tactical co-ordination responsibilities inside and outside the House; they speak and communicate their party’s message away from Westminster; they need to be well informed on a range of topics; and they need more support than their colleagues.

2.3 We attempt to describe these roles in greater detail at Appendices 1, 2, 3 and 4. It would perhaps be a little ambitious at this stage to call these statements ‘job descriptions’. They are inevitably highly generic. But they nevertheless represent reasonably well the nature of the contribution which the big majority of our interviewees describe themselves as making to the work of the House.

2.4 It is perhaps worth expressing these findings about roles in a slightly different way. It has probably always been possible to categorise peers according to whether they made a high (or low) political contribution and a high (or low) specialist contribution. But the changed composition of the House now means there are far fewer active Members whose contribution could reasonably be rated ‘low’ against both criteria. In other words, when they attend the overwhelming majority of Members of the reformed House do so for a constructive purpose. This finding can also be illustrated by the fact that as many as 40 per cent of peers (even including Bishops and Lords of Appeal) are either frontbench spokesmen, sit on House of Lords committees or belong to the UK delegations to Parliamentary assemblies. Future financial arrangements should take account of this factor.

Section III

Peers' views about current allowances

3.1 We asked our interviewees about the appropriateness of each of the four major allowances described in the Introduction. The purpose of this section is to record their opinions and, particularly in the case of the Day Subsistence Allowance, discuss what peers think about their fundamental purpose. We examine each allowance in turn.

Travel Allowance 3.2 This is much the least contentious allowance. The motor mileage rate is considered reasonable, although in practice we have found few peers who travel by car to and from the House or use their vehicles very much for Parliamentary business elsewhere in the UK. The operation of the allowance is broadly accepted with two general and one very specific criticisms as follows:

- Many Members think it unreasonable that taxi fares from London stations to the House itself are not reclaimable, being notionally covered by the Day Subsistence Allowance.
- Some believe car parking at local stations (perhaps over several days) should be reclaimable. Currently this expenditure is deemed to be covered by the mileage rate.
- Peers living in the European Union but outside the UK cannot claim the full cost of travel from their homes to London since only travel within the UK itself can be reimbursed. We understand the number of peers directly affected is tiny but their difficulties have been raised by several of their colleagues.

The Overnight Subsistence Allowance 3.3 Members comment unfavourably on this allowance for a number of reasons:

- The current £84 per night limit is seriously below the cost of an appropriate room in a 3-star hotel within reasonable distance of the House of Lords.
- It is similarly insufficient to cover the costs of a modest flat (which might well not be maintained without participation in the House), except perhaps for the most regular attenders who claim the maximum overnight allowance for almost every day the House sits.
- Members based outside London are out of pocket unless they can share accommodation with friends or relatives, or in a few cases, spend a night at a club. Such arrangements are themselves considered very far from ideal.

The Day Subsistence Allowance 3.4 This allowance has always been intended, subject to its maximum rate, to reimburse peers for the costs directly incurred in attending the House. These costs would include items such as meals and taxi fares to and from the House. There are clearly many peers who share this interpretation, illustrated for example by the fact that 20 per cent of day subsistence claims in 1999/2000 were not at the

maximum. But only around one third of our interviewees saw the current Day Subsistence Allowance unequivocally as a mechanism for reimbursing costs directly incurred.

3.5 There are therefore other interpretations. At a specific level, for example, some interviewees criticised their inability to reclaim the cost of taxis, particularly late at night, although this is covered by strict interpretation of the purpose of the subsistence allowance. More generally, it is absolutely clear to us that many peers (especially younger ones and those with outside paid employment) consider the Day Subsistence Allowance and the Office and Secretarial Allowance together as a very modest recompense for the time they spend at the House and their input to its work, as well as a reimbursement mechanism. The Day Subsistence Allowance is therefore criticised from two rather different directions:

- First, as a reimbursement, the maximum is insufficient. Many peers often spend much more than the equivalent of a ‘normal’ working day continuously in the House. They have to eat at least one main meal there as well as take other refreshment, and also cover their taxi or other travelling costs. Many also attend meetings with various interest groups as an essential part of keeping up to date with specialist subject areas and contributing to the House. This can involve travel or, quite frequently, hospitality for which they are expected to pay.
- On the other hand many peers think about the allowance in the light of their general financial circumstances and, in many cases, how much they would be able to charge for their time in respect of some other activity (often closely connected with the expertise they bring to the House itself). This debate is obviously subjective. Only about 25 per cent of our interviewees argued that the time was ripe for a salaried approach for all peers (although more thought this right for frontbenchers and “the most active”) and no-one claimed they should be fully compensated on the basis of opportunity costs. But there is equally no doubt that most interviewees feel they ‘lose out’, often substantially, when they attend the House. They obviously have their own concerns but were also worried about attracting younger and more diverse Members in the future. It is fair to add that views tending towards radical change were not expressed only by new Members. Two veteran hereditaries were among those most enthusiastic about moving to a ‘payment for time’ system.

This debate raises fundamental issues to which we return in the next section.

The Office and Secretarial Allowance

3.6 Individual peers’ needs for office and secretarial support are diverse, as are the methods by which they obtain it. Generally, our interviewees said they received increasing amounts of correspondence on a range of parliamentary and specialist topics; speeches have to be prepared; and perhaps above all diary management is complex for those active outside and/or prominent in the House. Many peers use secretaries/assistants based in organisations with which they have links to help them with House of Lords work or have more informal arrangements with personal friends or acquaintances. They may reimburse all or part of the cost from the Secretarial Allowance. Others use the Parliamentary Agency for typing although the allowance covers less than two hours of its costs. A few, particularly the politically active, have a shared secretary or assistant (typically a quarter, but more for frontbenchers) who they pay from the allowance, as far as they can.

3.7 Virtually everyone criticised the Office and Secretarial Allowance, either because it was insufficient to cover their costs (meaning that they or the relevant outside organisation paid the balance) or because of its inflexibility (needs for secretarial and similar support may be only loosely related to actual attendance at the House). There is a consensus that more stable arrangements are essential for active Members.

Frontbenchers 3.8 In most respects, the issues around the allowances seem to apply to frontbenchers in the same way as to other Members. The big exception, however, is the Secretarial Allowance where there can be little doubt that frontbenchers need more support than their colleagues. Also they quite frequently need to prepare for Parliamentary sessions when the House is not sitting. These are probably, however, matters better dealt with through the Short/Cranborne Money mechanism than through allowances made available to Members as a whole.

Other issues 3.9 Four specific issues were raised by several interviewees. The first three relate to differences between the House of Lords and the House of Commons, and are frequently seen as reflecting the ‘second class’ status of the Lords.

- The first issue is postage. Peers cannot understand why, at least at Westminster, Members of the House of Commons receive free postage while they do not (except for letters to other peers). They believe their correspondence is equally ‘Parliamentary’ and should gain comparable privileges. Given the increasing volume of many peers’ correspondence this is a matter of some financial consequence.
- Secondly, there is a grievance that Members of the House of Commons are better treated on joint parliamentary delegations overseas than are Members of the House of Lords because the Commons receive subsistence on top of their consolidated Additional Costs Allowances (reimbursement for costs incurred through having to stay overnight in London on Parliamentary duties). For active peers this anomaly might be resolved by replacing the Overnight Allowance by a consolidated one along Commons lines, as suggested in the following section.
- Thirdly, the provision for two paid spouse’s journeys to London annually is much less generous than the arrangements in the House of Commons.
- Lastly, the cost of providing care for ailing spouses and/or children was of concern to several interviewees. For some Members — increasing in number as the composition of the House becomes more diverse — active participation entails quite substantial costs in this area.

Section IV

Possible ways ahead

4.1 We have described in previous sections the ways in which peers' roles seem to have evolved and our interviewees' opinions on current arrangements. We now turn to possible ways forward. Some of the options which we have identified may not be practical in the immediate future. Nevertheless, we think it is worth considering them even at this stage because they represent, in our view, the direction of future change as the House continues to evolve. We have been guided by several considerations, as follows:

- The Royal Commission on the Reform of the House of Lords suggested that “The financial arrangements which apply to Members of the second chamber should make regular attendance economically viable for people who live outside the South East of England and who do not have a separate source of income.” (Recommendation 119). Reform on the lines suggested by the Royal Commission is far from complete but attempts to broaden membership are being actively pursued. In other words, the allowance system should enable an increasingly diverse group of people to bring their knowledge, experience and talents to bear in Parliament. At the very least, it should not — in large or small ways — actively discourage participation. This should, in our view, be a significant design criterion.
- The Royal Commission also thought it desirable that the reformed second chamber “should contain a significant proportion of people who will contribute on a less than full-time basis, allowing them to remain active in other walks of life.” The Prime Minister recently expressed a similar view. By definition, part-time attenders will have to make choices — as at present — about how they contribute to society, in the House or elsewhere.
- As suggested in section II, the overwhelming majority of peers who attend regularly contribute constructively to its work, whether from a ‘political’ or a ‘specialist’ direction.
- Most newer Members are increasingly impatient with both their allowances and working conditions generally. Some of their longer-serving colleagues agree.
- The financial circumstances of Members of the House are already much more diverse than in the past, and this trend will presumably continue. Members can be broadly divided into four groups;
 - The independently wealthy who are now much less numerous than before reform
 - Comfortably off ‘professionals’ who have enjoyed distinguished careers. These people tend to have good pensions from former employers. They often have significant income from non-executive

directorships and/or membership of public bodies and need to balance their contribution to the House against other commitments.

- Members in full or part time paid employment who quite simply have a ‘normal’ professional living to earn. For this group the economic disadvantages of House of Lords attendance may be significant. In extreme cases, because they choose to be very active in the House, some of this group see allowances as an important part of income.
- Those who live solely on pensions of various sizes. Examples may be former Members of the House of Commons who play a ‘full-time’ role in the Lords; the oldest Members who may have given up non-executive directorships and the like; or some with a religious or charitable career background. We have been told of a few cases of what can only be termed poverty in this group.

4.2 If the reformed House of Lords is to play its expected role as a parliamentary chamber, these considerations tend to point in the direction of fairly major change. It seems important to support Members in their work and, as a minimum, not deter appropriate people from becoming Members and participating. We believe reform along the following lines should be considered either immediately or in the medium term: it would support both individual Members and the workings of the House itself.

Travel Allowance 4.3 This is not in need of substantial reform but the following improvements could be made:

- Incidental costs such as parking at the local railway station should be reimbursable, preferably against receipts. This would remove a small irritant for which there is little good reason.
- Travel costs from a principal residence in the European Union should be reimbursable on the same basis as those incurred from a principal residence in the UK. Alternatively, the total reimbursable amount might be limited to the equivalent of the normal airfare within the UK, on a relatively long route such as Aberdeen to London.

Overnight Allowance 4.4 Although we have not examined current rates in depth, there is no doubt that the cost of accommodation in central London has in recent years risen faster than the Overnight Allowance. So have rents and the price of properties. In the past, the SSRB has assumed that accommodation in a 3-star hotel would be a broadly appropriate benchmark for both MPs and peers. On that basis, data produced on behalf of some peers suggests that an allowance of at least £110 and preferably £120 now seems appropriate. This seems a reasonable estimate.

4.5 We suggest, however, that House of Lords purchasing power in this area should not be under-estimated. It ought to be possible for the House authorities annually to guarantee a certain number of bed nights with appropriate hotels in central London in return for which significant discounts could be expected. Peers would obviously not be obliged to use these hotels but the rate negotiated could serve as the benchmark for the maximum of the allowance.

4.6 We believe, additionally, that a more radical reform would be appropriate. The Royal Commission suggested that while MPs acted in part as ‘roving representatives of the people’ the focus for Members of The Second Chamber should be on their role in Parliament itself. This is certainly consistent with the high levels of attendance of many peers and the basis of the allowance system itself. It is therefore difficult to rationalise why all Members of the House of Commons (apart from those with Inner London constituencies) receive a tax free Additional Costs Allowance of about £13,000 per year to cover accommodation expenses while regular attenders at the House of Lords receive nothing similar. It

is worth serious consideration whether peers undertaking to attend at least 100 times per year (or some other agreed figure) should receive in advance the same Additional Costs Allowance as a member of the House of Commons, provided of course that their principal residence was outside London. Obviously, there could be difficulties in some circumstances, such as death or incapacity, and there may have to be some refinements to ensure that the 'lump sum' was not significantly more advantageous or disadvantageous in its impact than the Overnight Allowance. But we think such problems are soluble (apart from anything else people would prefer the stability of a flat to a hotel existence) and a consolidated allowance would be very helpful to the most regular attenders.

Day Subsistence Allowance

4.7 This is where issues of principle about the purpose of allowances bite hardest, but also where an opportunity arises now or in the future to redefine the basis of 'compensation'. We emphasise again that most interviewees were against a salary, or any allowances geared to a notional salary, at the present time. But many would argue that the basis on which 'fair' reimbursement should be determined has changed, simply because so many Members are not rich and/or have access to alternative paid activities.

4.8 Even if the principle is maintained that the allowance is designed to cover expenses necessarily incurred in attendance, we believe that its maximum should be raised to around £60 per day in the light of the long hours now normal in the House, the need for quite frequent if modest entertaining, and transport within London, particularly late at night. Several interviewees suggested this sort of sum would be appropriate

4.9 Alternatively, however, we believe it must be worth considering for the longer term whether a day's contribution to the work of the House of Lords should be valued as roughly equivalent to membership of a non-departmental public body or quango. One member quoted the example of the Committee on Standards in Public Life, whose Members receive £180 per day (taxable) in addition to actual expenses. It is now exceptional for Members of these bodies (if compensated on a daily rate basis) to receive less than £120 per day and frequently significantly more. Obviously, the philosophy underpinning these rates is to pay for time spent and is therefore fundamentally different to that which currently underpins the Day Subsistence Allowance. Any move in this direction would therefore mark a substantial change. However, we believe this to be the general direction of change and suggest this option must be examined at the appropriate time if many of the objectives of the House of Lords reform are to be achieved.

Office and Secretarial Allowance

4.10 The need here seems to be more for general support in the organisation of a working life than in conventional text production (although the latter may be included in the requirement). The present level of the Office and Secretarial Allowance was not greatly criticised by the relatively infrequent attenders among our interviewees who usually manage to draw on external resources in a pragmatic way. We do not therefore believe there to be a convincing case for change, provided the rather different needs of the most active attenders can be satisfied. This group appear to require some dedicated support even (as is recognised by current arrangements) during recesses. For them one quarter of a secretary/assistant seems to be the minimum requirement and one third could often be justified.

4.11 We believe one option would be a Consolidated Secretarial Allowance payable to those attending more than 100 days per year (or some other agreed figure). Appropriate secretaries in London are typically paid £22,500 per year, at a cost of almost £25,000 including National Insurance Contributions. A third share would therefore amount to about £8,200 per year. This is rather more than the maximum allowance currently reclaimable assuming 150 days attendance plus 30 days in the recess (about £6,500). It is also a little more than could have been reclaimed in 1999/2000 when the House met on 177 days — far more than normal.

4.12 Alternatively, the Office and Secretarial Allowance could be turned for all peers into an annualised sum of, say, £8,200 (see previous paragraph) and individuals would draw against it on an agreed maximum daily rate basis of £100 reflecting daily rates for a secretary in London, not however rigidly linked to attendance. This would provide substantially more flexibility for all peers than do current arrangements, although we believe the Accountants Office would need to exercise some vigilance to ensure claims were reasonably related to individual contribution in the House.

4.13 We have also considered the administrative arrangements for the Office and Secretarial Allowance. There is a very sound case, as far as possible, for ensuring expenditure is appropriately committed and payment direct from the Accountants Office to staff (or the organisation employing them) would be right. Invoices detailing time spent and the nature of service provided would be submitted by those receiving the allowance in consolidated or annualised form. This would in some respects reflect House of Commons practice. Some current relationships between individual peers and those who help them would probably need tightening up, but this is probably desirable anyway as the House becomes more professional.

Other issues 4.14 As suggested earlier, care of the elderly and of children is an issue for some peers and can be expected to become more generally important. It would be appropriate to consider how expenses incurred in this area as a result of attendance at the House could become reimbursable. Postage should be paid for as it is in the House of Commons. We feel unable to comment in depth on spouses' travel since the rationale for existing arrangements in both Houses is opaque. But different arrangements are not easy to justify.

Frontbenchers 4.15 Many peers have made representations about what are undoubtedly increasingly onerous frontbench roles. Some of the changes we suggest would of course help frontbenchers as well as other peers, but there are strong arguments for extra support to them, especially on the secretarial side. But Cranborne Money appears the appropriate channel through which these problems should be tackled.

Appendix 1
House of Lords
Role Profile
Frontbench Spokesmen*

Purpose: To represent the party in the House of Lords on specified policy matters.

- Principal Activity Areas**
1. Subject government legislation and policy generally to proper scrutiny.
 2. Lead, or be a significant player in, the party's team examining, amending opposing or supporting legislation in the assigned subject area.
 3. Play a leading role in developing party tactics in relation to the passage of Government legislation.
 4. Contribute outside the House to the development of party policy within the specified subject area, ensuring full co-operation with colleagues in the House of Commons.
 5. Participate in developing the party's approach to House of Lords work as a whole so that the party's total resources can be effectively deployed.
 6. Keep fully abreast of developments in government policy and relevant external changes/events to make the best possible contribution to policy scrutiny.
 7. Play a leading role in the external communication of party policy especially within the assigned areas to ensure it is understood and carries appropriate weight.
 8. Be available to vote as far as possible on government legislation to ensure it is effectively scrutinised, amended or opposed.

Nature and Scope Currently, about 80 peers from the two principal opposition parties have been assigned to frontbench roles, each 'marking' an individual government department or policy area. (The smaller parties also have their own spokesmen.) In certain respects, the role is similar to that of the Politically Orientated Backbench peers, particularly in the obligation to attend frequently, vote, and contribute to policy development. But, particularly in the latter area, the role is far more intensive, often amounting to a near full time commitment, both during and outside the Parliamentary session.

Frontbench spokesmen are generally expected to lead for their party in developing and implementing tactics for amending supporting or opposing government legislation, and more generally for subjecting ministers to adequate scrutiny through Private Notice Questions and other mechanisms. To do this satisfactorily they must obviously remain fully informed about government policy within their assigned areas and developments more generally in the external world. Close co-ordination on both policy and tactics — especially in relation to legislation — is necessary with House of Commons colleagues.

The external profile of these roles may well be significantly greater than for other politically orientated peers. They may well be called upon to act as their party spokesmen in the media in reaction to events, and they will play some role in the development of party policy within their assigned area.

*NB Not including Government Ministers, Party Whips, or the Convenor of the Crossbenches

Appendix 2

House of Lords

Role profile

Politically orientated backbench peers

Purpose: To approve, facilitate, improve or oppose the passage of Government legislation.

- Principal Activity Areas**
1. Be available to vote, as far as possible, on Government and other legislation to support or oppose its passage, and ensure as appropriate that it is subject to proper scrutiny and amendment.
 2. Ensure that the whips know of own availability to take part in the House's work so that party forces can be properly marshalled.
 3. In conjunction with frontbenchers and party whips as necessary, speak in debates about legislation to facilitate its passage or oppose it.
 4. Network actively with frontbenchers, whips, and party colleagues (including sometimes Members of the House of Commons) to contribute to legislation and especially the tactics for its examination.
 5. Informally alert the party leadership about any personal reservations concerning Government legislation or the party's position on it.
 6. (In some cases) Contribute to the overall work of the House through membership of its administrative, procedural or subject committees.
 7. (In some cases) Network with specific interest groups outside the House to ensure that their concerns and objectives are understood and taken into account during the consideration of legislation, and more broadly.
 8. (In some cases) Play a role in communicating party policy on legislation and wider issues to external audiences through speeches and attending events of various kinds.

Nature and Scope Peers in this 'category', whether supporting the Government or belonging to another party, play primarily the fundamental parliamentary role of examining, processing, amending, supporting and opposing legislation. The party whip is basic to the role. Because of House of Lords procedures and the fact that no party now has an overall majority, many of these Members are obliged to attend three or four days weekly, often on a roster basis, to ensure the proper examination and passage of legislation. Attendance is therefore a clear obligation when the House is in session.

Beyond that, the requirement on Government and Opposition Members is somewhat different. By and large, governments (of whatever party) look to their supporters in the House of Lords to secure the passage of legislation and they do not normally require them to speak about it in the Chamber. By contrast, the Chamber provides a forum for the Opposition parties to muster arguments and, although frontbenchers will normally be in the lead, active backbenchers may frequently be expected to contribute. They may also be active in initiating debates, asking Private Notice Questions, and submitting Written Questions.

This kind of Peer must keep in touch with the Government's legislative programme and the options open to it, and also with policy debates within their own party. Informal networking is often important, sometimes including Members of the House of Commons.

This kind of member may well participate in House of Lords Committees dealing with general political issues or with House procedures and administrative arrangements. They may also be part of more informal Committees, either on a party or cross party basis, and may have external 'networks' on specific topic areas in which they are personally interested. Such networking is, however, a minor part of the role.

These Members will often — but by no means always — be former Members of the House of Commons, have a local authority background or be Hereditary peers who played an active political role before House of Lords reform.

Appendix 3

House of Lords

Role profile

Specialist peers with a political role

Purpose: To approve, facilitate, improve or oppose the passage of Government legislation, and make a personal contribution to the House's work on specific issues.

- Principal Activity Areas**
1. Be available to vote, as far as possible, on Government and other legislation to support or oppose its passage, and ensure as appropriate that it is subject to proper scrutiny and amendment.
 2. Ensure that the whips know of own availability to take part in the House's work so that party forces can be properly marshalled.
 3. Contribute to debates on legislation within the recognised specialist area and vote on it to ensure high quality decision taking.
 4. (In many cases) Play an active role in the co-ordination of party tactics in supporting amending or opposing legislation within the specialist area.
 5. (In some cases) Play an important 'behind the scenes' role in creating and evaluating party policy in the relevant specialist area.
 6. (In many cases) Play a role in communicating party policy on legislation and wider issues to external audiences through speeches and attending events of various kinds.
 7. Network actively with colleagues, contacts and interest groups within the specialist area to maintain up to date knowledge and influence current trends.
 8. (In some cases) Contribute to the overall work of the House through membership of its administrative procedural or subject committees.
 9. (In some cases) Serve as an acknowledged advocate for identified interest groups, networking as necessary with like minded peers across party lines to provide an effective 'voice' in Parliament.

Nature and Scope These peers have a clear specialist orientation but nevertheless take the party whip and therefore commit themselves to supporting the Government or Opposition on legislative matters generally.

This is therefore a dual role. The relevant Members share much of the commitment to attendance at the House described in the role profile for Politically Orientated Backbench peers although their attendance may be rather less frequent in some cases. They are also recognised specialists on some area of public policy. This may lead them to become Members of major House of Lords Committees; or it may involve them in important policy development and evaluation work on behalf of their party; and it may well make of them *de facto* party spokesmen in the external world. These commitments can be difficult to balance against each other and Members of this kind do not always consider that their contribution to public life is made primarily through membership of the House of Lords. Some are notably more active in the media and in commenting generally on policy issues than are either the Politically Orientated or Specialist backbenchers.

A particular obligation may often be to participate as a member of the party's 'bill team' in considering major legislation, because of the in-depth knowledge the

individual will bring to the task. This obligation is sporadic but can be hugely time intensive. The peer may also, because of his/her expertise, also actively influence ministerial thinking on policy and legislation and/or party tactics in considering it.

In some cases, these peers will also be active Members of cross party groups concerned with the relevant specialist subject areas.

Appendix 4

House of Lords

Role profile

Specialist backbench peers

Purpose: To bring respected specialist professional or sectoral expertise to the House to improve legislation, vote on it, and promote well informed debate about relevant policy more broadly.

- Principal Activity Areas**
1. Contribute to debates on legislation within the recognised specialist area and vote on it to ensure high quality decision taking.
 2. Lobby ministers and frontbenchers whenever appropriate to explain problems in the specialist area and promote solutions to them.
 3. Network actively with colleagues, external contacts and interest groups within the specialist area to maintain up to date knowledge and influence current trends.
 4. (In many cases) Contribute to public life outside the House of Lords through membership of/participation in a wide variety of fora, ranging from Royal Commissions through non-departmental Government bodies to specialist ‘think tanks’.
 5. (In some cases) Serve as an acknowledged advocate for identified interest groups, networking as necessary with like minded peers to provide an effective ‘voice’ in Parliament.
 6. (In some cases) Contribute to the work of the House through membership of specialist committees, such as the Science and Technology Committee, to give depth to their work and reports.
 7. Attend the House as necessary to vote on any legislation where a strong personal view is held.

Nature and Scope Members of this group bring to the House of Lords eminence in public life or business, a nationally recognised professional or specialist background, or, in a few cases, a recognised ‘representative role’ for a Charity or other interest group. Individuals may be former public servants or retired leaders of the Armed Forces; be the present or former leaders of prominent public companies; carry authoritative professional credibility in specific areas; or — more in the future than at present — be chosen from a very wide range of individuals who have contributed to public life at local as well as national level.

These Members tend to contribute actively to the House only when they have something worthwhile to offer, which would normally, of course, be around their specialist subject areas. As such, their attendance may well vary quite considerably according to what is currently topical. But their interventions, when made, are expected to be authoritative and substantial preparation may well be required.

Many Members of this group lead a ‘portfolio life’ involving a range of paid and unpaid activities. These will often draw on their specialisms but are otherwise not necessarily connected to their membership of the House of Lords.

These Members are usually although not always crossbenchers. They may depend quite heavily on the Convenor of the Crossbenches and his systems to keep up with developments in the House.