



Members' Expenses and Allowances

General

Members of the House of Lords, unlike MPs in the Commons, are **unsalaried** - they do not receive salaries or other employment benefits, including pensions. Exceptions are a small number of office holders, Ministers and the Law Lords (see below).

Attendance at the House of Lords is **voluntary** but Members are eligible to receive, within certain limits, allowances to cover expenses incurred in attendance at the House for parliamentary duties. This note explains the system.

Who determines the amounts?

The amounts are recommended by the Senior Salaries Review Body (SSRB), which reviews the rates from time to time. The Government then tables a motion in the House of Lords seeking agreement to those recommendations. The House decides whether to accept the recommendations, and has always done so.

Annual increases to the rates of allowances are linked to the retail prices index. The rates will not be increased in the current year, 2009-10.

Expenses system to be reformed

On 24 November 2009, the SSRB published a report recommending changes to the financial support available to Members of the House of Lords. This independent review was undertaken at the request of the House of Lords' House Committee in June 2009.

The SSRB's report made a series of recommendations - including the introduction of a daily attendance fee and a new (lower) overnight subsistence allowance, requiring the submission of receipts.

In a report published on 7 December (see link below), the House Committee, which supervises the expenses system, welcomed the SSRB's report and accepted the SSRB's conclusion that the time has come for a new system. The Committee agreed to the principles of the proposed new system and has recommended implementation in time for the new Parliament.

The report will be debated in the House of Lords on 14 December 2009 and, if agreed to, will be implemented for the new Parliament in 2010.

<http://www.publications.parliament.uk/pa/ld200910/ldselect/ldhouse/12/12.pdf>

What do the expenses cover?

- **Day subsistence**
Covers expenses, such as meals and incidental travel costs (parking, taxis within 5

miles), incurred in attendance at a sitting of the House or a select committee.
Rates: £82.50 April – July 08; £86.50 August 08 – March 09.

- **Overnight subsistence**

A Member whose main home is outside Greater London and who incurs the cost of overnight accommodation in London for the purpose of attending sittings of the House may claim this allowance.

Rates: £165.50 April – July 08; £174.00 August – March 09.

Members who maintain a second residence in London for the purpose of attending sittings of the House are also able to claim the Accommodation Maintenance Allowance under this heading while away from London, on select committee, parliamentary delegation or certain other official visits. Expenses claimed under this heading are included in the Overnight Subsistence column but are not included in the Number of Days Attended column. Some Members may therefore have an average overnight subsistence claim that appears to be above the £174 a night maximum.

Rates: Accommodation Maintenance Allowance £110.50 April- July 08; £116.00 August 08 – March 09.

- **Office costs**

These cover a range of costs such as secretarial assistance, office equipment, stationery and research assistance. (Members may claim office costs for up to 40 additional days a year when the House is not sitting or when the Member does not attend).

Rates: £71.50 April – July 08; £75.00 August 08 – March 09.

- **Travel expenses:**

These include fares incurred travelling between a Member's main home and Westminster to attend a sitting of the House; journeys made on parliamentary business within the UK; two journeys a year on parliamentary business between the UK and any EU institution in Brussels, Luxembourg and Strasbourg or national parliaments of EU nation states or candidate countries, and two journeys a year on parliamentary business between Westminster or the Member's main residence and the Scottish Parliament or the Devolved Assemblies of Northern Ireland and Wales. Travel costs for the few Members who live outside the UK are only reimbursed from the point of entry into the UK.

See Annex I for the various rates. This Annex also includes rates for all categories of allowance from 2004 onwards.

In the 2008-09 financial year, the House of Lords sat for 147 days.

How is the system administered?

The House of Lords Finance Department manages all aspects of the Members' expenses system. It provides general guidance on the workings of the scheme and issues and processes all claim forms. The rules for the administration of the system are set by the House Committee of the House of Lords. Neither the House of Lords authorities nor the Finance Department is responsible for setting the allowance rates (see above).

Who checks the claims?

Allowances are not paid automatically. Members submit claims to the Finance Department, which checks all claims. The National Audit Office audits the House of Lords' Resource Accounts annually.

Are the expenses taxable?

No, under the current scheme allowances paid to Members of the House of Lords are not liable to taxation as they cover expenses actually incurred in respect of their unsalaried parliamentary work, which is neither employment nor an office.

Who has claimed the most?

Expenses are claimed to cover costs incurred by Members in performing their Parliamentary duties (subject to certain limits). The levels of expenses claimed will depend on many variables including the number of days of attendance, the location of a Member's main residence and travel costs from home to the House of Lords.

These variations make comparisons meaningless. The tables setting out the various categories of expenses claimed list Members alphabetically. Multiplying the number of days' attendance by the recent allowance rates will not tally with the total amount of days' subsistence.

Additionally, expenses relating to travel, subsistence, office costs and the Accommodation Maintenance Allowance may be reimbursed in respect of certain mandated parliamentary business away from Westminster (such as parliamentary delegations) and are included in the appropriate columns in the table. The sitting days listed, however, relate only to attendance at sittings and meetings falling within the four criteria listed in the Explanatory Notes. This can result in a Member's claims appearing to exceed the maxima per sitting day. Attendance at "away from Westminster" parliamentary business must therefore be taken into account when assessing Members' claims for reimbursement of expenses.

Rates are updated in August so the total sum may depend on the number of days at the earlier and later rates and whether any additional days up to a maximum of 40 are claimed under office costs.

What is the overall cost?

Members' expenses accounted for 18% (£19.0m) of the running costs of the House of Lords in the 2008-09 financial year. Overall, the resource costs of the House of Lords were £103.9 million in 2008-09.

Could the Law Lords claim?

In July 2009 the Law Lords ceased to sit in the House of Lords with the creation of the UK Supreme Court. The 2008-09 expenses are the last **full, financial year** for which their travel expense claims were administered by the House of Lords.

The Law Lords were entitled to the reimbursement of travel costs only.

Can Ministers claim?

Most ministerial expenses are met by the relevant Government Department. However, paid Ministers can claim from the House of Lords for limited secretarial costs and expenses, incurred outside their ministerial work, in relation to their parliamentary duties. Unpaid Ministers are eligible to claim under the main allowance scheme to cover costs associated with their parliamentary duties.

ANNEX I

RATES AND SITTING DAYS

The following rates apply:

Daily Rates

Year	Overnight Subsistence	Day Subsistence	Office Costs
August 2004 – 9 Nov 2004	£132.00	£66.00	£55.00
10 Nov 2004 – July 2005	£150.00	£75.00	£65.00
August 2005 – July 2006	£154.50	£77.00	£67.00
August 2006 – July 2007	£159.50	£79.50	£69.00
August 2007 – July 2008	£165.50	£82.50	£71.50
August 2008 – July 2009	£174.00	£86.50	£75.00

Notes

- Office costs incurred on days when the House is not sitting or a Member does not attend may be claimed up to an additional 40 days per year.
- The accommodation allowance for a second home (see Briefing Paper) up to the maximum of two thirds of the overnight subsistence rate is included in the overnight subsistence if applicable.

Travelling Expenses

Allowances are as follows:

Year	Motor Mileage up to 20,000 miles	Motor Mileage over 20,000 miles	Bicycle Allowance	Motorcycle Allowance
April 2003 – March 2004	56.1p per mile	25.9p per mile	7.2p per mile	N/A
April 2004 – 9 Nov 2004	57.6p per mile	26.6p per mile	7.4p per mile	N/A
	Up to 10,000 miles	Over 10,000 miles		
10 Nov 2004 –	40p per mile	25p per mile	20p per mile	24p per mile

Sitting Days

Financial Year	Sitting Days
2003 – 2004	165
2004 – 2005	152
2005 – 2006	134 (Election Year)
2006 – 2007	147
2007 – 2008	148
2008 – 2009	147