



HOUSE OF LORDS

# Library Note

## **House of Lords: Expense Allowances and Costs**

This House of Lords Library Note looks at the expense allowances that Peers have been able to claim since 1946. In particular, a chronology of key debates and motions is provided, as is a summary table of expense allowances. The second part of this Note provides a series of figures on the cost of the House of Lords since the Life Peerages Act 1958.

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10 August 2010  
LLN 2010/018

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## 1. Introduction

This Note is the result of interest in Peers' expense allowances and the costs of the House of Lords since the Life Peerages Act 1958. The Journal Office and David Beamish, Clerk Assistant, in the House of Lords maintain some information on expense allowances, and this has been used as a basis for the first part of this Note. In relation to the cost of the House of Lords, the House of Commons Library have compiled some of the relevant data published since 1992–93 in the *House of Lords Annual Reports*, and later in the *House of Lords Resource Accounts*, but earlier figures are not readily available. A variety of sources were therefore used to compile the Note, such as the House of Lords *Hansard*, the House of Lords *Journal*, the House of Lords *Annual Reports* and others.

The Note focuses on Peers' expense allowances, and consequently the pay of ministers and other office holders in the House of Lords is not covered. Further information on the pay of ministers and other office holders in the House of Lords can be found in the House of Commons Library Research Paper *Parliamentary Pay, Allowances and Pensions* (31 March 2008, [RP 08/31](#)). A full explanation of the current House of Lords expense allowance scheme, applicable until 30 September 2010, can be found in the *House of Lords Members' Reimbursement Scheme—General Guide* (April 2009, [eighth edition](#)) and the *Addendum* ([18 May 2010](#)). The reader may also like to consult the House of Commons Library Standard Note *Financial Support for Members of the House of Lords* (19 July 2010, [SN/PC/05246](#)), which provides an overview of some of the discussions on the expense allowance system over the last year.

The phrase “expense allowance” is used throughout this Note to encompass the various forms of financial support that have been made available over the years, such as day and night subsistence, and the scheme for the reimbursement of the travel expenses of Peers' spouses, partners and children. Using this phrase simplifies the presentation here of the debates and resolutions on the subject, and is not intended to be interpretative.

This Library Note does not represent a statement of policy by the House of Lords administration, nor an attempt to validate or justify the developments described herein, but an effort to record the key facts in an objective way, using, for the most part, published sources.

In putting together this Note, we have been greatly assisted by David Beamish, Clerk Assistant, as well as other colleagues in the House of Lords. However, any errors or omissions are those of the authors.

## 2. Peers' Expense Allowances

This part of the Note looks at Peers' expense allowances, beginning with a brief chronological overview focusing on key debates and motions in the House of Lords on the subject. The chronology does not include debates or motions in the House of Commons. Reports of the Top Salaries Review Body, and later of the Review Body on Senior Salaries, are covered only in so far as they aid comprehension of expense allowances, and the same is true of issues surrounding Peers' conduct. The dates given are the dates of the debates or motions, and do not necessarily coincide with the date on which an expense allowance was commenced, abolished or uprated. However, commencement dates can be found in the summary table reproduced in section 2.2 of this Note. The arrangements for ministers and other office holders in the House of Lords are not covered, nor is the financial assistance provided to the opposition parties or the Crossbenches.

### 2.1 Chronology on Peers' Expense Allowances

#### 3 May 1944

The subject of Peers' travelling expenses was raised by Viscount Addison, Leader of the Opposition in the House of Lords. The matter had previously been discussed by a small, unofficial committee, which included the leaders of the various parties and other members of the House. Viscount Cranborne, Leader of the House of Lords, undertook to bring the need for the reimbursement of travelling expenses for Peers to the attention of the Chancellor of the Exchequer, Sir John Anderson.<sup>1</sup>

#### 21 May 1946

Viscount Addison, then Leader of the House of Lords, proposed a motion which enabled Peers to claim *bona fide* rail travel expenses incurred attending the business of the House. Regular attendance was necessary to qualify.<sup>2</sup>

#### 7 November 1956

The issue of remuneration for attendance was raised by Lord Silkin in his response to the Queen's Speech. He felt that many were deterred from attending the House because they could not afford to do so.<sup>3</sup>

#### 4 July 1957

The government made a statement on public service salaries, which included a proposed allowance to enable Peers to claim the reimbursement of expenses up to a maximum of 3 guineas for each day of attendance. The payments would not be liable to tax, as they would be a reimbursement of actual expenses arising out of unpaid service.<sup>4</sup>

#### 8 July 1957

The House approved the maximum daily Peers' expense allowance of 3 guineas announced on 4 July 1957.<sup>5</sup>

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<sup>1</sup> HL *Hansard*, 3 May 1944, cols 622–6.

<sup>2</sup> HL *Hansard*, 21 May 1946, cols 333–7; HL *Journal*, 21 May 1946, p 282.

<sup>3</sup> HL *Hansard*, 7 November 1956, cols 33–4.

<sup>4</sup> HL *Hansard*, 4 July 1957, cols 660–2.

<sup>5</sup> HL *Hansard*, 8 July 1957, cols 766–82; HL *Journal*, 8 July 1957, p 244.

**17 May 1961**

The refund of the cost of travel by rail, sea and air, and an allowance for travel by road were agreed.<sup>6</sup> An oral question of 16 May 1961 indicated that the details of the resolution were discussed through the usual channels.<sup>7</sup>

**19 December 1963**

The government announced a committee chaired by Sir Geoffrey Lawrence to look into the remuneration of ministers and MPs, and to reconsider the allowance for Peers.<sup>8</sup>

**17 November 1964**

The government made a statement on the *Report of the Committee on the Remuneration of Ministers and Members of Parliament*, chaired by Sir Geoffrey Lawrence (November 1964, Cmnd 2516). The committee had recommended increasing the limit of the daily expense allowance to 4½ guineas.<sup>9</sup>

**16 December 1964**

A resolution was passed by the House giving effect to the recommendation of the Lawrence Committee. The limit on the daily expense allowance was increased from 3 to 4½ guineas. In addition, the car mileage allowance was raised to 4½d per mile, regardless of engine capacity.<sup>10</sup>

**11 December 1969**

The government made a statement on Peers' expenses and allowances: although some Peers had not felt it necessary to claim the full daily maximum, others had made representations that costs, for example, for meals, taxis and hotels had increased, and that the allowance was no longer realistic. The requirement of regular attendance to claim expenses was repeated, which was defined as one-third of possible sitting days during the claim period. The statement resulted in the resolution of 18 December 1969.<sup>11</sup>

**18 December 1969**

The maximum daily allowance was raised from 4½ guineas to £6 10s; free transport was extended to public transport by road; and the car mileage allowance was increased to 6d per mile.<sup>12</sup>

**4 November 1970**

The car mileage allowance was raised to 1s per mile.<sup>13</sup>

**16 December 1971**

The maximum daily allowance was raised from £6.50 to £8.50.<sup>14</sup>

**4 July 1972**

Regular attendance was no longer a qualification for the reimbursement of travel expenses.<sup>15</sup>

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<sup>6</sup> HL *Hansard*, 17 May 1961, col 621; HL *Journal*, 17 May 1961, p 256.

<sup>7</sup> HL *Hansard*, 16 May 1961, cols 478–9.

<sup>8</sup> HL *Hansard*, 19 December 1963, cols 411–12.

<sup>9</sup> HL *Hansard*, 17 November 1964, cols 496–503.

<sup>10</sup> HL *Hansard*, 16 December 1964, cols 441–53; HL *Journal*, 16 December 1964, pp 91–2.

<sup>11</sup> HL *Hansard*, 11 December 1969, cols 671–4.

<sup>12</sup> HL *Hansard*, 18 December 1969, cols 1326–7; HL *Journal*, 18 December 1969, pp 93–4.

<sup>13</sup> HL *Hansard*, 4 November 1970, col 343; HL *Journal*, 4 November 1970, p 111.

<sup>14</sup> HL *Hansard*, 16 December 1971, cols 1265–70; HL *Journal*, 16 December 1971, p 86.

<sup>15</sup> HL *Hansard*, 4 July 1972, cols 1300–4; HL *Journal*, 4 July 1972, p 398.

### **30 July 1974**

The car mileage allowance was raised to 7.7p per mile; and the limit on the daily allowance was raised from £8.50 to £11.50.<sup>16</sup>

### **19 December 1974**

The government made a statement to the House on the inclusion of Peers' expense allowances in the review of members' salaries and allowances to be conducted by the Top Salaries Review Body chaired by Lord Boyle of Handsworth.<sup>17</sup>

### **16 July 1975**

The first part of the Top Salaries Review Body report *Ministers of the Crown and Members of Parliament and the Peers' Expenses Allowance* (July 1975, Cmnd 6136) was published. The report recommended increasing the mileage allowance. The government announced that they would bring a motion before the House to do so on 29 July 1975.<sup>18</sup>

### **24 July 1975**

A further statement on the Top Salaries Review Body inquiry into members' salaries and allowances was made. The Review Body recommended an interim increase of the Peers' expense allowance in the light of the increased allowances paid to members of the House of Commons. The government accepted the recommendation, and proposed increasing the daily expense allowance for Peers from £11.50 to £13.50. This increase was also considered on 29 July 1975.<sup>19</sup>

### **29 July 1975**

The limit of the expense allowance was raised from £11.50 to £13.50. The car mileage allowance was increased from 7.7p to 10.2p. Any future change made to the corresponding civil service car mileage rate would lead to changes to the car mileage allowance for Peers.<sup>20</sup>

### **22 March 1977**

A statement was made on the third part of the Top Salaries Review Body report, *Ministers of the Crown and Members of Parliament and Peers' Expenses Allowance* (March 1977, Cmnd 6749) begun in 1974. The report recommended a clear specification of expenditure that could be claimed in attending the House. The review proposed dividing expenses into four elements, each with its own separate limit: night subsistence of £11; day subsistence of £6.50; secretarial expenses of £4 a day; and other additional expenses within a cumulative limit of £3 a day. This would add up to a total of £24.50 a day for Peers who had to pay for overnight accommodation in London in order to attend the House. Other Peers would be restricted to the other three allowances, totalling £13.50. A minority of members of the review suggested that the third and fourth elements should be merged.<sup>21</sup>

### **24 March 1977**

As an interim measure, while the government considered the third part of the report of the Top Salaries Review Body, the daily expense allowance was increased from £13.50 to £16.50 for Peers obliged to stay overnight away from their main or only residence. The maximum of £13.50 would continue to apply to those Peers who lived within normal

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<sup>16</sup> HL *Hansard*, 30 July 1974, cols 2146–7; HL *Journal*, 30 July 1974, pp 424–5.

<sup>17</sup> HL *Hansard*, 19 December 1974, cols 1274, 1332–4.

<sup>18</sup> HL *Hansard*, 16 July 1975, cols 1271–2.

<sup>19</sup> HL *Hansard*, 24 July 1975, cols 438–41.

<sup>20</sup> HL *Hansard*, 29 July 1975, cols 891–3; HL *Journal*, 29 July 1975, p 864.

<sup>21</sup> HL *Hansard*, 22 March 1977, cols 389–92.

daily travelling distance of Westminster, and therefore did not need to pay for overnight accommodation in order to attend sittings of the House.<sup>22</sup>

### **21 June 1979**

The government responded to the Top Salaries Review Body report, *Ministers of the Crown and Members of Parliament and Peers' Expenses Allowance* (June 1979, Cmnd 7598). The Review Body had again recommended creating separate groups of daily maximum expense allowances. The resulting motion was considered by the House on 16 July 1979.<sup>23</sup>

### **16 July 1979**

Three separate daily expense allowances were introduced: day subsistence (£9); night subsistence (£18.50); and secretarial (£8.50).<sup>24</sup>

### **22 July 1980**

The daily expense allowances were increased: day subsistence to £11; night subsistence to £23; and secretarial to £10.<sup>25</sup>

### **9th June 1981**

The daily expense allowances were increased: day subsistence to £11.65; night subsistence to £24.40; and secretarial to £10.60.<sup>26</sup>

### **14 June 1982**

The daily expense allowances were increased: day subsistence to £12.10; night subsistence to £25.40; and secretarial to £11.<sup>27</sup>

### **25 July 1983**

The daily expense allowances were increased: day subsistence to £16; night subsistence to £40; and secretarial to £17. Disabled members of the House could now recover additional expenses. Reimbursement of travel cost and mileage allowance were extended to cover all travel on parliamentary business. The car mileage allowance remained at 25.8p per mile, notwithstanding any change to the relevant civil service rate of car mileage allowance.<sup>28</sup>

### **26 July 1984**

Earlier in the year, the Top Salaries Review Body had been asked to advise on arrangements for keeping the House of Lords expense allowances up to date in a way which did not require an annual resolution. They recommended linking the subsistence elements of the expense allowances to changes in the corresponding civil service subsistence rates, and linking the secretarial allowance to changes in civil service secretarial pay. The government accepted the recommendations, and the resulting motion set out a formula for increasing the Peers' expense allowances which had been agreed the previous year by the same percentage as the civil service allowances, with a similar formula for the secretarial allowance. Increases would take effect on 1 August in subsequent years.<sup>29</sup>

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<sup>22</sup> HL *Hansard*, 24 March 1977, cols 634–5; HL *Journal*, 24 March 1977, p 320.

<sup>23</sup> HL *Hansard*, 21 June 1979, cols 1123–7.

<sup>24</sup> HL *Hansard*, 16 July 1979, cols 1134–43; HL *Journal*, 16 July 1979, p 190.

<sup>25</sup> HL *Hansard*, 22 July 1980, cols 201–6; HL *Journal*, 22 July 1980, pp 1265–6.

<sup>26</sup> HL *Hansard*, 9 June 1981, cols 122–6; HL *Journal*, 9 June 1981, p 555.

<sup>27</sup> HL *Hansard*, 14 June 1982, cols 453–6; HL *Journal*, 14 June 1982, p 347.

<sup>28</sup> HL *Hansard*, 25 July 1983, cols 1370–4; HL *Journal*, 25 July 1983, p 85.

<sup>29</sup> HL *Hansard*, 26 July 1984, cols 401–6; HL *Journal*, 26 July 1984, pp 746–7.

A second motion, which was amended, introduced a new scheme for the mileage allowance. The scheme was different to the one recommended by the Top Salaries Review Body, and different to the civil service rates. Under the new scheme, which commenced on 1 October 1984, Peers could claim 25.9p per mile up to a limit of 10,000 miles, and then 14.7p per mile. From 1 April 1985, and in subsequent years, the allowance would be calculated by using the Royal Automobile Club's schedule of estimated vehicle running costs.<sup>30</sup>

### **16 July 1986**

As a result of restructuring within the civil service, the annual increase of the secretarial allowance would have been 18 per cent. This was felt to be a distortion of the resolution of 26 July 1984. The House therefore agreed not to follow the 1984 resolution for this year, but rather to increase the secretarial allowance by six per cent, in line with the general pay increase for the civil service. Consequently, the office, secretarial and research allowance was set at £19, backdated to 1 August 1985.<sup>31</sup>

### **23 July 1987**

Following the report of the Top Salaries Review Body, *Review of Parliamentary Allowances* (April 1987, Cm 131-I), the office, secretarial and research allowance was increased from £20 to £22 per day.<sup>32</sup>

### **16 May 1988**

The House agreed to a motion which enabled Peers to claim the office, secretarial and research allowance for non-sitting days (up to three non-sitting days before 31 July 1988; and thereafter up to 18 days for each year).<sup>33</sup>

### **25 July 1991**

A resolution altered the expense allowance scheme so that Peers could claim the overnight subsistence allowance for the evening before or the evening following a meeting of a select committee. Previously, Peers were only able to claim overnight expenses for the number of days on which the House sat, and those who had to travel some distance found it difficult to attend early or late meetings of a select committee.<sup>34</sup>

### **10 March 1993**

For the year ending 31 July 1993, Peers could claim the office, secretarial and research allowance for up to 24 non-sitting days. For subsequent years, they could claim this allowance for up to 30 non-sitting days.<sup>35</sup>

### **20 July 1994**

A resolution replaced the system which had been used since the resolution of 26 July 1984 to uprate the Peers' expense allowances without the need for a motion. The civil service had ceased to promulgate a central subsistence rate, and a new system for secretarial pay had also been introduced in the civil service. The government therefore proposed to increase the allowances in accordance with the retail price index on 1 August of each year.

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<sup>30</sup> HL *Hansard*, 26 July 1984, cols 406–20; HL *Journal*, 26 July 1984, p 747.

<sup>31</sup> HL *Hansard*, 16 July 1986, cols 905–6; HL *Journal*, 16 July 1986, p 551. See also HL *Hansard*, 10 July 1986, cols 574–5.

<sup>32</sup> HL *Hansard*, 23 July 1987, cols 1529–46; HL *Journal*, 23 July 1987, pp 89–90.

<sup>33</sup> HL *Hansard*, 16 May 1988, cols 7–11; HL *Journal*, 16 May 1988, p 576.

<sup>34</sup> HL *Hansard*, 25 July 1991, cols 884–7; HL *Journal*, 25 July 1991, pp 587–8.

<sup>35</sup> HL *Hansard*, 10 March 1993, cols 1059–61; HL *Journal*, 10 March 1993, p 529.

The resolution made provision for doing so, and increased the day subsistence allowance to £31.50; the night subsistence allowance to £70; and the office, secretarial and research allowance to £30.50 per day. The definition of sittings of the House or of a committee was extended to include meetings of the boards of the Parliamentary Office of Science and Technology and the Parliamentary Broadcasting Unit Limited. The effect of this was to enable Peers attending such meetings to claim the day and night subsistence allowances. The car mileage allowance for up to 20,000 miles was set at 44.4p per mile from 1 April 1994. Car mileage over 20,000 miles was set at 20.4p per mile. Finally, provision was made for the reimbursement of additional travelling costs incurred as a result of a recall of parliament during a recess.<sup>36</sup>

### **27 November 1996**

Following this resolution, Peers' spouses were entitled to the reimbursement of travel costs in connection with their attendance at a parliamentary occasion twice a year.<sup>37</sup>

### **20 May 1998**

A bicycle allowance was introduced, claimable by Peers attending the House for parliamentary duties or for journeys undertaken in the United Kingdom by bicycle while on parliamentary duties. The starting allowance, commencing on 1 April 1998, was set at 6.2p per mile. In subsequent years, the bicycle allowance was to be increased by the percentage change in the retail price index compared with the previous year.<sup>38</sup>

### **5 July 2001**

As a result of the Review Body on Senior Salaries report, *Review of Parliamentary Pay and Allowances* (March 2001, Cm 4997-1), the individual expense allowances were increased by a resolution, and the number of non-sitting days for which Peers could claim office, secretarial and research expenses was increased to 40 days.<sup>39</sup>

### **10 November 2004**

The Review Body on Senior Salaries report, *Review of Parliamentary Pay and Allowances 2004* (October 2004, Cm 6354-1) made recommendations on the rate and structure of Peers' expense allowances. The resulting resolutions increased the night and day subsistence allowances, the office, secretarial and research allowance, and the car and bicycle mileage allowances. They also introduced a motorcycle mileage allowance, and enabled Peers to claim expenses for staying overnight away from their only or main residence for the purpose of attendance on visits away from the House as a member of a committee, official delegation or as a representative of the House. The scheme relating to the travel expenses of Peers' spouses was amended to include children under 18.<sup>40</sup>

### **9 March 2006**

The House Committee extended the eligibility to claim the overnight subsistence allowance to Peers participating in the meetings of the Intelligence and Security Committee, formal conferences of the Commonwealth Parliamentary Association and the Inter-Parliamentary Union, and meetings of the Parliamentary Contributory Pension Fund and the House of Commons Members' Fund on the same basis as agreed by the House on 10 November 2004.<sup>41</sup>

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<sup>36</sup> HL *Hansard*, 20 July 1994, cols 240–55; HL *Journal*, 20 July 1994, pp 598–600.

<sup>37</sup> HL *Hansard*, 27 November 1996, cols 273–5; HL *Journal*, 27 November 1996, p 93.

<sup>38</sup> HL *Hansard*, 20 May 1998, cols 1649–50; HL *Journal*, 20 May 1998, p 823.

<sup>39</sup> HL *Hansard*, 5 July 2001, cols 875–85; HL *Journal*, 5 July 2001, pp 76–7.

<sup>40</sup> HL *Hansard*, 10 November 2004, cols 928–33; HL *Journal*, 10 November 2004, pp 850–1.

<sup>41</sup> HL *Hansard*, 9 March 2006, col WS74.

### **19 December 2006**

The scheme for the reimbursement of the travel expenses of a member's spouse and children was extended to civil partners and to children who had reached the age of 18, but were still in full-time secondary education. The amendments brought the scheme in line with that for members of the House of Commons.<sup>42</sup>

### **16 January 2008**

A written statement on the report of the Review Body on Senior Salaries, *Review of Parliamentary Pay, Pensions and Allowances 2007* was made (January 2008, Cm 7270-1). The report recommended reviewing the definition of parliamentary business; extending the travel scheme available to Peers' spouses, civil partners and children to include a named partner; and reviewing the IT support provided to Peers. The government thought these recommendations should first be considered by the House of Commons.<sup>43</sup>

### **8 May 2009**

The *Daily Telegraph* published the first in a series of articles which included leaked details of the expense claims made by members of the House of Commons.<sup>44</sup> Around this time, a number of news publications also wrote about the alleged misuse of expense allowances by some Peers.<sup>45</sup>

### **9 May 2009**

The Leader of the House of Commons, Harriet Harman, made a statement to the House of Commons. She announced plans to legislate for a new, independent parliamentary standards authority.<sup>46</sup>

### **11 June 2009**

Lord Brabazon of Tara, Chairman of Committees, made a written statement to the House of Lords announcing that the Senior Salaries Review Body would be asked to undertake a review of the financial support for members of the House of Lords.<sup>47</sup>

### **19 June 2009**

The Metropolitan Police stated that after "consideration by the joint Metropolitan Police and Crown Prosecution Service assessment panel the Met has decided to launch an investigation into the alleged misuse of expenses by a small number of MPs and Peers".<sup>48</sup>

### **21 July 2009**

The Parliamentary Standards Act 2009 received Royal Assent. The Act established the Independent Parliamentary Standards Authority to administer salaries and allowances for MPs.<sup>49</sup>

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<sup>42</sup> HL *Hansard*, 19 December 2006, col 1896; HL *Journal*, 19 December 2006, p 117.

<sup>43</sup> HL *Hansard*, 16 January 2008, cols WS141–4.

<sup>44</sup> 'MPs' Expenses: full list of MPs investigated by the Telegraph', *Daily Telegraph*, 8 May 2009.

<sup>45</sup> See for example 'Baroness claimed £100,000 expenses on empty flat she said was her home', *Sunday Times*, 3 May 2009; 'Remorseful Peer says he fiddled expenses', *Sunday Times*, 31 May 2009; 'Scotland Yard to quiz Tory Peer over £100,000 expenses claim', *Daily Mail*, 3 July 2009.

<sup>46</sup> HC *Hansard*, 20 May 2009, col 506.

<sup>47</sup> HL *Hansard*, 11 June 2009, cols WS48–9.

<sup>48</sup> Metropolitan Police website, 'MPS to investigate alleged expenses misuse', 19 June 2009.

<sup>49</sup> HL *Hansard*, 21 July 2009, col 1580.

### **24 November 2009**

The Senior Salaries Review Body published their report, *Review of Financial Support for Members of the House of Lords* (November 2009, Cm 7746). The report made 26 recommendations, including that a daily payment for attendance should be introduced. This £200 payment would incorporate the allowance for secretarial and office costs, and would also include a “contribution to income”. There would be an overnight allowance of £140 for Peers who signed a declaration that their principal residence was “beyond reasonable commuting distance”. This could be used by owners of second homes “only for specified running costs, not including mortgage interest”. The SSRB noted that these payments would remain tax free under current legislation, but advised that “Peers should in principle be liable to tax and that legislation should be amended accordingly in due course”.

They recommended that a summary of fees and expenses paid to Peers should be published quarterly, and that Peers’ declarations concerning their principal residence should be published annually. They advised that necessary car parking at stations and airports and road tolls should be treated as permissible travelling expenses. Peers should be allowed to claim for first class rail travel “where this was justified by their need to work whilst travelling”. The SSRB also considered whether the new Independent Parliamentary Standards Authority, established to administer salaries and allowances for MPs, should assume the same role for the House of Lords. They advised that this would be premature, and that, until at least “the next full review of financial assistance”, the House of Lords Finance Department should continue to administer payments to Peers.

### **7 December 2009**

The House Committee published the report, *SSRB Review of Financial Support for Members of the House of Lords* (December 2009, HL Paper 12), which stated “we recommend that the House accepts the architecture and principles of the proposed new system. We recommend that the House Committee now works to prepare resolutions to implement the proposals on a timescale which allows a new system to be operational from the start of the new parliament”. The committee proposed the appointment of a working group to ensure that the views of members would be “taken into account and inform the final resolutions to be put before the House”.

### **14 December 2009**

The House of Lords approved “the architecture and principles of the new system proposed by the SSRB”. The House Committee, supported by a working group, would prepare to implement these proposals from the start of the new parliament, and would “monitor and report on the effects of implementation of the new system after a year of operation”.<sup>50</sup>

### **15 December 2009**

Lord Brabazon of Tara, Chairman of Committees, issued a written statement in which he announced that the House Committee had appointed a working group, chaired by Lord Wakeham, to “consider and consult on issues in the SSRB report and to advise on their implementation”. He said that the group would “take into account the substantial number of points which have already been raised by members in debate, and through other forums”.<sup>51</sup>

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<sup>50</sup> HL *Hansard*, 14 December 2009, cols 1317–84.

<sup>51</sup> HL *Hansard*, 15 Dec 2009, cols WS241–2.

### **23 December 2009**

The Metropolitan Police announced that a total of six files of evidence regarding parliamentary expenses of MPs and Peers had been passed to the Crown Prosecution Service.<sup>52</sup>

### **1 February 2010**

The government introduced new clauses to the Constitutional Reform and Governance Bill in the House of Commons, which aimed to ensure that all MPs and Peers would be considered liable to pay UK taxes, preventing “non-domiciled” residents of the UK from sitting in parliament. These clauses would not affect the fact that House of Lords allowances were not liable to tax, but would apply to a Peer’s other earnings. Michael Wills, Minister of State at the Ministry of Justice, announced that there would be a temporary window of three months during which Peers who were unwilling to accept domiciled tax status could resign their membership of the House of Lords. The clauses were agreed to without a vote.<sup>53</sup>

### **5 February 2010**

The Crown Prosecution Service announced that charges had been brought in four of the cases referred to them by the Metropolitan Police. One of those charged was named as Lord Hanningfield. In addition to this, the CPS stated that no charges would be brought against Lord Clarke of Hampstead.<sup>54</sup>

### **11 March 2010**

The House Committee published the report, *Financial Support for Members of the House: Declaration of Principal Residence and Publication* (March 2010, HL Paper 89). This report explained that the working group had not been able to finalise its report to the House Committee in time to allow the House of Lords to consider the full package of reforms recommended by the Senior Salaries Review Body before the end of the parliament. However, the committee announced that it would place a more limited range of reforms before the House as an interim measure, recommending that the House should “agree to the introduction, from the start of the new parliament, of new arrangements for the designation and certification of principal residences outside London” and “to new proposals for quarterly publication of information relating to members’ expenses from 1 April 2010”. The committee explained that it planned to publish another report, early in the new parliament, “with further proposals for the new system of financial support”.

### **12 March 2010**

The Crown Prosecution Service announced there would be no charges brought against Baroness Uddin in relation to her claim for expense allowances.<sup>55</sup>

### **22 March 2010**

The House of Lords approved the report of the House Committee, *Financial Support for Members of the House: Declaration of Principal Residence and Publication* (March 2010, HL Paper 89).<sup>56</sup>

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<sup>52</sup> Metropolitan Police website, ‘Further files passed to CPS re parliamentary expenses’, 23 December 2009.

<sup>53</sup> HC *Hansard*, 1 February 2010, col 115.

<sup>54</sup> Crown Prosecution Service website, ‘Statement from Keir Starmer QC, Director of Public Prosecutions, on parliamentary expenses charging decisions’, 5 February 2010.

<sup>55</sup> Crown Prosecution Service website, ‘Charging decision regarding Baroness Uddin’, 12 March 2010.

<sup>56</sup> HL *Hansard*, 22 March 2010, cols 757–84.

### **8 April 2010**

The Constitutional Reform and Governance Act 2010 received Royal Assent, which included provisions on the tax status of MPs and Peers.<sup>57</sup>

### **28 June 2010**

The working group chaired by Lord Wakeham published their report, *Financial Support for Members of the House of Lords* (June 2010, HL Paper 13). It recommended that the House agree to the daily payment of £200 and the overnight stay arrangements proposed by the SSRB, but also offered an alternative plan, in which the proposed overnight allowance would be reduced, and would be combined with the daily payment to form a single allowance claimable by all Peers, regardless of the distance they lived from the House. In the event of this proposal being adopted, the group recommended that the additional office costs allowance should be terminated.

On the same day, Lord Strathclyde, Leader of the House of Lords, made a statement to the House in which he explained that the government favoured the proposal of Lord Wakeham's group that there should be a single payment, combining the daily and overnight subsistence allowances. Lord Strathclyde suggested this payment should be £300. He also suggested that there should be a lower rate of £150 available.<sup>58</sup>

### **13 July 2010**

The House Committee published their report, *Financial Support for Members of the House of Lords* (July 2010, HL Paper 18), which invited the House to agree to the changes put forward by Lord Strathclyde, Leader of the House of Lords, on 28 June. The committee approved Lord Strathclyde's proposal that the day subsistence, overnight subsistence and office costs elements be combined into a single rate of £300, and his proposal that there should be a reduced rate allowance of £150, to which members on certain kinds of official parliamentary business away from Westminster should be entitled (in addition to hotel and travel expenses), or which Peers could choose to accept instead of the full payment. The committee recommended that Peers be reimbursed for train travel up to the ceiling cost of a standard open ticket, whatever class they chose to travel. Members' spouses, civil partners and dependents should be reimbursed in the same way, for up to six journeys per year, on days when the House is sitting.

### **16 July 2010**

The Crown Prosecution Service announced that charges had been brought against Lord Taylor of Warwick in relation to his claims for expense allowances.<sup>59</sup>

### **20 July 2010**

The House of Lords approved a motion to combine the day subsistence, overnight subsistence and office costs elements into a single rate of £300, with a reduced rate allowance of £150. Lord Strathclyde, Leader of the House of Lords, explained that the scheme would come into effect on 1 October. For a transitional period between 1 August and 30 September, the additional office costs allowance would still be available, after which point this allowance would be terminated.<sup>60</sup>

The House also approved motions to enable Peers to claim toll charges for transport which was covered by the mileage allowance, and to allow Peers to recover the costs of

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<sup>57</sup> HL *Hansard*, 8 April 2010, col 1738.

<sup>58</sup> HL *Hansard*, 28 June 2010, cols 1512–13.

<sup>59</sup> Crown Prosecution Service website, 'Lord Taylor of Warwick faces six charges of false accounting', 16 July 2010.

<sup>60</sup> HL *Hansard*, 20 July 2010, cols 915–45.

parking at stations, ports or airports “in respect of journeys by public transport for which Peers are entitled to recover fares”.<sup>61</sup>

The Lords approved the House Committee's Report, *Financial Support for Members of the House of Lords* (July 2010, HL Paper 18). The report recommended that Peers be reimbursed for train travel up to the ceiling cost of a standard open ticket. Baroness Harris of Richmond moved an amendment “that it be an instruction to the committee to bring forward proposals for a scheme for Peers living more than 90 minutes' train journey time from Westminster to be reimbursed for the cost of a first class rail ticket”. The amendment was rejected without a vote.<sup>62</sup>

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<sup>61</sup> HL *Hansard*, 20 July 2010, cols 945–6.

<sup>62</sup> HL *Hansard*, 20 July 2010, col 946.

## 2.2 Expense Allowances since 1957

The table below shows Peers' expense allowances since 1957. It was compiled using the resolutions and debates described in section 2.1, as well as from the *House of Lords Annual Reports*. For the years 1984 to 1990, use was made of the records maintained by David Beamish, Clerk Assistant. The table includes a figure for the total daily maximum allowances at 2009 prices for the years 1957 to 2009, calculated using indices published by ONS and the House of Commons Library, and intended to permit a more accurate comparison of the figures.

Effective from	Night Subsistence (£ per Day)	Day Subsistence (£ per Day)	Office, Secretarial and Research Costs (£ per Day)	Office, Secretarial and Research Costs for non-Sitting Days (£ per Year)	Maximum Claimable (£ per Sitting Day)	Maximum Claimable at 2009 Prices (£ per Sitting Day)	New Attendance Allowance (£ per day)	New Reduced Attendance Allowance (£ per day)
15.07.1957					3.15	56.61		
03.11.1964					4.73	71.45		
01.01.1970					6.50	74.95		
01.01.1972					8.50	83.60		
01.08.1974					11.50	89.34		
13.06.1975					13.50	84.42		
24.03.1977					16.50	76.42		
01.07.1979	18.50	9.00	8.50		36.00	135.77		
01.07.1980	23.00	11.00	10.00		44.00	140.64		
01.07.1981	24.40	11.65	10.60		46.65	133.29		
01.07.1982	25.40	12.10	11.00		48.50	127.59		
01.07.1983	40.00	16.00	17.00		73.00	183.62		
01.08.1984	43.00	18.00	18.00		79.00	189.28		
01.08.1985	47.00	19.00	19.00		85.00	191.98		
01.08.1986	52.00	20.00	20.00		92.00	200.95		
01.08.1987	57.00	21.00	22.00		100.00	209.68		
01.08.1988	60.00	23.00	23.00	414.00	106.00	211.87		
01.08.1989	64.00	24.00	25.00	450.00	113.00	209.57		
01.08.1990	68.00	26.00	27.00	486.00	121.00	205.01		

Effective from	Night Subsistence (£ per Day)	Day Subsistence (£ per Day)	Office, Secretarial and Research Costs (£ per Day)	Office, Secretarial and Research Costs for non-Sitting Days (£ per Year)	Maximum Claimable (£ per Sitting Day)	Maximum Claimable at 2009 Prices (£ per Sitting Day)	New Attendance Allowance (£ per day)	New Reduced Attendance Allowance (£ per day)
01.08.1991	68.00	29.00	29.00	522.00	126.00	201.64		
01.08.1992	69.00	31.00	30.00	720.00	130.00	200.54		
01.08.1993	70.00	31.50	30.50	915.00	132.00	200.44		
01.08.1994	71.50	32.00	31.00	930.00	134.50	199.42		
01.08.1995	74.00	33.00	32.00	960.00	139.00	199.19		
01.08.1996	75.50	33.50	32.50	975.00	141.50	197.99		
01.08.1997	78.00	34.50	33.50	1,005.00	146.00	198.07		
01.08.1998	80.50	35.50	34.50	1,035.00	150.50	197.41		
01.08.1999	81.50	36.00	35.00	1,050.00	152.50	197.00		
01.08.2000	84.00	37.00	36.00	1,080.00	157.00	196.99		
20.06.2001	120.00	60.00	50.00	2,000.00	230.00	283.56		
01.08.2001	122.00	61.00	51.00	2,040.00	234.00	288.49		
01.08.2002	124.00	62.00	52.00	2,080.00	238.00	288.61		
01.08.2003	128.00	64.00	53.50	2,140.00	245.50	289.33		
01.08.2004	132.00	66.00	55.00	2,200.00	253.00	289.55		
10.11.2004	150.00	75.00	65.00	2,600.00	290.00	331.90		
01.08.2005	154.50	77.00	67.00	2,680.00	298.50	332.24		
01.08.2006	159.50	79.50	69.00	2,760.00	308.00	332.24		
01.08.2007	165.50	82.50	71.50	2,860.00	319.50	330.48		
01.08.2008	174.00	86.50	75.00	3,000.00	335.50	333.80		
01.08.2009	174.00	86.50	75.00	3,000.00	335.50	335.50		
01.10.2010							300.00	150.00

### 3. Cost of the House of Lords

The table below shows the costs of the House of Lords since 1957/58. The table compiles figures published in a variety of sources, such as the *Civil Appropriation Accounts*, the *House of Lords Annual Reports* and the *House of Lords Resource Accounts*, for the cost of Peers' expenses, works and the total cost of the House. The way in which the cost of the House of Lords has been recorded over the last fifty years has changed, as have the items that are included under the heading of "costs". The following points should therefore be borne in mind when looking at the table:

- The figures from the financial year 1957/58 until 2000/01 were calculated on a cash basis, and the figures in the table for these years were derived from the *Civil Appropriation Accounts*. The figures from the financial year 2001/02 onwards were calculated on the basis of resource accounting, and have been taken from the *House of Lords Resource Accounts*. This means that the two sets of figures are not necessarily comparable.
- The figures for net total outturn were used, where available, rather than the gross total outturn, although only one figure was provided for 1996/97 and 1997/98.
- Pre-decimal figures have been rounded where necessary.
- The items included in the net total expenditure has varied over the period. For example, early appropriation accounts included in the net total expenditure the costs for items such as the Department of the Lord Chancellor.
- From 1992/93 onwards, a separate vote was raised for works. The term "works" broadly encompasses building maintenance, facilities and accommodation. This was done by both Houses following the recommendations of Sir Robin Ibbs in his report to the House of Commons Commission on the House of Commons services (27 November 1990, HC 38). Previously, a number of services such as printing and works had been paid for out of departmental budgets, and Sir Robin recommended the discontinuation of this practice. The level of the separate vote for works is shown in the table. From the financial year 2001/02 onwards, the net total expenditure figure includes works calculated on the basis of resource accounting. However, the resource accounts contain a separate figure for works, which has been reproduced in the table, and may facilitate comparison to earlier figures.
- The *Appropriation Accounts* for the financial years from 1957/58 to 1961/62 provide separate figures for Peers' travel and other expenses, and these have been subsumed in the table under the heading of "Peers' expenses".
- The figures at 2009 prices were calculated using indices published by ONS and the House of Commons Library.

While the figures give an indication as to the cost of the House of Lords, individual years may not necessarily be comparable, as the figures by and of themselves do not take into account the workload of the House or the circumstances arising in individual years. Furthermore, working practices, the availability of IT, accommodation and support requirements have changed significantly since 1957, and a comparison between the extremes of the data may not be entirely useful. However, for each heading a figure at 2009 prices has been provided to allow a more even comparison.

Financial Year	Peers' Expenses (£ 000s)	Peers' Expenses at 2009 Prices (£ 000s)	Total Works (£ 000s)	Total Works at 2009 Prices (£ 000s)	Total Expenditure (£ 000s)	Total Expenditure at 2009 Prices (£ 000s)
1957/58	24	424			169	3,044
1958/59	38	656			195	3,390
1959/60	42	731			214	3,703
1960/61	45	779			232	3,977
1961/62	53	884			259	4,296
1962/63	52	834			261	4,152
1963/64	58	902			292	4,556
1964/65	70	1,060			324	4,893
1965/66	106	1,530			347	5,010
1966/67	117	1,631			373	5,174
1967/68	132	1,788			400	5,408
1968/69	147	1,907			457	5,903
1969/70	140	1,716			465	5,707
1970/71	170	1,963			534	6,162
1971/72	272	2,869			726	7,649
1972/73	326	3,203			860	8,458
1973/74	277	2,493			837	7,542
1974/75	340	2,641			1,114	8,653
1975/76	595	3,719			1,688	10,556
1976/77	711	3,814			1,920	10,304
1977/78	620	2,873			2,244	10,391
1978/79	625	2,673			3,006	12,857
1979/80	764	2,881			4,001	15,088
1980/81	1,354	4,329			5,709	18,250
1981/82	1,434	4,097			6,206	17,733
1982/83	1,622	4,267			6,976	18,353
1983/84	1,751	4,404			7,382	18,568
1984/85	2,520	6,038			8,642	20,706
1985/86	2,906	6,563			9,885	22,326
1986/87	3,233	7,062			10,809	23,610
1987/88	2,966	6,219			11,081	23,234
1988/89	4,009	8,013			12,947	25,879
1989/90	4,060	7,530			14,464	26,824
1990/91	4,577	7,755			16,362	27,722
1991/92	4,990	7,986			18,485	29,582
1992/93	4,513	6,962	10,078	15,547	22,139	34,153
1993/94	6,274	9,527	10,918	16,579	25,342	38,481
1994/95	6,496	9,631	13,540	20,075	23,841	35,348
1995/96	6,659	9,542	14,820	21,237	25,026	35,863
1996/97	7,021	9,824	13,639	19,084	24,880	34,813
1997/98	6,579	8,926	13,784	18,700	25,623	34,762
1998/99	9,487	12,444	13,560	17,787	29,679	38,930
1999/2000	9,141	11,808	14,144	18,271	31,123	40,205
2000/01	8,099	10,162	15,190	19,059	30,553	38,335
*2001/02	10,477	12,917	40,453	49,873	71,449	88,086
2002/03	13,773	16,702	44,995	54,562	85,817	104,064
2003/04	13,597	16,025	36,983	43,586	81,119	95,603
2004/05	14,429	16,514	44,450	50,872	90,766	103,879
2005/06	15,613	17,378	55,880	62,196	106,382	118,407
2006/07	17,718	19,112	42,951	46,331	99,696	107,543
2007/08	18,399	19,031	39,052	40,394	121,500	125,675
2008/09	18,988	18,892	39,623	39,422	102,955	102,432
2009/10	17,237	17,237	37,973	37,973	111,655	111,655

\* Change from cash to resource accounting.

