

## No. 31

### MINISTERIAL SALARIES

Revised July 1997

Ministerial salaries are currently governed by the *Ministerial and Other Salaries Act, 1975, c 27*, and updated by Orders (which are Statutory Instruments). The Order has first to be approved in draft by resolution of each House. Like Members' pay, the official salary of Ministers has been since 1971 the subject of review by formerly the Top Salaries Review Body, now the Senior Salaries Review Body.

Current salary rates are quoted in Appendix D.

#### HISTORY: UP TO 1937

Ministers of the Crown have in fact always been paid in one form or another, but it was not until as late as the *Ministers of the Crown Act, 1937*, that there was any *comprehensive* treatment of Ministers' salaries. Indeed, until the late eighteenth century, the regular salary of a Ministerial office represented the least important of the financial gains of a Minister. According to Macaulay's *History of England*:

*"From the nobleman who held the White Staff and the Great Seal, down to the humblest tidewaiter and gauger, what would now be called gross corruption was practised without disguise and without reproach. Titles, places, commissions, pardons, were daily sold in the market overtly by the greatest dignitaries of the realm; in the 17th Century a statesman who was at the head of affairs might easily, and without giving scandal, accumulate in no long time, an estate amply sufficient to support a dukedom."*

[vol 1, pp 307-10]

The period of reform of Ministers' salaries and incomes could be said to begin with Edmund Burke's Bill introduced in 1782, which became *An Act to enable His Majesty to recompense the Services of Persons holding, or who have held, certain high and efficient Civil Offices*. This abolished several anachronistic offices, and referred piously to a "*new and economical Plan (which) it is intended to be adopted concerning the reimbursement of his Majesty's Ministers*". Edmund Burke in 1782 described his Bill, with some exaggeration, as "*a cutting off of all those sources of influence which were so derogatory to the spirit of the Constitution, and have proved so fatal to this country*".

In the fifty years after 1782, more and more sinecures and pensions were whittled away -indeed in some cases the actual salary was reduced as well. The 1831 *Select Committee on the Reduction of Salaries* (1830/31 HC 322, Vol III, p445 ff) further recommended reductions and reform - for example, the Home Secretary's salary was reduced by £1,000 to £5,000. By the time of the Reform Act of 1832, the position had in fact so far been reversed that, far from high office leading to a fortune, a fortune was needed to sustain it - William Pitt the Younger, for example, had a net income as First Lord of the Treasury of about £5,000 - from late 1792 he also received £4,382 gross as Lord Warden - but the costs of official life were such that this was insufficient, and he died deeply in debt.

The 1850 *Select Committee on Official Salaries* (HC 61 1) made no major changes to the structure suggested by the 1831 Committee - but it is of special interest in the variety and number of witnesses who agreed that a degree of proper remuneration was absolutely necessary - see below for the evidence given by the then Chancellor of the Exchequer, Sir Charles Wood:

Question 101: **Mr Ellice** - *If you were to reduce the salaries of public offices very much, would not the consequence be, that no persons who had not large private fortunes could venture to undertake them?*

Answer: **Sir Charles Wood** - *That would be the consequence. If the salaries of these offices were brought so low as to exclude the possibility of men of small fortune taking them, I conceive it would do a most irreparable injury to the public service, and great injustice to such parties.*

Question 102: **Mr Ellice** - *If you do not give adequate salaries to persons holding these high offices, would not persons of moderate fortune be exposed to ruin and their private fortunes from the numerous applications that would be made to them, and from the expectations that would be entertained of their filling the offices with the same degree of hospitality which others in better circumstances had done?*

Answer: **Sir Charles Wood** - *Yes; some people have given up the profession of the law, for instance, for a political office, but they could not have done that, unless they had happened to have some private fortune to fall back upon in the event of their being turned out of office.*

Developments between the 1850 Select Committee Report and the 1937 *Ministers of the Crown Act* are summarised in the Report of the Lawrence Committee in 1964 (The Remuneration of Ministers and Members of Parliament, Cmnd 2516). The Table in Appendix A sets out in a representative fashion some of the changes in salaries between 1780 and 1965. It is of interest in that it can be seen that in the case of many of the great offices of state, there was no change in salary for the hundred years between 1830 and 1930.

## 1937 TO DATE

The *Ministers of the Crown Act 1937* was the first comprehensive enactment relating to ministerial salaries - several individual salary changes *were* made, but apart from providing for a salary of £10,000 for the Prime Minister, it generally gave statutory confirmation to the levels of remuneration which had then been paid, as has been pointed out in some cases for over a century. The Act also provided for the payment of an annual salary of £2,000 to the Leader of the Opposition.

The next *Ministerial Salaries Act* was in 1957, which the Lawrence Committee summarised as follows:

*This Act followed immediately after the increase in the emoluments of Members of the House to a total of £1,750, of which £750 took the place of the existing sessional allowance. By repealing Section 6(2) of the Act of 1937 it enabled all Ministers to receive this allowance of £750 in addition to their salaries. The Act also made certain changes in ministerial salaries by providing that salaries not exceeding £3,000 should be increased as follows:*

- (1) *that the salaries of the Financial Secretary and the Economic Secretary to the Treasury should be £3,750;*
- (2) *that other salaries should be increased by*
  - (a) *£1,000 where they were less than £2,000 and*
  - (b) *£750 in any other case.*

Between 1957 and the 1964 Lawrence Report there were no further changes, and the Lawrence Committee recommended that ministerial salaries be substantially increased: ministers had especially suffered - on appointment they had to give up all but £750 of the parliamentary salary, and were also debarred from supplementing their ministerial salary by engaging in an occupation outside Parliament. The highest level for senior ministers had been previously established as long ago as 1831. Therefore, various recommendations were made - see Appendix A. Ministers' salaries were increased considerably in 1965, but by no means up to the levels of the Lawrence Committee's recommendations.

The 1972 Act followed the (Boyle) Report of 1971. The TSRB (Cmnd 4836) had recommended increases, and also "*some element of remuneration... for the time spent by Ministers in attending to the interests of their constituents*" instead of just a tax allowance. The Report (Boyle) recommended a Parliamentary salary of £3,000 which was accepted.

The *Ministerial and Other Salaries Act*, 1972, implemented in full the TSRB recommendations as follows (the previous, *ie* 1965, figures are shown in brackets):

Prime Minister	£20,000 (£14,000)
Cabinet Minister (Commons)	£13,000 (£8,500)
Minister of State	£7,500-£9,500 (£5,625 - £7,625)
Parliamentary Secretary Under Secretary of State	£5,500 (£3,750)

The 1975 Act, was a Consolidation Act and is still in force as amended (*see the Ministerial and Other Pensions and Salaries Act 1991*), bringing together a number of previous enactments. Ministers' salaries are nowadays periodically updated by means of Orders made under this Act. Appendix D gives further details of the present actual salaries of various Ministers including, where appropriate, the parliamentary salary (see below).

Users of the Ministerial Salaries Orders should note that the amounts stated therein are maxima which may bear little relation to the amounts actually paid.

## **CURRENT MINISTERIAL PARLIAMENTARY SALARIES**

In the Boyle Committee Report of 1979 (Cmnd 7598) it was confirmed that the Parliamentary Salary should not equal the full salary of a backbench MP on the grounds that the responsibility of Ministerial office must impinge on the individual's ability to undertake the full range of an MP's Parliamentary activities. In fact the Committee found that the average amount of time Ministers as a group devoted to constituency business had decreased since 1975.

In July 1996 the Review Body on Senior Salaries (SSRB, successor to the TSRB) recommended in its 38th Report (Cm 3330) that Ministers receive the *full* Parliamentary salary as from 1 July 1996, on the grounds that the responsibilities of a Minister to his or her constituents are the same as those of a backbencher. Following a debate on 10 July 1996 the House agreed to accept the recommendation. The House also agreed to the SSRB recommendation that the uprating formula for increasing pay be applied to Ministers as it is to Members and that the differentials for the Prime Minister and Cabinet Ministers be increased. However, the new Labour Government announced on 8 May 1997 that the Prime Minister and Cabinet Ministers would not take the post-election increases.

## RELATED ALLOWANCES

Ministers who leave office are granted a severance payment, generally equalling three months of their annual ministerial salary.

Since 1991 former Prime Ministers have been entitled to a Public Duty Costs Allowance (PDCA) to assist with continuing additional office costs which they are liable to incur because of their special position in public life, (not payable in addition to "Short" money if the individual also occupies the position of Leader of the Opposition). The allowance is equal in amount to the Members' Office Costs Allowance (OCA), currently **£47,568** annually.

For *Members'* salaries, see Factsheet 17.

## SELECT BIBLIOGRAPHY

Wm. Farr *On the Pay of Ministers of the Crown* (lecture) 1957

*Select Committee on the Reduction of Salaries* 1831  
[HC 322], Vol 111, p 445

*Select Committee on Ministers' Salaries* 1850  
[HC 61 1 ], Vol XV, p 179

*Lawrence Committee Report* 1964 [Cmnd 2516]

*HC Library Background Paper 19* (Ministerial Salaries) 1971

*Review Body on Senior Salaries 38th Report* 1996 [Cm 3330]

This Factsheet was originally prepared with assistance from staff of the Research Division of the House of Commons Library and Mr C J Southey of the Treasury.

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Fiona Ward  
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APPENDIX A

REPRESENTATIVE MINISTERIAL SALARIES 1780 - 1965									
	1780	1830	After the 1831 Report	1930	Ministers of the Crown Act 1937	1964	1964 Lawrence Committee recommendations	Ministerial & Other Salaries Consolidated Act 1965	
First Lord of the Treasury (after 1937 Prime Minister)		£5,000	£5,000	£5,000	£10,000	£10,000	£18,000	£14,000	
Chancellor of the Exchequer	£5,398+ about £800 in fees	£5,398+ about £800 in fees	£5,000	£5,000	£5,000	£5,000	£12,000	£8,500	
Secretary of State (not including Scotland)	about £7,000 (from various sources)	£6,000	£5,000	£5,000	£5,000	£5,000	£12,000	£8,500	
Minister of Agriculture		Fixed by Statute in 1859 at £2,000			£5,000	£5,000	£12,000	£8,500	
Attorney General		Wholly from fees until fixed in 1871 at £7,000+; fees of about £18,000 in the 1920s			unchanged	£10,000 fixed in 1946 fees abolished	£16,000	£13,000	
Under Secretary	n/a	£2,000	£1,500	£1,500	£1,500	£2,500 from 1957	£5,000	£3,750	
Minister of State/ Ministers not in Cabinet						usually £3,750 some £4,500	£7,500-£10,750	£5,625-£7,625	
Leader of the Opposition					£2,000	£3,000 from 1957		£4,500	

**Note:** No salary attached to office of Prime Minister before 1937

**Salary entitlement for Ministers in Commons since 1965**  
Excluding Parliamentary salary (see Appendix C)

	Prime Minister	Cabinet Ministers		Ministers of State		Parliamentary Under Secretaries	
		Commons	Lords	Commons	Lords	Commons	Lords
April 1965	£14,000	£8,500	£8,500	£5,625	£5,625	£3,750	£3,750
April 1972	£20,000	£13,000	£13,000	£7,500	£7,500	£5,500	£5,500
June 1976	£20,000	£13,000	£13,000	£7,500	£7,500	£5,500	£5,500
June 1977	£20,000	£13,000	£13,000	£7,500	£7,500	£5,500	£6,020
July 1978	£22,000	£14,300	£14,300	£8,250	£8,822	£6,050	£6,622
July 1979	£33,000	£19,650	£19,650	£12,625	£12,911	£9,525	£9,811
July 1980	£34,650	£23,500	£23,500	£16,250	£16,400	£12,350	£12,500
June 1981	£36,725	£27,825	£27,825	£19,775	£23,275	£15,100	£18,600
June 1982	£38,200	£28,950	£28,950	£20,575	£24,200	£15,700	£19,350
July 1983	£38,987	£29,367	£30,110	£20,867	£25,350	£15,917	£20,390
January 1984	£40,424	£30,304	£31,680	£21,364	£26,670	£16,154	£21,450
January 1985	£41,891	£31,271	£33,260	£21,881	£28,000	£16,411	£22,520
January 1986	£43,328	£32,208	£34,820	£22,378	£29,320	£16,648	£23,580
January 1987	£44,775	£33,145	£36,390	£22,875	£30,640	£16,885	£24,640
January 1988	£45,787	£34,157	£40,438	£23,887	£34,688	£17,897	£28,688
January 1989	£46,109	£34,479	£41,997	£24,209	£37,047	£18,219	£30,647
January 1990	£46,750	£35,120	£44,591	£24,850	£39,641	£18,860	£33,241
January 1991	£50,724	£38,105	£48,381	£26,962	£43,010	£20,463	£36,066
January 1992	£53,007	£39,820	£50,558	£28,175	£44,945	£21,384	£37,689
January 1994	£54,438	£40,895	£52,260	£28,936	£46,333	£21,961	£38,894
January 1995	£57,018	£42,834	£55,329	£30,307	£48,835	£23,002	£41,065
January 1996	£58,557	£43,991	£57,161	£31,125	£50,328	£23,623	£42,361
July 1996	£58,557	£43,991	£58,876	£31,125	£51,838	£23,623	£43,632
May 1997	£100,000	£60,000	£77,963	£31,125	£51,838	£23,623	£43,632

**Notes:**

- (a) The figures shown are the full entitlement. In 1979 the Prime Minister chose to forego any increase and from 1980 to 1991 accepted the same salary as a Cabinet Minister in the Commons. In 1997 the Prime Minister and Cabinet Ministers decided to accept the pre-election salaries of £58,557 (Prime Minister); £43,991 (Cabinet Commons) and £58,876 (Cabinet Lords).
- (b) Until 1980 some Ministers of State received a higher salary than that shown here.

## Parliamentary salary for Ministers in the Commons

October 1964	£1,250
January 1972	£3,000
June 1975	£3,000 to £3,700
June 1976	£3,000 to £4,012
June 1977	£3,208 to £4,222
June 1978	£3,529 to £4,642
June 1979	£5,265 to £5,820
June 1980	£6,930
June 1981	£8,130
June 1982	£8,460
June 1983	£9,543
January 1984	£10,626
January 1985	£11,709
January 1986	£12,792
January 1987	£13,875
January 1988	£16,911
January 1989	£18,148
January 1990	£20,101
January 1991	£21,809
January 1992	£23,227
January 1994	£23,854
January 1995	£24,985
January 1996	£25,660
July 1996	£43,000
April 1997	£43,860

**Notes:**

- (a) Between 1975 and 1980, three different rates of pay applied as a result of the operation of pay policies. The amount received depended on an individual's salary in 1975-76.
- (b) From July 1996 Ministers were entitled to the full Parliamentary salary

**Ministers' and other Office-holders' Salaries actually payable from 2 May 1997**

Salaries of Ministers and other office-holders detailed in this table are the maximum available. However post holders may accept a lesser salary. Where it has been announced that post holders are drawing a lesser salary, this has been included in the table.

All Ministers receive £ 1,358 London Supplement, with the exception of those who are provided with an official residence and any Lords Ministers who receive Night Subsistence Allowance.

**Office-holders in Commons**

	<u>Ministerial Entitlement</u>	<u>Salary Drawn</u>	<u>TOTAL Salary (including full parliamentary salary)</u>
Speaker	£60,000		£103,860
Chairman of Ways & Means	£31,125		£74,985
Deputy Chairman of Ways & Means	£27,355		£71,215
Prime Minister (a)	£100,000	£58,557	£102,417
Cabinet Minister (b)	£60,000	£43,991	£87,851
Minister of State	£31,125		£74,985
Parliamentary Under Secretary	£23,623		£67,483
Attorney General	£63,756		£107,616
Government Chief Whip	£36,613		£80,473
Government Deputy Chief Whip	£31,125		£74,985
Government Whip/Assistant Whip	£20,029		£63,889
Leader of Opposition	£55,000		£98,860
Opposition Chief Whip	£31,125		£74,985
Assistant Opposition Whip	£20,029		£63,889

**Office-holders in Lords  
(No Parliamentary Salary)**

	<u>Ministerial Entitlement</u>	<u>Salary Drawn</u>
Lord Chancellor (c) & (d)	£140,665 (1.4.97)	
	£142,508 (1.12.97)	
Chairman of Committees	£51,838	
Principal Deputy Chairman	£47,739	
Cabinet Minister	£77,963	£58,876
Minister of State	£51,838	
Parliamentary Under Secretary	£43,632	
Lord Advocate	£78,072	
Solicitor General	£78,072	
Government Chief Whip	£51,838	
Government Deputy Chief Whip	£43,632	
Government Whip	£39,462	
Leader of the Opposition	£43,632	
Opposition Chief Whip	£39,462	

**Minister in neither House**

Solicitor General (Scotland)	£66,811
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**Notes:**

- (a) The Prime Minister is entitled to a salary of £100,000. However, he has decided to accept the pre-election salary of £58,557.
- (b) Cabinet Ministers are entitled to salaries of £60,000 (Commons) and £77,963 (Lords). However, they have decided to accept the pre-election rates of £43,991 and £58,876 respectively.
- (c) The Ministerial and other Pensions and Salaries Act 1991, as amended by the Ministerial and Other Salaries Order 1996, determines that the Lord Chancellor should receive £2,500 a year more than the salary for the time being payable to the Lord Chief Justice.
- (d) The Lord Chancellor's 1996 salary increase is staged in two parts. The Lord Chancellor receives £19,693 (wef 1.4.97), £19,951 (wef 1.12.97) (14%) of his salary from the House of Lords in respect of his Speaker's salary. The remainder (£120,972 wef 1.4.97 and £122,557 wef 1.12.97) is paid from the Consolidated Fund.