



## **System of financial support for Members: briefing note**

### **Members' claims for financial support**

#### **Eligibility**

Members of the House of Lords, unlike MPs in the Commons, are unsalaried. They do not receive salaries or other employment benefits, including pensions.

There are two exceptions: a few office holders receive a salary, and some Ministers receive a salary from the Government for their Government roles.

Attendance at the House of Lords is voluntary, but Members who do not receive a salary are eligible to receive allowances and, within certain limits, the travel expenses they incur in fulfilling their parliamentary duties.

Members who receive a Ministerial or Office Holders' salary are not entitled to claim the allowances based on attendance.

#### **System of financial support for Members**

A new system of financial support started in October 2010. Under this, Members of the House of Lords who are not paid a salary may claim a daily allowance of £300 (or may elect to claim a reduced daily allowance of £150) per sitting day if they attend a sitting of the House and/or committee proceedings, or are working on behalf of the House of Lords. Details are available online at <http://www.parliament.uk/about/mps-and-lords/about-lords/lords-allowances/>

#### **Who determines the amounts to be claimed?**

Members decide what they should claim, if anything. It is for the individual Member to decide whether a claim for the daily allowance is made at the full rate, the reduced rate, or not claimed at all. Claims are paid if House of Lords records show that Members attended the House that day or undertook qualifying work away from Westminster.

#### **What does the system of financial support for Members cover?**

Members are entitled to claim travel costs to and from their registered address in addition to the daily allowance (which replaced allowances for daily and overnight subsistence, accommodation and office costs under the previous system).



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## **How is the system administered?**

The House of Lords Finance Department manages the system. The House of Lords' House Committee sets the rules. The rules are given to every Member and set out in the "Guide to financial support for Members" which is also available online at <http://www.parliament.uk/documents/lords-finance-office/2010/guide-to-financial-support-for-members-2010.pdf>.

The Finance Department checks claims against records of attendance and registered address. Claims made outside the rules are rejected. Any abuses are dealt with under the system set out in the Code of Conduct. The National Audit Office audits the House of Lords' Resource Accounts annually.

## **Are the payments taxable?**

No. Membership of the House of Lords is neither an office nor employment and therefore payments are not liable for income tax. This was confirmed independently by the Senior Salaries Review Body (SSRB).

## **Who has claimed the most?**

Amounts claimed depend on variables including the number of days of attendance, where a Member's registered address is, and travel costs from their registered address to the House of Lords. These variations make comparisons difficult.

The House of Lords refunds travel costs to enable attendance by Members from across the whole of the UK. Members who live further away from Westminster are bound to have higher travel costs. The fact that Members' claims include both Members' travel costs and their daily attendance allowance claims means that total amounts claimed by a Member who lives further afield will be higher than those of a Member living nearer the House of Lords if they attend for the same number of days.

## **What is the overall cost?**

The total relating to Members Financial Support in 2010/11 was £18.7m. This was 21.2% of the total costs of the House of Lords.

## **How does the new system of financial support compare to the old one?**

The new system has not yet been in operation for a full financial year so it is still too early to draw any final conclusions about how the two systems compare overall.

Variables over the course of a financial year mean that monthly figures cannot be multiplied to get an accurate impression of what the figure will be for the whole year.



## **What major factors affect the cost of the system?**

Costs depend on the number of Members who attend and claim for each day. Costs also vary according to the number of sitting days (which vary widely over different months due to the Parliamentary calendar).

- Average daily attendance increased by 26.3% to 497 in 2010/11 from 394 in 2009/10.
- The number of Members increased from 750 at the end of the 2009/10 financial year to 819 at the end of the 2010/11 financial year.