

# Pay for Chairs of Committees

## Final report

May 2016



**PAY FOR CHAIRS OF COMMITTEES**

**FINAL REPORT**

MAY 2016

## Contents

Foreword by the Board of IPSA.....	2
1. Our consultation .....	3
2. Responses to the consultation and IPSA’s position.....	4
Chairs of Select Committees .....	4
Members of the Panel of Chairs.....	7
Future adjustments to salary .....	12
3. Implementation .....	14
Annex A – Determination on the Additional Salary for Specified Committee Chairs .....	15
Annex B – Salaries for Members of the Panel of Chairs since introduction .....	17
Annex C – Salaries for Chairs of Select Committees since introduction .....	18

## Foreword by the Board of IPSA

IPSA has a statutory obligation to conduct a review of MPs' pay and pensions in the first year of each Parliament. This includes a statutory obligation to review the additional salaries that are paid to Chairs of Select Committees, and to Members of the Panel of Chairs. We launched a public consultation on this issue in March of this year which considered whether any changes to the current arrangements were warranted. We thank all those who shared their views with us.

For Chairs of Select Committees, we found no evidence that the current salary should be changed. On this basis, our consultation proposed retaining the present level of pay for all Chairs of Select Committees. The responses we received to our proposals were positive and encouraging. This was also the case for our suggestion that Chairs' salaries, like MPs' basic pay, should be linked to public sector earnings in future.

For Members of the Panel of Chairs, we considered that the current four-tier salary structure to be out of keeping with much modern employment practice and we proposed options which might bring in a single level of pay for all Members of the Panel of Chairs, while remaining cost-neutral. Our proposals received a mixed reaction. Many agreed that the present four-tier salary structure is cumbersome, outdated, and in need of reform. Some respondents raised concerns that, if salaries were reduced, the role would not be properly rewarded.

We have taken into account all of the responses we received. We have determined that the current salary structure does not reflect the reality that the Chairs of all Committees play important, albeit different, roles in the United Kingdom's democratic process. We therefore consider it appropriate that there is parity in the salaries they receive. Chairs of Select Committees will continue to receive their current salary, with Members of the Panel of Chairs receiving the same amount for their work. Both salaries will change in proportion to average public sector earnings from April 2017.



**Sir Ian Kennedy  
(Chair)**



**The Hon  
Sir Robert Owen**



**Elizabeth  
Padmore**



**The Rt Hon  
John Thurso**



**Anne  
Whitaker**

## 1. Our consultation

1. In our consultation document *Reviewing Pay for Chairs of Committees*, which ran from 11 March until 18 April 2016, we set out a number of options for the remuneration options for Chairs of Committees.
2. For Chairs of Select Committees, we proposed retaining the current flat rate of pay at £15,025. For Members of the Panel of Chairs, who receive a tiered salary depending on years of service, we identified the following options:
  - A) increase the salaries for all Members of the Panel to £15,025, the highest salary tier, and the same level for Chairs of Select Committees;
  - B) set a single salary at the same level as the current third tier, £11,419, or the current second tier, £8,415;
  - C) calculate a single rate of pay by dividing the total annual amount currently spent on salaries by the number of Members of the Panel, to ensure cost-neutrality, resulting in a proposed salary of £9,600;
  - D) adopt Option C, but introduce transitional arrangements for existing Members of the Panel who currently earn more than this rate;
  - E) conduct a formal job evaluation for Members of the Panel to determine the best structure for pay.
3. For future adjustments to both sets of salaries, we identified two options:
  - index salaries to average public sector earnings, as we do with MPs' basic pay; or
  - set a new salary level in the first year of each new Parliament.
4. We received 24 responses in total including from MPs who serve as Chairs and some who do not, from key external audiences and from members of the public.
5. We have read, analysed, and considered each response to the consultation, taking account of all their views.

## **2. Responses to the consultation and IPSA's position**

### **Chairs of Select Committees**

#### ***Our proposal in the consultation***

6. As we noted in our consultation, we have found no evidence to suggest that the current flat rate of pay for Chairs of Select Committees needs to be changed. Publicly available sources suggest that the workload of a Chair is highly varied and can be significant.
7. We proposed that the current salary level of £15,025 was appropriate.

#### ***Responses from members of the public***

8. Three members of the public responded to our questions. Two noted that they considered the level of salaries for Chairs of Committees to be too high.

#### ***Responses from MPs***

9. The views expressed by MPs (both those who currently serve as Chairs of Select Committees and those who do not) were mostly in favour of our proposal to retain the current rate of pay:

*The role and significance of Select Committees continues, rightly in my view, to grow – they are a critical part of the checks and balances within our Parliamentary process. That expanding role is reflected in the workload of the Chairs. For these reasons, I agree with the proposal to retain the current arrangements for Select Committee chairs.*

- Robert Neill MP, Chair of the Justice Select Committee

10. Most Chairs of Select Committees who responded, whilst agreeing with the level of salary, argued that levels of staffing support to Chairs were not sufficient:

*I believe that Chairs need more support from IPSA in undertaking their extra duties, in the form of an increase in staffing allowance for Members who also serve as Committee Chairs... [I]t would not be appropriate for House staff to draft my speeches for these debates, in which I express my own personal and political views. I would therefore like to see an uplift in the staffing allowance for Chairs, in order to deal with this increase in workload which comes on top of the work already done by Members' staff.*

- Helen Jones MP, Chair of the Petitions Select Committee

*The demands on my Parliamentary staff have increased significantly. Although the administration of the Committee rests with the House of Commons Committee Clerks, my staff also spend a significant amount of their time liaising with the Clerks, researching briefings for me..., drafting blogs and editorials on my Committee work, and arranging meetings.*

- Crispin Blunt MP, Chair of the Foreign Affairs Select Committee

11. One MP who had previously been a member of a Select Committee argued that a higher level of remuneration should be paid to Select Committee Chairs who scrutinise the main offices of state:

*I would therefore request that IPSA undertakes further work to see whether the actual workload... faced by the Chairs of the Public Accounts Committee, the Treasury Select Committee, the Foreign Affairs Select Committee and the Home Affairs Select Committee can be measured as significantly more demanding than those of other Select Committees.*

- Anonymous

12. Two MPs, one of whom is a current serving Chair, argued that removing salaries for Chairs of Select Committees would be beneficial to the Parliamentary process:

*I have long been doubtful about the appropriateness of additional remuneration for select committee chairmen. In 2002, when it was first proposed, I voted for no differences in remuneration amongst Members who are not Ministers... The work is done in our capacity as Members of Parliament. Additional remuneration would also take Parliament a step further*

*towards full professionalization of the House... MPs are not salaried officials. The heavy workload that many undertake is not commensurate with the public sector more generally, or the private sector. It is something that MPs accept when they enter Parliament and, in my experience, most MPs are not at Westminster for the money.*

- Rt Hon Andrew Tyrie MP, Chair of the Treasury Select Committee

### **Responses from other organisations, institutions, and academic experts**

13. We received very few responses from external organisations or academic institutions and experts. One academic expert agreed with our proposal:

*I think the additional salary for Chairs of Select Committees is fully justified, because it is a demanding role which requires a lot of preparation and work behind the scenes. But I do not think it requires any further increase, because it brings a lot of prestige and job satisfaction, which provides its own reward.*

- Professor Robert Hazell, Constitution Unit, University College London (UCL)

### **Our position**

14. The majority of the responses, particularly those from Chairs, gave strong support to our proposal.

15. Although some Chairs argued that they required more staff to help with their Committee work, we did not consult on this issue, and do not consider the provision of staffing support to Chairs of Committees to be within the remit of this review. We will nonetheless consider this as part of our current, separate consultation on the *MPs' Scheme of Business Costs and Expenses*.

16. We have considered the arguments in favour of providing a different level of salary to the Chairs of certain Select Committees. However, quantifying or measuring the work done by different Chairs of Committees would be a difficult task, and which could potentially be unfair on efficient Chairs of Committees who conduct a lot of work quickly. In any case, this would be a matter for Parliament rather than for IPSA.

17. We have also considered the arguments in favour of eliminating salaries for Chairs of Select Committees. However, we have concluded that it is right to respect the decision that was made by the House of Commons in 2003 when salaries for Chairs of Committees were first introduced.
18. In the light of the responses we received to our consultation and the evidence we have collected, we have determined that the current additional salary level of Chairs of Select Committees should be retained at £15,025 per year.

## **Members of the Panel of Chairs**

### ***Our proposals in the consultation***

19. We noted in our consultation that there was some evidence to suggest that, although the function of a Member of the Panel of Chairs is no less important than that of a Chair of a Select Committee, the normal workload may be less, and with a less high profile.
20. We also noted that the current structure of salaries for Members of the Panel is considered by many to be cumbersome and outdated. Presently, Members of the Panel receive a different salary according to their years of service on the Panel (see Annex B for further details). The evidence we collected suggested that this structure no longer reflects the routine working practices of the Panel.
21. We also questioned whether the current probationary period of service of one year, which Members of the Panel must complete before progressing to a higher salary tier, remained appropriate.
22. We therefore proposed streamlining the salary structure by introducing a single rate of pay, and eliminating the requirement for Members of the Panel to complete a probationary period of work. As for the level of this single rate, we identified a number of options which are outlined in full at paragraph 2 of this report.
23. We stated a preference for adopting Option C, which proposed calculating a single rate by dividing the total annual amount currently spent on salaries by the number of Members of the Panel, as this option would present no additional cost to the taxpayer.

### ***Responses from members of the public***

24. Three members of the public responded to our questions. Two noted that they considered the level of salaries for Chairs of Committees to be too high.

### ***Responses from MPs***

25. Four MPs who responded to this question were broadly supportive of our proposal to streamline the salary structure of the Panel. They commented that they believed streamlining to be the logical choice, particularly considering the single rate structure in place for Chairs of Select Committees.
26. One MP, who, as the Chairman of Ways and Means when salaries were first introduced, had oversight of the Panel's work, highlighted the merits of the four tiered structure (Annex B):

*Contrary to the opinion of the Senior Salaries Review Body at that time, [the structure] rewarded long service. By the very nature of the job there were sound reasons for that approach. Experience was a vital factor. So too was availability, often at short notice... Some people thrived in this type of work, whilst others struggled and felt it was not their thing... If a person was uncomfortable in the job, to lose a modest amount of remuneration was not too serious a blow.*

- Rt Hon Sir Alan Haselhurst MP, former Chairman of Ways and Means, former Chair of the Administration Select Committee

27. Most respondents also agreed that the probationary period of assessment should be eliminated (or reduced) as part of the streamlining package:

*I am not wedded to the idea of a probationary period of pay, particularly as the probationary period is... short and within a few months new Chairs are expected to tackle the same tasks as their more experienced colleagues.*

- Rt Hon Lindsay Hoyle MP, Chairman of Ways and Means

28. We received a mixed reaction to our proposals for setting the level of a single rate of salary for Members of the Panel of Chairs.
29. One Select Committee Chair and Member of the Panel argued against any changes to the level of salaries currently paid to all Members of the Panel:

*The House's resolution on additional pay for Chairs is founded on the belief that Parliament ... should offer Members a career structure that recognises and rewards senior service to the legislature... The Panel of Chairs is mostly but not exclusively populated by the awkward, the spikey and the difficult: character traits that probably make them unsuitable for Ministerial preferment but traits that should not exclude them from securing senior and respected positions in the House of Commons as Committee Chairs, overseeing the transaction of legislative business and the conduct of debate. A position that after 5 years secures the holder a level of remuneration that at just over £15,000 still places him or her more than £8,000 behind the newest of Junior Ministers... In the absence of any better system, I suggest that the status quo is retained.*

- Charles Walker MP, Chair of the Procedure Select Committee, and Member of the Panel of Chairs

30. One MP supported the option which proposed conducting a formal review of the job of Members of the Panel of Chairs in order to determine an appropriate salary level:

*I am unaware of any measured reason for the salary of long-serving Panel Members being the same as that of a Select Committee Chair. Paying members of the Panel was agreed at a later date than the remuneration of Select Committee Chairs. Accordingly equivalence looked right. Maybe the time is ripe for proper evaluation.*

- Rt Hon Sir Alan Haselhurst MP

31. Arguments were also expressed in favour of setting the single rate of salary for all Members of the Panel at the current highest tier rate:

*Option A is undoubtedly more expensive than Options B, C, and D. I do, however, feel strongly that it is the right option... The consultation paper argues that the task of being a Panel member could be seen as less demanding than the task of being a Select Committee Chair, but I would argue that they are largely different tasks and the comparisons your consultation makes between them are not always fair or helpful. The House needs a cadre of Members who are prepared to work at short notice, to timetables set by others... I am worried that if the salary were reduced this would be seen as a down-grading of the Panel and we might struggle to attract such experienced Members in future.*

- Rt Hon Lindsay Hoyle MP

32. Concerns were also raised about the viability of our preferred, cost-neutral option:

*The cost of the Panel currently varies from year to year... It would also vary if new members were appointed to the Panel or members were discharged. There is therefore no fixed cost of the Panel under the current system. It is not clear to me why you would take the cost of the Panel this particular year and argue that the cost of the Panel in future should not rise above this sum. The cost-neutral comparison is to the cost of the Panel at an arbitrary point in time.*

- Rt Hon Lindsay Hoyle MP

### **Responses from other organisations, institutions, and academic experts**

33. One academic expert suggested that there was a good case for a single-tier, cost-neutral option:

*It is hard to think of good public sector comparators, but in the law deputy High Court judges receive fees of £800 per day, and Recorders and deputy Circuit judges around £600 per day... [F]or the senior members on the top scale the rates of pay for the work done seem very generous. This does suggest the need for rigorous review by IPSA. There seems no case for an increase; and if the figures here are broadly correct, there is a good case for a decrease. This suggests supporting Option C, with no transitional relief for those currently on £15k.*

- Professor Robert Hazell

## ***Our position***

34. Most respondents to this question supported our proposal to streamline the salary structure for Members of the Panel of Chairs, which reinforced our finding that the structure does not reflect the level of work that both new and experienced Members of the Panel are expected to take on. There was also widespread agreement that, considering the norm in other professions, a probationary period of lower pay was not appropriate.
35. We have therefore taken the decision to simplify the structure of the additional salary paid to Members of the Panel of Chairs. All Members of the Panel will receive a single rate of salary, from the date on which they are appointed to the Panel until the day they leave, for which there will not be a probationary period.
36. The level at which this single salary should be set is a separate question which provoked some debate amongst respondents.
37. In our consultation, we stated our preference for an option that presented no additional cost to the taxpayer, such as by dividing the total current cost of salaries for Members of the Panel by the number of Members of the Panel to create a single salary for all. But we have been persuaded that this methodology would be too arbitrary as it varies from year to year as Members of the Panel move from one tier to the next and as the number of Members on the Panel changes. The cost of the Panel thus fluctuates annually, so an average salary calculated during the last Parliament would have varied from £6,932 in 2010-11 when there were 39 MPs on the Panel with more paid on the lower-tier salary, to £11,849 in 2014-15 when there were 36 MPs on the Panel paid more at the higher-level tiers.
38. We concluded, moreover, that the ‘target’ salary for the role, and the salary level at which over half of those on the Panel are already paid, is the same rate at which Select Committee Chairs are paid. The clear implication of this is that, once Members of the Panel of Chairs have experience in the role, Parliament values their contribution equally to that of Select Committee Chairs. Respondents to our consultation also asserted that, although the work of Members of the Panel of Chairs is less visible than that of Select Committee Chairs, it is no less valuable to the workings of Parliament.
39. We therefore concluded that it is for Parliament rather than IPSA to judge the relative value of the work done by Members of the Panel of Chairs as compared to the work of Chairs of Select

Committees. When salaries were first introduced in 2005, Parliament determined that the most experienced Members of the Panel should be paid at the same rate as Chairs of Select Committees, as their roles were considered equally valuable.

40. We have therefore determined that the single salary rate for all Members of the Panel of Chairs will be set at £15,025. This is the same salary level currently paid to Chairs of Select Committees. More than half of the current Panel already receive this salary. The salaries of the remaining Members of the Panel will be uprated in line with the new level, and will be reflected in salaries in June. This will cost £130,000 more in 2016-17, with a lower additional cost in future years as MPs would anyway have attained the higher salary as they move up the current tiered pay structure.
41. As there are currently no statutory restrictions on the size of the Panel, we sought assurance from Parliament that the cost of the Panel to the taxpayer would not increase inappropriately. We would reconsider our determination in the event that there is a significant increase in cost. We received assurance from the Speaker of the House of Commons that he does not envisage the size of the Panel increasing from its current level.

## **Future adjustments to salary**

### ***Our proposal in the consultation***

42. We noted in our consultation that salaries for both Chairs of Select Committees and Members of the Panel of Chairs could, like MPs' basic pay, be indexed to the annual change in average public sector earnings. An alternative option is to set the salary in the first year of each new Parliament.
43. No members of the public, other organisations, institutions or academic experts responded to this question.

### ***Responses from MPs***

44. Most MP respondents argued that indexing Chairs' salaries was the logical option, given the arrangements for MPs' basic salaries implemented in May 2015:

*I support applying the same mechanism to adjusting the pay of Committee Chairs. As you point out, a system of fixing pay for the duration of the Parliament could mean a larger adjustment would then be needed at the beginning of a new Parliament.*

- Rt Hon Lindsay Hoyle MP

### ***Our position***

45. With effect from the 1 April 2017, and in all future years, the salaries for Chairs of Committees will be adjusted by the rate of annual change in public sector average earnings.

46. For the purposes of this report, “annual change in public sector average earnings” is defined as the seasonally-adjusted, three-month average change in public sector average weekly earnings ending in the previous October, compared with the same period a year earlier. These data are published by the Office for National Statistics monthly as the AWE-KAC9 series.

### **3. Implementation**

47. For Select Committee Chairs, no changes have been proposed.
48. For Members of the Panel of Chairs, the changes that we have agreed will be reflected in their June 2016 salary.
49. The first adjustment by the rate of annual change in public sector average earnings will take place in April 2017.

## **Annex A – Determination on the Additional Salary for Specified Committee Chairs**

1. This determination was made by IPSA under Section 4 of the Parliamentary Standards Act 2009 on 25 May 2016 and comes into effect on that date. It supersedes the determination on the Additional Salary for Specified Committee Chairs which was made by IPSA on 5 December 2013.
2. The holder of an office or position specified by the House of Commons in a resolution under Section 4A(2) of the Parliamentary Standards Act 2009 (collectively called “specified Committee Chairs”) shall be paid a salary per annum (referred to as an "Additional Salary") by IPSA in accordance with this determination in addition to the MP Salary he or she shall be entitled to receive as a Member of Parliament.
3. For the avoidance of doubt, the term “specified Committee Chairs” covers Chairs of Select Committees and Members of the Panel of Chairs.
4. With effect from 1 June 2016, the Additional Salary per annum for specified Committee Chairs will be £15,025.
5. With effect from 1 April each year, starting with 1 April 2017, the Additional Salary per annum for specified Committee Chairs will be adjusted by the rate of annual change in public sector average earnings.
6. For the purposes of this determination ‘annual change in public sector average earnings’ means the seasonally-adjusted, three-month average change in public sector average weekly earnings ending in the previous October, compared with the same period a year earlier. These data are published by the Office for National Statistics monthly as the AWE-KAC9 series.
7. This determination will be reviewed in the first year of each Parliament, as required by Section 4 of the Parliamentary Standards Act 2009.
8. No specified Committee Chair shall:
  - a. receive more than one Additional Salary under this determination, or
  - b. receive an Additional Salary for any period, or part thereof, if the specified Committee Chair is also entitled to a further salary by virtue of any provision of the Ministerial and other Salaries Act 1975.

### ***Select Committee Chairs***

9. The Chair of a Select Committee specified by the House of Commons in a resolution under Section 4A(2) of the Parliamentary Standards Act 2009 shall be paid the Additional Salary in respect of a period that:
  - a. begins with the day on which the Member becomes Chair of such a Committee (or the day on which the Committee is constituted, if later); and
  - b. ends on the day on which the Member ceases to be Chair (or, if he or she is Chair of more than one such committee, he or she ceases to be Chair of the last of those committees).
10. If the name of a specified Select Committee is changed, this will be taken to be a reference to the Committee by its new name.
11. If the functions of a specified Select Committee become functions of a different Committee, this will be taken to be a reference to the Committee by whom the functions are for the time being exercisable.

### ***Members of the Panel of Chairs***

12. A Member of the Panel of Chairs shall be paid an Additional Salary in respect of any period served as a Member of the Panel of Chairs. The period shall begin on the day on which the Member is appointed to the Panel and end on the day on which the Member ceases to be a member of the Panel.

## Annex B – Salaries for Members of the Panel of Chairs since introduction<sup>1</sup>

### (a) Salary determined in accordance with resolutions of the House of Commons

£ per annum	Length of service			
	Less than one year	1-3 years	3-5 years	At least 5 years
from 1 November 2005	2,615	7,340	9,960	13,107
from 1 April 2006	2,642	7,414	10,060	13,239
from 1 November 2006	2,668	7,487	10,160	13,370
from 1 April 2007	2,708	7,600	10,313	13,571
from 1 November 2007	2,737	7,679	10,421	13,713
from 1 April 2008	2,802	7,862	10,669	14,039
from 1 April 2009	2,867	8,045	10,918	14,366
from 1 April 2010	2,910	8,166	11,082	14,582
from 1 April 2011	2,910	8,166	11,082	14,582
from 1 April 2012	2,910	8,166	11,082	14,582

### (b) Salary determined by the Independent Parliamentary Standards Authority

£ per annum	Length of service			
	Less than one year	1-3 years	3-5 years	5 years or more
from 1 April 2013	2,940	8,248	11,193	14,728
from 1 April 2014	2,970	8,331	11,305	14,876
from 1 April 2015	3,000	8,415	11,419	15,025

Sources: Independent Parliamentary Standards Authority, [Reviewing MPs' Pay and Pensions: A First Report](#), January 2013, Annex A; Independent Parliamentary Standards Authority, [MPs' Pay and Pensions – Final Report](#), December 2013, Annex B

<sup>1</sup> *Public Bill and General Committees: pay for Chairs*, (2014), House of Commons Library, [http://www.legco.gov.hk/general/english/library/stay\\_informed\\_parliamentary\\_news/pay\\_for\\_chairs\\_bills\\_committee.pdf](http://www.legco.gov.hk/general/english/library/stay_informed_parliamentary_news/pay_for_chairs_bills_committee.pdf), accessed on 25/11/2015

## Annex C – Salaries for Chairs of Select Committees since introduction <sup>2</sup>

### ***(a) Salary determined in accordance with resolutions of the House of Commons***

#### **£ per annum**

from 26 November 2003 12,500

from 1 April 2004 12,750

from 1 April 2005 13,107

from 1 April 2006 13,239

from 1 November 2006 13,370

from 1 April 2007\* 13,571

from 1 November 2007 13,713

from 1 April 2008 14,039

from 1 April 2009 14,366

from 1 April 2010 14,582

from 1 April 2011 14,582

from 1 April 2012 14,582

\* at the beginning of 2007/08 the additional salary of select committee chairmen increased to £13,459 per annum but this increase was superseded by a back-dated increase following the publication of the SSRB review of parliamentary pay and allowances in January 2008.<sup>79</sup>

### ***(b) Salary determined by the Independent Parliamentary Standards Authority***

#### **£ per annum**

from 1 April 2013 14,728

from 1 April 2014 14,876

from 1 April 2015 15,025

Sources: Independent Parliamentary Standards Authority, *Reviewing MPs' Pay and Pensions: A First Report*, January 2013, Annex A; Independent Parliamentary Standards Authority, *MPs' Pay and Pensions – Final Report*, December 2013, Annex B

---

<sup>2</sup> *Modernisation: Select Committees – pay for chairs*, (2014), House of Commons Library