

HOUSE OF COMMONS (ADMINISTRATION) BILL

EXPLANATORY NOTES

What these notes do

These Explanatory Notes relate to the House of Commons (Administration) Bill as introduced in the House of Commons, after leave was granted, on 4 November 2015 (Bill 91).

- These Explanatory Notes have been produced by the House of Commons Department of Finance on behalf of Sir Paul Beresford MP in order to assist the reader of the Bill and to help inform debate on it. They do not form part of the Bill and have not been endorsed by Parliament as a whole.
- These Explanatory Notes explain what each part of the Bill will mean in practice; provide background information on the development of policy; and provide additional information on how the Bill will affect existing legislation in this area.
- These Explanatory Notes might best be read alongside the Bill. They are not, and are not intended to be, a comprehensive description of the Bill. So where a provision of the Bill does not seem to require any explanation or comment, the Notes simply say in relation to it that the provision is self-explanatory.

Overview of the Bill

- 1 This Bill seeks to simplify and clarify existing legislation relating to the House of Commons Members Fund (HCMF) which is outdated, incomprehensible and rigid. It will streamline administration and reduce costs. The purpose of the Fund has been largely superseded by the introduction of Members' pensions. The new legislation will reflect the changed and smaller demands on the Fund as the number of its clients dwindles. The Bill will enable flexibility in how the Fund is provisioned, reflecting changes in demands upon it. It will allow the initial repayment of a surplus accumulated due to the existing unsatisfactory arrangements. It will enable Trustees to suspend automatic deductions from Members' pay and suspend the Treasury contribution when these are not needed.

Policy and legal background

- 2 A review of the HCMF by John Stoker and Lord Burnett in April 2007 recommended that the Fund be divided into two functions – to provide a benevolent function; and to meet “as of rights” payments. In response, a Private Member' Bill was sponsored by Peter Lilley MP, the Chair of the Fund's Trustees. The Bill did not gain time for debate on the floor of the House and so the arguments in its favour, and the support it had gathered, could not be demonstrated.

Territorial extent and application

- 3 Clause 12 states that the Bill would extend to the United Kingdom

Commentary on provisions of the Bill

Clause 1

- 4 Clause 1 establishes the name and purpose of the Fund.

Clause 2

- 5 Clause 2 outlines how Trustees must be appointed, who can be a Trustee and how to cease serving as a Trustee.

Clause 3

- 6 Clause 3 is self-explanatory and specifically extends the class of beneficiary to assist all dependants of former Members.

Clause 4 and 5

- 7 Clauses 4 and 5 make provision for a monthly contribution from Members, subject to approval by the House, up to a maximum of 0.2% of pay. Contributions from Members' salaries would no longer be automatic. The Trustees would have explicit powers to suspend deductions from Members when the Fund was in surplus.

Clause 6

- 8 Clause 6 is self-explanatory, setting out the process by which the Trustees make and implement decisions.

Clause 7

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- 9 Clause 7 establishes mechanisms and powers for the efficient and flexible provisioning of the Fund in the light of its estimated obligations. It provides for contributions from the Treasury, and repayment of surplus funds by the Trustees, as appropriate.

Clause 8

- 10 Clause 8 confirms that individuals receiving annual grants from the Fund will be liable to tax on these payments. It also makes provision for Members' contributions to be tax exempt.

Clause 9

- 11 Clause 9 repeals various Acts governing the Fund which are made redundant by this Bill.

Clause 10

- 12 Clause 10 amends the description of the House of Commons Administration Estimate set out in the House of Commons (Administration) Act 1978. This amendment is an enabling measure, allowing the House to amalgamate its two Estimates (Administration and Members) into one in the future if it were deemed desirable to do so. This would simplify the financial arrangements, be more efficient, and improve financial management

Schedule

- 13 The Schedule is self-explanatory, setting out details about the Trustees' powers and procedures. The Schedule makes provision for the establishment of some form of conventional trustee indemnification.

Commencement

- 14 Clause 11 states that the Bill will come into force in accordance with regulations made by the Treasury.

Financial implications of the Bill

- 15 The Bill contains no provisions with direct financial effects on public expenditure.

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Ordered by the House of Commons to be printed, 04 November 2015

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PUBLISHED BY AUTHORITY OF THE HOUSE OF COMMONS

LONDON - THE STATIONERY OFFICE LIMITED

Printed In the United Kingdom by The Stationery Office Limited

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