

REVIEW OF MPS' EXPENSES AND ALLOWANCES

Timeline of Events

Nov 2000 The Freedom of Information Bill received Royal Assent on 30 November 2000. The *Freedom of Information Act 2000* (Fol) came into effect in January 2005.¹ The legislation applied to all public bodies, including both Houses of Parliament. Anyone has the right to ask public authorities for information, with the Act applying to information held before 2005. However, information can be refused if exemptions are applicable under the Act.

If a person who requests information from a public authority is dissatisfied they can make a complaint to the Information Commissioner, who has an enforcement role under the Fol legislation. The Information Commissioner will then issue a Decision Notice either upholding the public authority's approach or requiring further information to be disclosed. If either party is dissatisfied with the Decision Notice then an appeal can then be made to the Information Tribunal.

There is a complex relationship between the *Data Protection Act 1998* and the *Freedom of Information Act 2000*. The House of Commons Library Research Paper 00/89 *The Freedom of Information Bill-Lords Amendments* outlines that "the right to information under the Fol Bill relates generally to non-personal information. Individuals who wish to obtain records held about themselves will use the data protection legislation".²

Oct 2004 In advance of the implementation of the Fol Act and following recommendations from the House of Commons Commission the Speaker decided to publish information on MPs' allowances on the parliamentary website. Information was published under broad categories and disclosed the totals paid, rather than a detailed breakdown.

Jan 2005 The Freedom of Information Act came into effect on 1 January 2005.

Shortly after the Act came into effect in January a number of journalists made requests for information on MPs' allowances. This included asking for information regarding the Additional Costs Allowance (ACA) claims of Tony Blair and Margaret Beckett. The *Sunday Telegraph* asked to see the receipts of claims for the ACA of

¹ The *Freedom of Information Act 2000*, c.36, http://www.opsi.gov.uk/Acts/acts2000/ukpga_20000036_en_1#Legislation-Preamble [accessed 13 October 2009]

² House of Commons, Library Research Paper, *The Freedom of Information Bill- Lords Amendments*, Bill HL 129 of 1999-2000, pp 7.

six MPs.³ These requests were turned down. The journalists involved complained to the Information Commissioner.

Sept 2005 The Information Commissioner wrote to the House of Commons and asked the House authorities to provide him with the information the journalists had requested.

Mar 2006 The Committee on Standards in Public Life (CSPL) expressed concern in their *Annual Report 2006* that “any allegations made that MPs claim excessive levels of allowances can damage the trust in which the public holds Parliament, politicians and public office-holders in general”. The Committee stated that “the rules that apply to MPs for seeking reimbursement for justified expenditure are less rigorous than those for all other public office-holders” and suggested that in the future it may be necessary for the Committee to conduct further work into the misuse of the allowance and expense system for MPs.⁴

Heather Brooke, a freedom of information campaigner and freelance journalist submitted requests under the FoI legislation for the detailed receipts of 10 MPs’ ACA claims. Heather Brooke’s request for information was refused in July 2006.

By the end of 2006, 167 enquiries into MPs’ allowances had been received by the Houses of Parliament.⁵

Sept 2006 Requests had also been made under the FOI Act for detailed travel expense receipts. Three decision notices were issued on 7 September by the Information Commissioner, after the requests had been refused by the House authorities. The Information Commissioner ruled that the House authorities were in breach of Section 1 of the FOI Act and the case was referred to the Information Tribunal.

Dec 2006 A Private Member’s Bill *Freedom of Information (Amendment) Bill 2006-07*, was introduced by the backbencher and Member of the House of Commons Commission, the Rt Hon David Maclean MP. The Bill’s purpose was to remove both Houses of Parliament from the list of public bodies included within the scope of schedule 1 of the Freedom of Information Act 2000 and to make correspondence with MPs exempt from ruling. The second reading of the Bill on 19 January 2007 went through the House of Commons unopposed. However, the Bill only reached a first reading in the House of Lords on 21 May 2007 before being abandoned.

Jan 2007 On 16 January the Information Tribunal on travel expenses *Corporate Officer of the House of Commons v Information Commissioner and Norman Baker*, (“Baker case”) favoured the disclosure of information relating to Members’ allowances, ruling “that the legitimate interests of members of the public outweigh the prejudice to the risks, freedoms

³ The Daily Telegraph, ‘Ben Leapman: My four year battle for the truth over MPs expenses’, 10 May 2009, <http://www.telegraph.co.uk/news/newstoppers/mps-expenses/5301739/Ben-Leapman-My-four-year-battle-for-the-truth-over-MPs-expenses.html> [accessed 28 September 2009]

⁴ Committee on Standards in Public Life, *Annual Report of the Committee on Standards in Public Life (Chairman Alistair Graham) 2006*, pp 9.

⁵ Andrew Walker, Director of Finance and Administration, *Information Tribunal*, EA/2006/0015 and 0016, 16 January 2007

and the legitimate interests of MPs". The Tribunal also noted that the Scottish Parliament already published detailed travel claims for MSPs and therefore, saw no reason why MPs claims should not be published. It ruled that details of MPs travel claims should be made available, broken into mileage, air travel, car hire and taxis.⁶

May 2007 On 27 May 2007 the *Sunday Times* published "MP hires son on expenses". The story alleged that Derek Conway was paying his son to act as his parliamentary assistant at a rate of £981 a month while still a full-time undergraduate studying at Newcastle University.⁷

June 2007 On 3 June, following a report in the *Sunday Times*, Mr Michael Barnbrook wrote a letter to the Parliamentary Commissioner for Standards, Sir Philip Mawer, complaining about Derek Conway's use of his Parliamentary Staffing Allowance. He stated that "Mr Conway is refusing to indicate what work his son undertook on his behalf or how many hours he worked for him".⁸

A Decision Notice was issued by the Information Commissioner on the *Sunday Telegraph's* request for copies of receipts of MPs' ACA claims on 13 June, following a refusal by the House of Commons of a request made in April 2005 by the *Sunday Telegraph* journalist - Mr Leapman, "on the grounds that it was personal data and that its fully itemised disclosure would be unfair".

The Information Commissioner decided that "it would not contravene the data protection principles to disclose information showing the totals paid under specific headings within the Additional Costs Allowance." The Information Commissioner therefore ordered the full disclosure of claims by MPs under indicated headings.⁹

Three other decision notices were also issued relating to requests for information on MPs' allowances which ruled that the applicants should receive data on total amounts, rather than copies of receipts.

These decisions were then the subject of an appeal to the Information Tribunal, with neither the House authorities nor the applicants satisfied with the outcome.

Aug 2007 A further Information Tribunal was held - *Corporate Officer of the House of Commons v Information Commissioner* - after three appeals before the Information Tribunal relating to the requirement to disclose information relating to Anne Moffat's travel expenses.

Unlike the previous Baker Case, this Tribunal related to allowance information about a single MP, with requests being made to see Ms Moffat's spouse expenses and travel expenses relating to European travel, number of journeys and average costs incurred. The Tribunal

⁶ Information Tribunal, *Freedom of Information Act 2000*, EA/2006/0015 and 0016, 16 January 2007.

⁷ MP hires son on expenses, the *Sunday Times*, Robert Winnett and Holly Watt, 27 May 2007, <http://www.timesonline.co.uk/tol/news/politics/article1845199.ece> [accessed 28 September 2009]

⁸ Committee on Standards and Privileges, *Conduct of Mr Derek Conway*, 28 January 2008, HC 280 2007-08, pp 37.

⁹ Information Commissioner, *Decision Notice Freedom of Information Act 2000 (Section 50)* 13 June 2007

ruled that the information requested should be provided and found that “legitimate interests of the requesters and members of the public outweigh the prejudice to the rights, freedoms and legitimate interest of Ms Moffat”.¹⁰

Jan 2008 The Senior Salaries Review Body (SSRB) published the *Review of parliamentary pay pensions and allowances 2007*.¹¹ The report reviewed the pay, expenses and aspects of pensions of MPs, Ministers and office-holders in the House of Commons and the House of Lords. The Leader of the House of Commons, Rt Hon Harriet Harman MP issued a written statement on the Government’s response to the SSRB review.¹²

The House of Commons considered and debated the SSRB’s report along with the Government’s response. It was agreed to refer the SSRB’s recommendations on MPs’ Allowances to the Members Estimate Committee (MEC).¹³

Following the *Sunday Times* article, Mr Barnbrook’s complaint and a report from the Commissioner for Parliamentary Standards, Sir Philip Mawer, the Committee on Standards and Privileges published its fourth report of session 2007-08 *Conduct of Mr Derek Conway* (HC 280 2007-08).

The Committee having reviewed “the salary paid to Frederick Conway, and the number of hours for which he was remunerated” came to the conclusion that “Mr Conway misused the Staffing Allowance”. The Committee regarded Derek Conway’s behaviour “as a serious breach of the rules” and recommended that he be “suspended from the service of the House for 10 sitting days”.¹⁴

In a statement to the House of Commons on 22 January, the Speaker announced that he was summoning a meeting of the MEC for 4 February to discuss the recommendations made by the SSRB on MPs’ Allowances.¹⁵

The House approved the report on the Committee on Standards and Privileges and endorsed the recommendation made that Derek Conway be suspended from the House for 10 days.¹⁶

Feb 2008 In a statement to the House, the Speaker told MPs that the MEC would be “urgently” discussing the subject of MPs’ Allowances, following the SSRB’s recommendations and the Committee on Standards and Privileges report published earlier in 2008.¹⁷ After the meeting, the Speaker issued a letter to all MPs stating that the MEC’s

¹⁰ Information Tribunal, *Freedom of Information Act 2000*, EA2006/0074/0075/0076, 9 August 2007.

¹¹ Review Body on Senior Salaries, *Review of parliamentary pay, pensions and allowances 2007*, Report No 64, Cm 7270-1, January 2008.

¹² HC Deb 16 January 2008, cc32WS-36WS.

¹³ HC Deb 24 January 2008, cc1653-1720.

¹⁴ Committee on Standards and Privileges, *Conduct of Mr Derek Conway*, 28 January 2008, HC 280 2007-08.

¹⁵ HC Deb 31 January 2008 c467.

¹⁶ HC Deb 31 January 2008, cc481-490.

¹⁷ HC Deb 4 February 2008, c659.

review would “require a root and branch examination” of MPs’ Allowances.¹⁸

Dr Tony Wright, Chairman of the Public Administration Committee wrote a letter to the Chairman of the CSPL, Sir Christopher Kelly, in which he stated that he was “concerned” that the CSPL had not announced an inquiry into the system of MPs’ allowances.

He wrote “It is simply not acceptable, in terms of public trust, for an internal Commons committee to be the only body to examine this issue. Nor is it only a question of transparency and better reporting. The whole allowance system needs examining, and justifying, along with arrangements for audit and scrutiny.”¹⁹

Chairman of the CSPL, Sir Christopher Kelly replied to Dr Tony Wright’s letter. He wrote “my Committee is currently considering its future work programme. We have certainly not ruled out the possibility of an inquiry. But my expectation is that we will want to be clearer about the nature and possible outcome of the various parliamentary and political party initiatives announced over the last few days before making a decision”.²⁰

The MEC published their first special report of session 2007-08 *Review of Members’ Allowances* (HC 368 2007-08). They stated that their “first priority is looking at radical options for restructuring pay and allowances” as well as agreeing “that the threshold of £250 for invoices and receipts should be reduced from the start of the next financial year”.²¹

The Information Tribunal once again considered cases relating to disclosure of information on ACA claims and ruled that receipts should be published, with certain exceptions which could cover very sensitive personal data. It stated that the “laxity of and lack of clarity in the rules of the ACA is redolent of a culture very different from that which exists in the commercial sphere or in most other public sector organisations today”.

The Tribunal also stated that “the ACA system is so deeply flawed, the shortfall in accountability so substantial, and the necessity of full disclosure so convincingly established, that only the most pressing privacy needs should in our view be permitted to prevail”.²² This decision was later appealed to the High Court.

Mar 2008 *The Independent Review of Parliamentary Allowances: Report to the Scottish Parliamentary Corporate Body on the Reimbursement of Expenses for Members of The Scottish Parliament* was published. The

¹⁸ HC Deb 4 February 2008 c659; *Letter*, from the Speaker to all Members, 4 February 2008. <http://www.parliament.uk/documents/upload/speakerletter-080205.pdf> [accessed 13 October 2009]

¹⁹ http://www.public-standards.gov.uk/Library/Letter_from_Dr_Tony_Wright_to_Sir_Christopher_Kelly.doc [accessed 9 October 2009]

²⁰ http://www.public-standards.gov.uk/Library/Tony_Wright1.doc [accessed 9 October 2009]

²¹ Members Estimate Committee, *Review of Members’ Allowances*, First Special Report of Session 2007-08, HC 368 2007-08, pp 1.

²² Information Tribunal, *Information Tribunals Appeals EA/2007/0060 and others*, 26 February 2008

Scottish Parliamentary Corporate Body (SPCB) undertook a full review of their Members' Allowances Scheme.²³

The report proposed abolishing the payment of an allowance towards mortgage interest; that Members should declare whether they are employing a close family member; and the abolishment of family travel from public funds.

The MEC published their first report of session 2007-08 *Review of Members' Allowances: Threshold for receipts* (HC 415 2007-08). In which they instructed the Department of Resources that "with effect from 1 April 2008, no claim against allowances of £25 or more per item will be reimbursed unless it is accompanied by a receipt".²⁴

A press release is published by CSPL which detailed a letter sent from Sir Christopher Kelly to the Chairman of the Committee on Standards and Privileges Rt Hon Sir George Young MP. Sir George Young has invited Sir Christopher to comment on the proposals in their sixth report *Employment of family members through the Staffing Allowance: Proposals for Consultation* (HC 383). Sir Christopher Kelly wrote that the employment of family members by MPs "is an unusual arrangement which might not be allowed elsewhere"; although he did acknowledge that there are also "arguments for allowing it to continue" and if so, these arrangements need to be set out very clearly.²⁵

Apr 2008

The MEC published their second report of session 2007-08 *Review of Members' Allowances: Issues* (HC 464 2007-08). The *Issues* consultation paper set out "radical issues" for the MEC review, in which recommendations were to be reported for debate in the House in July.²⁶

CSPL published a paper *Principles to Govern a Review of MPs' Allowances*. The CSPL outlined principles for pay, expenses, resources and transitional arrangements based on the Seven Principles of Public Life. The Committee stated that the principles should be followed by the MEC when they conducted their review of MPs' allowances. The CSPL wrote that the arrangements for the "remuneration and reimbursement of expenses should meet the highest standards of transparency, probity and accountability."²⁷

May 2008

An appeal against the Information Tribunal decision on the disclosure of receipts was heard by the High Court, *Corporate Officer of the*

²³ *Independent Review of Parliamentary Allowances: Report to the Scottish Corporate Body on the Reimbursement of Expenses for Members of The Scottish Parliament*, 11 March 2009, http://allowancesreview.scottish.parliament.uk/report/AllowancesReviewReport_final.pdf [accessed 28 September 2009]

²⁴ Members Estimate Committee, *Review of Members' Allowances: Threshold for receipts*, First Report of Session 2007-08, HC 415 2007-08, pp 2.

²⁵ Committee on Standards in Public Life press notice MPs Employment of Family Members, 26 March 2008, http://www.public-standards.org.uk/Library//PressCentre/Employment_of_Family_Members.pdf [accessed 1 October 2009]

²⁶ Members Estimate Committee, *Review of Members' Allowances: Issues*, Second Report of Session 2007-08, HC 464 2007-08, pp 1.

²⁷ Committee on Standards in Public Life, *Principles to Govern a Review of MPs' Allowances*, April 2008, http://www.public-standards.org.uk/Library/CSPL_Principles_for_MPs_Allowances.doc [accessed 16 September 2009]

House of Commons v Information Commissioner, Heather Brooke, Ben Leapman and Jonathan Unged-Thomas. The judgment by the High Court on 16 May stated that “the expenditure of public money through the payment of MPs’ salaries and allowances is a matter of direct and reasonable interest to the taxpayer [...] Their interest is reinforced by the absence of a coherent system for the exercise of control over the lack of a clear understanding of the arrangements which govern the payment of ACA”.

The High Court found no reason or “misdirection or other error of law which would justify interfering with the decision of the Tribunal”. Additionally, the High Court ruled that it would “not be appropriate to introduce a general exception precluding disclosure of the addresses of MPs”, given that during the election process MPs are required to publish their addresses. As a result, the appeals by the Corporate Officer of the House of Commons were dismissed. The House of Commons had until 20 May 2009 to contest this judgement.²⁸

The information requested on the ACA by the 3 journalists on 14 individual MPs was released on 23 May, following the High Court judgment.

Jun 2008

The House of Commons Commission decided that following the High Court case details of all MPs’ expense claims “should be published on the internet, on the basis of a high-level table, linked to copies of *redacted claims and receipts*”.²⁹

The MEC published their third report of session 2007-08, Volume I *Review of Allowances* (HC 578-1 2007-08). The recommendations and scope of the report were “driven by two key objectives: the need to equip and support MPs to carry out their responsibilities in a professional and effective manner and desire to meet public expectations for clearer audit and transparency”.³⁰ It made a series of recommendations on the reform of MPs’ allowances, as well as, critically looking at accommodation and staffing.

The MEC report recommended a more robust audit system for Allowances; that the *Green Book* should be revised and updated to include more detailed rules; that the staffing allowance procedures for the depositing of contracts and job descriptions be more rigorously enforced; that MPs office costs be met in full by the House; that the Communication Allowance rules be tightened and that the allowance itself be frozen from April 2009-April 2012; that car mileage rates for constituencies be changed according to constituency sizes; changes to the Additional Costs Allowance which included that MPs could no longer claim reimbursement for furniture and household goods (the so-called “John Lewis List”) and changes to the resettlement grant for

²⁸ Approved Judgement, Case No: CO2888/2008 Royal Courts of Justice, 16 May 2008
http://www.judiciary.gov.uk/docs/judgments_guidance/judgment_additional_costs_allowance.pdf
[accessed 24 September 2009]

²⁹ House of Commons Commission, Formal Minutes, 23 June 2008,
http://www.parliament.uk/about/commons/house_of_commons_commission/_hccfm230608.cfm
emphasis added [accessed 7 October 2009]

³⁰ Members Estimate Committee, *Review of Allowances*, Third Report of Session 2007-08, Volume I, HC 578-1 2007-08, pp 71.

a shift of the basis calculation towards MPs leaving the House in their early fifties.

Jul 2008

The MEC's *Review of Allowances* (HC 578-I 2007-08) was debated in the House of Commons on 3 July. Nick Harvey MP, a member of the MEC made a motion for the House to approve the recommendations made in their report. He stated that the MEC was tasked "to balance the interests of Members of Parliament with the interests of taxpayers", and that the intention of the report was to ensure better "record keeping and accounting" of MPs' allowances.³¹

The House approved 11 out of the 18 recommendations proposed in the MEC report. These included changes to staff contracts and payments; the acceptance of the SSRB proposal that constituency office costs be met in full by the House; a tightening and freezing of the Communication Allowance; continued application of the car mileage rates as specified by HM Revenue & Customs; travel mileage changes according to Members constituency size; a new London costs allowance; a re-calculation of the Resettlement Grant and other SSRB recommendations were accepted.³²

The recommendations that the House rejected on 3 July included proposals that there should be a robust new system of assurance which would cover about 25% of Members each year and every Member once a Parliament; that audit arrangements would be the same as for other public bodies; that from the 2009-10 financial year the receipt threshold be reduced from £25 to zero and that all claims be supported by receipts; that the Green Book should have more detailed rules; that Members would no longer be allowed to claim for furniture, household goods or capital improvements; that newly elected MPs to the next Parliament who represent outer London constituencies would only be able to claim half of any overnight expenses allowance and proposals that the Additional Costs Allowance be adapted into an overnight expense allowance operating on the basis of itemised reimbursement along with a flat rate £30 daily subsistence allowance.³³

On 3 July the House also agreed to a new resolution which no longer requires Members to vote on their own pay.³⁴

During the Conservative Opposition Day debate on 16 July on MPs' Allowances, Theresa May MP, a member of the MEC brought forward another motion on MPs' allowances and expenses. The House debated a Government amendment that the Green Book should be reviewed and rewritten by the Advisory Panel on Members' Allowances (APMA) augmented by two independent external members; that there should be changes to the Additional Costs Allowance, including guidance on reasonable second home costs and

³¹ HC Deb 3 July 2008 cc1095-96

³² HC Deb 3 July 2008, cc1095-1124

³³ HC Deb 3 July 2008 cc1095-1124

³⁴ HC Deb 3 July 2008 cc1061-1094

the abolition of the “John Lewis List” and arrangements were set for external audit by the National Audit Office, although failed to reach an agreement.³⁵

The Rt Hon Harriet Harman MP, Leader of the House, issued a written ministerial statement on MPs’ allowances. She stated how the will of the House would be put into effect, regarding the resolutions agreed by the House on 3 July 2008, which would ensure that public money is protected along with the reputation of the House.³⁶

A Statutory Instrument was brought before Parliament on the Freedom of Information Act. It ruled that the publication of MPs residential addresses, any regular travel arrangements and any security arrangements would not be made available upon the detailed publication of MPs’ allowances.³⁷

Aug 2008 The Leader of the House, and Helen Goodman MP published a consultation paper *Audit and Assurance of MPs’ Allowances* (Cm 7460). The paper set out the changes agreed on 3 and 16 July, and posed questions for all MPs which aimed to improve financial audit and control of Members’ allowances.

Sept 2008 The Leader of the House issued a written ministerial statement which requested submissions from MPs by 29 September.³⁸

Sir Christopher Kelly wrote to the Leader of the House on 30 September “in response to the consultation paper on *Audit and Assurance of MPs’ Allowances*”. Sir Christopher said that the Committee “remain of the view that there should be a fresh and independent look at the complete picture of how MPs should be remunerated and supported in a modern system.” He emphasised that the CSPL was not convinced that the proposals set out in the consultation paper met the principles suggested by the Committee in April 2008.³⁹

Oct 2008 The Leader of the House issued a further written ministerial statement which stated that the deadline for MPs to respond to the consultation on *Audit and Assurance of MPs’ Allowances* had been extended to 31 October.⁴⁰

The House of Commons Commission asked the Members Estimate Audit Committee “to make proposals on the future role of the NAO and the House’s internal audit staff in providing audit and assurance of spending on the Members’ allowances and to report to the MEC. It was noted that it would be helpful if the APMA revision of the Green

³⁵ HC Deb 16 July 2008, cc254-315.

³⁶ HC Deb 16 July 2008 cc31Ws-32WS

³⁷ Statutory Instrument No. 1967, Freedom of Information, *Freedom of Information (Parliament and the National Assembly for Wales) Order 2008*, 22 July 2008, http://www.opsi.gov.uk/si/si20081967_en_1 [accessed 2 October 2009]

³⁸ HC Deb 10 September 2008 c127WS

³⁹ Committee on Standards in Public Life, Response to the Audit and Assurance of MPs’ Allowances, 20 October 2008, http://www.public-standards.org.uk/Library/Response_to_consultation_on_the_Audit_and_Assurance_of_MPs_Allowances.doc [accessed 21 September 2009]

⁴⁰ HC Deb 9 October 2008 c20WS

Book and the outcome of the Government's consultation paper would come to the MEC for consideration at the same time, early in the new year."⁴¹

Jan 2009 On 15 January the MEC published a report on a *Revised Green Book and audit of Members' allowances*, first report of session 2008-09 (HC 142 2008-09).

The House debated the *Revised Green Book and audit of Members' allowances* on 22 January. The House agreed to the new revised guide to MPs' allowances (the Green Book), with the rules coming into effect on 1 April 2009; the establishment of a new select committee, called the Committee on Members' Allowances; new agreements for the audit and assurance of MPs' allowances and to a new publication scheme for MPs' allowances.⁴²

Mar 2009 On 3 March Sir Christopher Kelly wrote to Sir Gus O'Donnell, the Cabinet Secretary to consult on the CSPL's proposal to carry out an inquiry into MPs' allowances. Sir Christopher wrote, "My Committee do not believe that the present regime, even changed as it now is, can be regarded as representing the best basis for supporting MPs into the next Parliament and beyond."⁴³

Minor changes to the Green Book were agreed by the House on 22 March. This included a change in the terms of reference of the MEC, and additional terms of reference for the newly established Committee on Members' Allowances.

The new edition of the Green Book which would come into effect 1 April 2009 was published.

On 23 March the Prime Minister, wrote to Sir Christopher Kelly to say that he "would welcome a review of MPs' support and remuneration, including outside interests, carried out by the Committee on Standards in Public Life".⁴⁴

The CSPL issued a press notice on 31 March - *Committee on Standards in Public Life to look at MPs' Allowances*, in which the Chair, Sir Christopher Kelly announced that the Committee would be "undertaking a wide-ranging review of MPs' allowances". The Committee would start the inquiry towards the end of 2009 and report to the new Parliament.⁴⁵

⁴¹ House of Commons Commission, *Minutes*, 20 October 2008

⁴² HC Deb 22 January 2009 cc914-970

⁴³ Committee on Standards in Public Life, *Letter from Sir Christopher Kelly, Chairman to Sir Gus O'Donnell, Cabinet Secretary*, 3 March 2009, http://www.public-standards.org.uk/Library/090302_Letter_to_cabinet_secretary_final.doc [accessed 24 September 2009]

⁴⁴ The Prime Minister, *Review of Support and Remuneration for MPs*, 23 March 2009, http://www.public-standards.org.uk/Library/090323_Letter_from_the_PM_Review_of_support_and_remuneration_for_MPs.pdf [accessed 24 September 2009]

⁴⁵ Committee on Standards in Public Life press notice, *Committee on Standards in Public Life to look at MPs' allowances*, 23 March 2009, http://www.public-standards.org.uk/Library/Press_Notice_23_march.doc [accessed 24 September 2009]

On 30 March the Prime Minister wrote to the CSPL asking the Committee to bring forward the timing of its inquiry. The Prime Minister also asked the CSPL to consider: ending the distinction between outer and inner London MPs; and how best to compensate non-London MPs who are required to spend time at Parliament away from their home.⁴⁶

The CSPL published a press notice on 31 March, in which the Chair of the Committee, Sir Christopher Kelly stated that the CSPL would bring forward their review of MPs' allowances and that CSPL would their report towards the end of the year.⁴⁷

April 2009

On 1 April during Prime Minister's Questions in the House of Commons, David Cameron, the Leader of the Opposition asked for a meeting between all party leaders on MPs' expenses saying, "we need a solution that is transparent, costs less than the current arrangements, and restores faith in the political process". The Prime Minister agreed to a meeting but stated that the House should let the CSPL conduct its inquiry, which he has asked them to "report as quickly as possible".⁴⁸

The CSPL made a statement on 3 April which announced that the three members of the Committee nominated by the political parties would not be taking part in the review of MPs' allowances to "avoid any actual or perceived conflict of interest".⁴⁹

The Leader of the House, issued a written ministerial statement on 21 April which stated that the Government thought it right to bring in some changes "that can be enacted sooner" than the recommendations from the CSPL's report, expected at the end of the year.

Harriet Harman asked the House to consider a number of proposals. These included, a flat-rate allowance; that any MPs living within a reasonable commuting distance from London were only able to claim the London supplement rather than the Personal Additional Accommodation Expenditure allowance; that MPs living in "grace and favour" accommodation continue to pay council tax and tax on the benefit of living in such accommodation; that all MPs' staff would be direct employees of the House of Commons; that MPs would have to provide receipts for all expenditure under £25; a call for greater transparency on second incomes; an increased contribution from MPs towards their pensions, and a limit on the final salary awarded and

⁴⁶ The Prime Minister, *MPs' Allowances*, 30 March 2009, http://www.public-standards.org.uk/Library/Letter_from_the_PM_to_Sir_Christopher_Kelly090330.pdf [accessed 24 September 2009]

⁴⁷ Committee on Standards in Public Life press notice, *Committee on Standards in Public Life to bring forward Review of MPs' Allowances*, 31 March 2009, <http://www.public-standards.org.uk/Library/PN221.doc> [accessed 25 September 2009]

⁴⁸ HC Deb 1 April 2009, cc910-911

⁴⁹ Committee on Standards in Public Life, *Statement on the involvement of the three members of the Committee nominated by the three main political parties in the review of MPs' Pay and Allowances*, 2 April 2009, http://www.public-standards.org.uk/Library/Statement_on_the_involvement_of_the_Parliamentary_members_of_the_Committee.doc [accessed 25 September 2009]

that the CSPL particularly examines the circumstances in Northern Ireland.⁵⁰

On 21 April the Prime Minister, Gordon Brown posted a video statement on the internet outlining the Government's proposals for the reform of MPs' allowances, it included an attendance allowance.

The Prime Minister, Gordon Brown met with the Leader of the Opposition, and Nick Clegg MP, Leader of the Liberal Democrats on 22 April to discuss options for the reform of MPs' second home allowance, following the proposals made by the Government the day before. The party leaders failed to reach an agreement.⁵¹

The CSPL published their consultation paper *Review of MPs' Expenses: Issues and Questions Paper* which set out the scope of their public inquiry.⁵² The Committee called for written evidence to be submitted by 5 June 2009 from all interested parties and members of the general public. They received over 700 submissions from individuals and organisations.

At Business Questions in the House of Commons on 23 April, the Leader of the House received questions on the House Business to debate motions tabled by the Government on MPs' Allowances on 30 April 2009.

Harriet Harman outlined the Government's proposals for a flat-rate daily allowance. She also received questions on the Government's proposals on staffing and stated that the "Deputy Leader of the House will meet with staff members' union representatives, because we are aware of the very important work that staff do in helping us serve our constituents", which was why her ministerial statement did not deal with the issue of staff.

Harriet Harman also emphasised the diverse nature and roles of an MP, stating that "we need to put on a proper footing public recognition that the money is not part of our income but financial support for the work that we have done on our constituents' behalf".⁵³

The Leader of the House of Commons tabled a motion on *MPs' Allowances, Financial Interests and Employment of Staff for debate on April 30 2009*. It was announced that the Speaker would put forward Questions which would be related to Members' Allowances (Greater London), Registration of Members' Financial Interests, Members Allowances (Evidence of Expenditure) and Members Estimate Committee (Amendments to the Green Book).⁵⁴

⁵⁰ HC Deb 21 April 2009, cc10Ws-11WS

⁵¹ BBC News, 'Leaders deadlocked on MP expenses', 22 April 2009, http://news.bbc.co.uk/1/hi/uk_politics/8011410.stm. [accessed 25 September 2009]

⁵² Committee on Standards in Public Life, *Review of MPs' Expenses: Issues and Questions*, 23 April 2009, http://www.public-standards.org.uk/Library/I_Q_paper_13th_Inquiry_Final_copy.pdf [accessed 28 September 2009]

⁵³ HC Deb 23 April 2009 cc369-378

⁵⁴ Office of the Leader of the House of Commons, *Leader of the House of Commons Tables Motions on MPs' Allowances, Financial Interests and Employment of Staff for Debate on April 30*, 27 April 2009, <http://www.commonleader.gov.uk/output/page2788.asp> [accessed 28 September 2009]

The Prime Minister wrote again to Sir Christopher Kelly, Chair of CSPL, on 27 April. He stated that the Government would be putting forward proposals for the reform of the allowance system on 30 April. He also stated that a consensus on the future of the PAAE had not yet been reached and asked the CSPL “to come forward with its proposals on this issue as soon as possible and preferably before the summer recess”.

Sir Christopher Kelly responded to the letter from the Prime Minister stating that the Committee fully understands “the imperative to move quickly to restore public confidence in the system for reimbursing MPs’ expenses”. Sir Christopher Kelly also wrote that the Committee would be “concerned about addressing it [the PAAE allowance] in isolation and remain eager to hear all proposals for reform”, if they are to “put forward a workable and credible package of change”.⁵⁵

The Committee on Standards and Privileges issued a press notice, *Government Motions on Members’ Allowances: amendments tabled by Members of the Standards and Privileges Committee*. They stated that the amendments ready for debate on 30 April had been signed by all ten members of the Committee and that “the effect of the Amendments is to allow the independent Committee on Standards in Public Life, chaired by Sir Christopher Kelly, to complete its review of Members’ allowance without being pre-empted by decisions of the House of Commons”.⁵⁶

The House debated the motions on MPs’ allowances in a single debate on 30 April. The House agreed with the decision made by the Prime Minister on 23 March 2009 to invite the CSPL to review Members’ allowances; that from 1 April 2010 outer London MPs and those that live within 20 miles of Westminster should no longer be eligible to claim PAAE but should receive the London costs allowance instead; there should be more detailed rules on the registration of Members’ Financial Interests and that the threshold for receipts should be reduced to zero for any claim made by MPs after 1 July 2009 which requires documentary evidence.⁵⁷

May 2009 On 8 May the *Daily Telegraph* began publishing a series of revelations on MPs’ expenses. In the following weeks the newspaper published numerous expense claims of individual MPs which attracted much public comment and furore, becoming known as the ‘expenses scandal’.

On 11 May the Speaker made a Statement to the House following “the unauthorised disclosure of material relating to their allowances, which has appeared in the press on Friday and over the weekend”.⁵⁸

⁵⁵ BBC News, Expenses letters: full texts, 27 April 2009,

http://news.bbc.co.uk/1/hi/uk_politics/8021732.stm [accessed 28 September 2009]

⁵⁶ Committee on Standards and Privileges press notice, *Government motions on Members’ Allowances: amendments tabled by Members of the Standards and Privileges Committee*, 28 April 2009, 2008-09 No 1, http://www.parliament.uk/parliamentary_committees/standards_and_privileges/sandppn8.cfm [accessed 28 September 2009]

⁵⁷ HC Deb 30 April 2009 cc1063-c1139

⁵⁸ HC Deb 11 May 2009, cc547-552

The House of Commons Commission met later that day, following the Speaker's statement and discussed the publication of information on MPs' allowances. The Commission agreed that the date for the publication of scanned receipts and claims for 2004/05 and 2007/08 would be brought forward by several weeks.⁵⁹

On 19 May the Speaker, Michael Martin MP made a statement to the House, announcing his resignation from the Office of Speaker. Elections for the new Speaker were scheduled for 22 June 2009.⁶⁰

The Speaker also made a second statement to the House, in which he set out the "interim measures" for reform which had been agreed by all party leaders, which took immediate effect. Mr Speaker also announced that these measures "do not pre-empt any more substantial changes to be put forward by the Kelly Committee". These interim measures were: no more claims for furniture or household goods; no change of second home designation without appeal procedures; the capping of mortgage interest claims to £1,250 a month; couples married or living together must nominate the same main home and claim only once for any accommodation costs; the enforcement of depositing staff contracts and the registration of any relatives employed.

It was also announced that The Department of Resources would be tightening up its administration of claims and that all claims must pass a "reasonableness" test. Additionally, all claims made for Additional Accommodation Expenditure in the last four years would be examined.⁶¹

On 19 May, The MEC met to discuss the adoption and implementation of measures announced in the Speaker's Statement. The Committee made changes to the Green Book following the announcements. It agreed that the new rules for expenditure claims would be in place after 19 May 2009; that MPs should confirm the terms of mortgage interest payments with the Department of Resources and that in future the Department of Resources which should publish information on claims quarterly.⁶²

The Northern Ireland Assembly Commission agreed to initiate a review of the existing guidance set out in *MLAs Members' Financial Services Handbook*. The review is to consider proposals made by the SSRB in their report *Pay, Pensions and Allowances 2008*,⁶³ as well as, recommendations made by the Committee on Standards and Privileges.

⁵⁹ House of Commons Commission, *Formal Minutes 11 May 2009*, 11 May 2009, http://www.parliament.uk/about_commons/house_of_commons_commission/hccfm110509.cfm [accessed 30 September 2009]

⁶⁰ HC Deb 19 May 2009 c1323

⁶¹ HC Deb 19 May 2009, cc1421-c1422

⁶² Members Estimate Committee, *Formal Minutes 20 May 2009*, http://www.parliament.uk/parliamentary_committees/mec/mecfm200509.cfm [accessed 30 September 2009]

⁶³ Senior Salaries Review Body, Report No. 67, Northern Ireland Assembly: *Pay, Pensions and Allowances 2008*

June 2009 On 5 June Scottish Parliament announced that Sir Neil McIntosh was to conduct an independent re-examination of Holyrood's expense system for MSPs. The report "is not expected to bring about wholesale change in Holyrood's current system. Sir Neil will, however, be free to consider any aspect of the scheme he considers appropriate."⁶⁴ The report will be published before the end of the year.

On 10 June, The Prime Minister made a statement about constitutional renewal to the House. He urged democratic reform stating that "higher standards of financial conduct" are imperative for all those in public life. The Prime Minister said that all MPs "must reflect on what has happened, redress the abuses, ensure that nothing like this can ever happen again and ensure that the public see us as individual MPs accountable to our constituents."⁶⁵

The Government proposed that both the House of Commons and the House of Lords should move to a system of statutory independent regulation for their allowances, and the establishment of a new Parliamentary Standards Authority.

The Chairman of Committees in the House of Lords made a written submission to the House which announced that the SSRB will be conducting a review of the financial support available for Members in the House of Lords, following requests from both the Prime Minister and the House of Lords.⁶⁶

On 18 June Members' receipts and documents relating to MPs' expense claims dating back to 2004/05 and up to 2007/08 were published on Parliament's website. Receipts were redacted.

John Bercow MP was elected as the new Speaker of the House of Commons on 22 June. He had told the House that he would "implement radical reforms to the system of allowances" and stated that he believed that the House "can rebuild trust and restore our reputation, but only if we make a clean break with the past".⁶⁷

July 2009 In Wales, a report on allowances was published - *National Assembly for Wales Independent Review Panel Getting It Right for Wales: An independent review of the current arrangements for the financial support of Assembly Members*. The report reviewed the financial support arrangements for Assembly Members and its recommendations "aimed at providing a complete system of financial support for Assembly Members which is robust and fit for purpose."⁶⁸

⁶⁴ <http://www.scottish.parliament.uk/nmCentre/news/news-09/pa09-017.htm> [accessed 16 October]

⁶⁵ HC Deb 10 June 2009, cc795-c799

⁶⁶ <http://news.parliament.uk/2009/06/review-of-financial-support-for-lords-announced/> [accessed 16 October]

⁶⁷ HC Deb 22 July 2009, c623-c624

⁶⁸ *National Assembly for Wales Independent Review Panel Getting It Right for Wales: An independent review of the current arrangements for the financial support of Assembly Members*, July 2009, pp 1 <http://www.assemblywales.org/irp-reportjuly09-e.pdf> [accessed 12 October 2009]

The main recommendations were that there should be an “abolition of a number of payments relating to second homes”⁶⁹ including the removal of the entitlement to claim mortgage interest payments along with no claims for furniture and fittings; all expenses should be accompanied by documentary evidence; a reduction in the Winding-Up Allowance; changes to entitlement to the Resettlement Grant; that Assembly Members should continue to be able to employ their own staff but that henceforth there should be no employment of family members and that the Assembly Commission should make use of external audit in order to provide independent assurance.

The Assembly Commission agreed to accept the 23 principal recommendations and the further 85 additional recommendations from the report in full. The Commission aims to have all the recommendations implemented by 2011.⁷⁰

The MEC released a press notice *Review of Second Home Claims Begins*, in which the set up of an “independent review of the operation of the Additional Costs Allowance – the second home allowance” during the four years 2004/05 to 2007/08”. The review is being conducted by Sir Thomas Legg KCB QC along with a team of in House staff and a small group from PricewaterhouseCoopers. Advice will also be received from the House’s Head of Internal Audit and from the National Audit Office. Once conclusions have been made they will be sent to all MPs and ex-MPs concerned, who will then have three weeks to respond.

The terms of reference of the Legg Review were to: review all claims made by MPs for the ACA from 2004/05 to 2007/08; examine all ACA payments in relation to the rules and standards which were to be adhered to at the time of allocation, identifying any claims not within the rules; allow MPs who claimed wrongly to have the opportunity to make representations about them; to advise on any necessary repayments; and to report as soon as possible to the MEC.⁷¹

On 21 July the Parliamentary Standards Bill received Royal Assent after being pushed through Parliament in less than a month(the Bill was introduced to the House on 23 June 2009). The Government claimed that the urgency in pushing through the legislation was as a result of public demand to see MPs’ expenses better regulated following the expenses scandal.

The main provisions of the Parliamentary Standards Act 2009 were to establish a new body called the Independent Parliamentary Standards Authority (IPSA) which would assume responsibility for designing a new expenses regime based on the CSPL’s recommendations, paying

⁶⁹ *National Assembly for Wales Independent Review Panel Getting It Right for Wales: An independent review of the current arrangements for the financial support of Assembly Members*, July 2009, pp 1-2 <http://www.assemblywales.org/irp-reportjuly09-e.pdf> [accessed 12 October 2009]

⁷⁰ Statement by The Presiding Officer on behalf of the Assembly Commission, July 2009, <http://www.assemblywales.org/newhome/new-news-third-assembly.htm?act=dis&id=136675> [accessed 12 October 2009]

⁷¹ Members Estimate Committee, press notice *Review of Second Home Claims Begins*, Number 2 of Session 2008/09, 1 July 2008, http://www.parliament.uk/parliamentary_committees/mec/mecpn2.cfm [accessed 30 September 2009]

MPs' expenses and salaries and maintaining the Register of Members' Financial Interests. A statutory officer known as the Commissioner for Parliamentary Investigations was created to be responsible for investigating cases of wrongly paid claims to MPs. The Act also made it a criminal offence for MPs to provide false or misleading information to IPSA, a crime punishable by up to 12 months imprisonment or a fine.⁷²

The MEC made a statement about the Legg Review and Publication of Information about MPs' allowances. The Statement announced that Sir Thomas Legg's independent review of MPs' allowances will now cover the year 2008/09. The MEC intends to publish Sir Thomas' report in the late autumn to coincide with the release of allowance data for 2008/09 and for the first two quarters of 2009/10.

The MEC agreed in their statement "that information about MPs' allowances claims, including original receipts, should be made available in a format that is transparent, comprehensive and easily accessible". They also stated that there will be less blanking out of details in MPs receipts, along with publishing a full list of repaid expense claims by MPs and any expenses which have been unsuccessful or adjusted.⁷³

- Oct 2009** It was reported that Sir Thomas Legg had written to Members of Parliament to inform them of his provisional determination following his review of their past ACA claims. There were reports that some MPs had questioned the approach adopted by Sir Thomas Legg.
- Nov 2009** CSPL publishes its report on MPs' Expenses and Allowances.

⁷² The Parliamentary Standards Act 2009 (c.13), 21 July 2009, http://www.opsi.gov.uk/acts/acts2009/ukpga_20090013_en_1 [accessed 16 September 2009]

⁷³ Members Estimate Committee, MEC Statement on Legg Review and Publication of Information about MPs' Allowances, 21 July 2009 <http://www.parliament.uk/documents/upload/MEC090721.pdf> [accessed 30 September 2009]