

THE COMMITTEE ON STANDARDS IN PUBLIC LIFE

REVIEW OF MPs' EXPENSES AND ALLOWANCES

Press Conference

WEDNESDAY 4 NOVEMBER 2009

Members Present:

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1. SIR CHRISTOPHER KELLY (Chairman): Good morning, everyone. Thank you for coming. With me this morning are the other members of the Committee who took part in this inquiry. You can see who they are from their name plates. We are an independent committee, of course, by which I mean independent of both government and Parliament.
2. I would like begin by saying a few words about last week. At the time of the furore over the expenses revelations, at the time that was at its peak, the leaders of all three main political parties announced that they would accept the recommendations of my Committee in full, provided that they met three tests: reduced costs to the taxpayer; increased transparency and increased accountability. After the report had been finalised, I accordingly briefed them in confidence about what it contained. I did so in the expectation that they would be pressed, as soon as the report was published, to say whether it had their full support and I wanted them to be in a position to say yes.
3. Partial accounts of what I said began to appear in the media within hours of those meetings. You can draw your own conclusions about how that happened. I do know that the media briefings did not come from the Committee.
4. The subsequent commentary, some of it based on an incomplete understanding of what was in the report, must have been extremely irritating to those affected by it who were not yet able to see it in full. I understand their frustration, indeed I share it. It has also been very frustrating for the Committee. I hope it goes without saying that it has not caused us to alter our recommendations in any way at all.
5. The recommendations for change that we are publishing today aim to strike a balance. On the one hand they ensure that MPs are properly supported and fully reimbursed for necessary costs incurred in doing their important work. On the other hand, they provide much stronger safeguards for the taxpayer against the abuses of the past. It would be quite wrong, in my view, to regard them as either draconian or punitive. They are neither. When you have had a chance to read them in full, slightly more leisurely, I think you will see that what they do is to establish an expenses system which is fair and reasonable, which approximates much more closely to the arrangements in other organisations - and incidentally in other legislatures - but which still recognises the special circumstances of an MP's life - and there are some special circumstances - and which are shorn of the special features which gave scope for exploitation in the past. None of our recommendations are retrospective.
6. The Committee does not need to be reminded of the importance of making sure that Parliament does not become the preserve of the wealthy. I am absolutely confident that nothing we propose will have that effect. But if there is any risk of that happening, it should be addressed through the level of MPs' pay, not by retaining overgenerous arrangements for the reimbursement of expenses. It is the confusion between pay and expenses which has got the House of Commons into its present difficulties.

7. Our recommendations have not been made in a vacuum. We have taken a cold, hard look at what went wrong before. We have listened to the views of MPs, former MPs, members of the public and many organisations. We have received specialist advice and we have made use of a number of focus groups to test ideas and perceptions. Our proposals are also firmly grounded in principle, in particular of course the seven principles of public life.
8. We have taken it as a given, for example, that MPs should not be able to gain personal financial advantage from a system intended simply to reimburse their necessary expenses. Nor, in our view, should they expect to be treated differently from their constituents, unless there are good reasons to justify that.
9. I do not intend now to go through every recommendation. You have the report. But I do want to single out some. First, the most controversial of all the issues is accommodation. Our main recommendation here is that support for mortgage interest should cease and that in future Members of Parliament should only be reimbursed for the cost of rent, or in a few cases where that offers better value for money, hotels.
10. We have also endorsed the decision already taken by Parliament itself earlier this year that in future claims should only be allowed for utilities and other basic costs of living in two places, not gardening, flat screen televisions, cleaning or interior design. This, of course, is exactly what has already been accepted in the Scottish Parliament and the Welsh Assembly.
11. The basic question about accommodation is - what is it right to expect the taxpayer to support? Of course most MPs should be supported to live in two places. But they should not expect to acquire a valuable asset at public expense. We are proposing that those with existing mortgages should be able to continue to receive support for a transitional period of one more Parliament or for five years if that Parliament is shorter than usual. But any capital gains made during this transitional period and attributable to public support should be surrendered to the taxpayer. So from today there will be no more gains at public expense and no more flipping either, for any MP.
12. We are proposing that a central agency should undertake the task of sourcing suitable accommodation for rent and handling payment rather than leaving that to Members of Parliament. In view of some of the media comment before today, it is worth noting that this arrangement should actually make it easier to recognise the needs of families, not more difficult. It will be possible for the agency to provide larger accommodation for those with families than for those without. Of course it remains open to individual MPs who wish to have more substantial accommodation to pay the difference out of their own funds or, for that matter, to find their own rental accommodation and fold that into the scheme if it meets the criteria.
13. We are also proposing some relatively small changes - and I emphasise that - to the rules governing which MPs are able to claim any form

of support for second homes. Some of the speculation has been very misleading indeed on this point. So it is worth spelling out the proposal in a bit more detail.

14. At present the only MPs not entitled to claim reimbursement for the cost of second homes are the 25 with Inner London constituencies. The House of Commons has already decided that from April next year the right to claim will also be removed from a further 54 MPs whose constituencies fall wholly within 20 miles of Westminster, presumably on the ground that this is the kind of commuting distance which faces many of their constituents daily. More than half of this second group do not claim for second homes anyway. This change seems entirely appropriate to the Committee. We are happy to endorse it. But we think that the same principle, the principle already accepted by Parliament, should be extended to a few more MPs whose constituencies may be a bit further from Westminster in terms of distance but whose journey to work times will be no greater than for those within the 20 mile definition. We think that this probably applies to about a further 12, one of whom incidentally already commutes. But that will be for the new regulatory body to determine. We have set out the principle, not the precise details.
15. We are also proposing that the London costs allowance, which is the House of Commons version of London Weighting, should be reduced for all MPs to the level recommended independently by the Senior Salaries Review Body a couple of years ago. The House, at the time, decided to award itself something much more substantial than the SSRB had recommended. We do not think that was justified. What we have done, however, is to propose a higher rate for those who commute from outside the Greater London area to reflect the fact that they have higher travel costs.
16. Finally in this area, since this has also been the subject of some comment by those who have only had partial understanding of what we are proposing, we propose that when the House is sitting late - which of course happens less frequently than in the past - MPs should receive exactly the same support as House of Commons or indeed other staff in the same circumstances; where necessary being able to stay overnight in hotels or the reimbursement of taxi costs.
17. The second major area of controversy is the use of public funds to employ members of an MP's own family. Let me say straight away that we have been told that many of those so employed are providing an excellent service and offer good value for money. But the Committee does not believe that this practice is compatible with modern employment standards on which, in our view, Parliament ought to be giving a lead. Nor do we think it helps public confidence in the integrity of the system, particularly in the light of the fact that it has been abused in the past. We were interested to hear the Leader of the House express a similar view in her oral evidence to us back in July.
18. We propose, therefore, that the practice should be ended but that those currently employed should be allowed to continue for one further Parliament,

or for five years if that Parliament does not go for a full term. We believe this is a proportionate response, justified by the need to restore public confidence in those who hold public office.

19. Third, we are making proposals about redundancy pay for MPs. Following a change made by MPs themselves some years ago the present arrangements make no distinction between those who leave the House voluntarily and those who are genuinely in a situation equivalent to a redundancy, because they lose their seats in an election for example or as the result of boundary changes or de-selection. We see no reason why those who retire or go voluntarily for other reasons should receive redundancy pay, any more than anybody else would in a similar situation. Members of Parliament already have pension entitlements.
20. Our proposal is that in future redundancy pay should be calculated in accordance with another recommendation made by the independent Senior Salaries Review Body which was rejected by the House. That starting after the next election - so this does not apply to those standing down at this election - those who leave voluntarily should not receive redundancy pay but should instead receive eight weeks pay from the date of the election to cover the period when they are winding up their offices.
21. On sanctions we make a number of recommendations designed to improve the effectiveness of the new regulatory body, IPSA, and to buttress its independence, including giving it a range of non-parliamentary sanctions analogous to those operated in relation to MPs as well as to anybody else by Her Majesty's Revenue and Customs and the Department for Work and Pensions. In addition, we propose that the Commons Standards and Privileges Committee, the body that passes judgement on the behaviour of MPs in the House, should be strengthened by the addition of at least two independent lay members in addition to the parliamentary members. We think the withholding of redundancy pay, a sanction already available to the Standards and Privileges Committee, should be available for use against those who have seriously breached the MPs' code of conduct.
22. Finally, we recommend the abolition of the communications allowance. We think it absolutely right that MPs should communicate proactively with their constituents. That is an important part of doing their job. But this does not need a separate allowance, especially one which in the past appears often to have been used by some more for self-publicity than for anything else. The cost should, in future, be met out of the office costs budget where it will have to compete with other priorities.
23. There are a range of other recommendations which I will leave you to read for yourselves. They include MPs having to meet the cost of their own home to work travel, just like their constituents; and ending the practice by which some politicians, now almost entirely in Northern Ireland, are simultaneously able to hold positions in two separate legislatures.

24. There is a risk that as the impact of the revulsion caused by the Daily Telegraph revelations fades with time some may be thinking of distancing themselves from their earlier expressed determination to implement our report in full. If so, that would, in my view, be an error. The damage that has been done by what has been revealed about past malpractice and about the culture that goes with it has been very considerable. I do not believe the trust in those who govern us will be restored unless those in authority show leadership and determination in putting the abuses of the past behind them, however uncomfortable that may be for some.
25. For our part, the Committee is absolutely clear that the three tests, accountability, transparency and reduced costs have all been met. This report should therefore now be handed over to the independent body for implementation in full with the changes introduced by the time of the next Parliament. I recognise that this will be a demanding timetable. There is a lot of work for the new regulatory body to complete. But I see no reason why it should not be achievable if the will and determination are there. It is important that they both should be. This Committee will be watching closely.
26. Thank you for listening. I am happy to take any questions. Before I do so just a couple of things. One is because of the numbers could you please limit yourselves to two questions so I can be fair to all, and can you also - for the benefit of the transcriber - please state your name and organisation. Then one final point, if I may, you may have noticed my voice is fading, I have a rather heavy cold. I apologise if my voice gives out. I caught it when I was spending two days at the end of last week with a group of young people who advise the NSPCC Trustees on what we do. Incidentally I have just won a bet with them that I would not find a way of mentioning them during the course of this press conference.
27. Yes, please.
28. GARY GIBBON (Channel 4 News): I wanted to pick up on two things that you have said there, if I may. You said that the issue of MPs pay should be addressed, has it been artificially suppressed over the years? Is this now the time for it to take a significant rise? The other point you were making, some MPs have been saying that they see now a little window of opportunity perhaps to amend what you have come forward with today, what sort of price do you think they will pay if they do that? Do you feel you have got assurances from the party leaders that they are going to clamp down on such a thing?
29. SIR CHRISTOPHER KELLY: That is two key questions, is it not? To deal with the first one. The Committee has not looked at the question of pay, that is not our job. That is the job of the SSRB. What we have done, I hope, is to clear away the undergrowth so that we now have a system of expenses which does what it is supposed to do, which is to reimburse MPs properly for the costs that they incur in doing their jobs but no more than that. The SSRB can now take a view in the light of that.

30. What we have recommended, however, is that having noticed that the independent determination of MPs' expenses is now protected by primary legislation vested in the new regulatory body we think that the determination of pay should receive the same protection - and that is one of the recommendations in the Report - so that the House and the institution of Parliament can be protected from Prime Ministers of any party wishing to ignore the recommendations of the SSRB. We think that by doing that, it will help us to avoid getting into the same situation as we are in now in 30 years time.
31. Your second question was what indications I have had from the party leaders? You never get a complete assurance. What I have been told by all three of the main party leaders is that they understand the importance of getting on with things, putting this behind them. In my view, and I hope also in their view, that means accepting the recommendations of this report in full and getting on with it.
32. Tom Bradby (ITN): It is always good to know other people do not get straight answers from politicians. Unless I have misunderstood you, you said that these changes to redundancy pay, if I can put it like that, do not apply to the end of this parliament. What do you think about the fact that we have a lot of these MPs who have been disgraced in the public mind who are effectively still there collecting their salaries now even though many people think they should not be, and are going to walk off with, in some cases, quite considerable sums of money? Is it not important in terms of restoring confidence that those people who have been disgraced in the public mind do not walk away with anything?
33. SIR CHRISTOPHER KELLY: Yes, it is important. I agree entirely with that. We made the recommendation that we did because we thought it would be completely unfair to a large number of MPs who have not been disgraced, as you put it, to suddenly change this close to a general election the arrangements under which they might have been planning for their future. We did so in the recognition that it might mean that some people who have done things which in the public mind ought to have led to instant dismissal without any redundancy pay, as would happen in any other organisation, might still receive it. What we have tried to do is to hand that back to the Standards and Privileges Committee and have pointed out to them that they already have the ability to withhold the grant from those who have misbehaved and we think they should be prepared to use it. That is up to them. That is not up to the Committee.
34. LUCY MANNING (ITV News): I wonder if I could ask you, there are a number of MPs who are pre-emptively complaining about this, who say that they are being unfairly treated, that they work late nights and that these proposals will have to be changed. What is your message to those MPs?
35. SIR CHRISTOPHER KELLY: My message has got a number of components. I think the first thing I would say is please read the report and respond to that and not to things they might have read which are incomplete

including, since you mention late nights, the fact that we have suggested that rather than being given a large allowance because of late nights, which is the same thing as giving them pay, they should be treated like anybody else. In this case members of their own staff in the House of Commons who are subject to the same arrangements. So there could be receipts, there could be transparency, all the normal arrangements.

36. I think the other thing I would say is please consider the position in which you have got yourselves and the importance for you individually and for the institution of Parliament and the respect we all have for parliament. Please consider the importance of just getting on with things, and whether you like this or not actually there is a lot to be said for simply getting it behind us now.
37. CATHY NEWMAN (Channel 4 News): You say that these recommendations will save the taxpayer money but in many London boroughs close to Westminster and even slightly further out, rental is actually more expensive than buying a house and claiming the mortgage payments. I just wonder what your response was to that. Also, is there going to be - and forgive me if this is buried somewhere in the report and I just have not got to it yet - a limit on what MPs will be able to claim in hotel expenses on the occasions that they do have to stay late for a vote?
38. SIR CHRISTOPHER KELLY: The answer to the second question is yes. We have left it to the new regulatory body to set the limit but I think we mentioned a figure which was suggested to us as being reasonable. Can anybody remember what it was? £120 not counting VAT, we were told was a reasonable amount but I think it is up to the new regulatory body to determine that.
39. I have heard the argument that support for mortgage is cheaper than rent. If you actually look at what those who have claimed in the past for mortgage have claimed, on average they have claimed more than those who have claimed for rent. I think, I would also say it is the principle that is important and what has really upset so many members of the public is the notion that people can acquire a private asset at public cost. I think whether it is more expensive, which it might be at the margins, will depend upon where this accommodation is found. There are plenty of places within easy reach of Parliament which are not as expensive as flats in Dolphin Square or Westminster.
40. PETER RIDDELL (The Times): Two questions. The first one, you said that from now on MPs will not be able to benefit from capital gains. You are an advisory body, it is not like a budget. Who or what can say ... IPSA will say retrospectively as of 4 November, 10.00am, you will not be able claim capital gains. It is quite a big issue there. There may be an incentive for MPs to sell the houses over the next two months.
41. The second perverse incentive thing is on the point of money going only to those MPs who are defeated, might that not create an incentive for

MPs to stay on longer so you would have more older MPs. Related to that is also another perverse incentive on Northern Ireland. It is very important to have the leaders in Northern Ireland in the Westminster Parliament. In fact you may have a political result of splitting the leadership, political leadership, in Northern Ireland for representation in the House of Commons. So it may make Northern Ireland more separate.

42. SIR CHRISTOPHER KELLY: There are three questions, I think, there, Peter. I will do my best to answer them if I can remember them all. First of all, you are quite right to chide me, I should have included the phrase, "If the recommendations are accepted there will be no more capital gains".

43. PETER RIDDELL: It was the finer point, you said, "From today".

44. SIR CHRISTOPHER KELLY: Yes, well the recommendation is that the new scheme IPSA should introduce says that it will be a condition of continuing to receive support for mortgage interest that any gains you make from now on, to the extent that they are derived from public support, should be surrendered to the taxpayer. That is what I meant to say. Of course people have five years before support is withdrawn so I see no reason why people should sell their houses now unless they think that house prices are going to fall further over the next five years, which I think would not probably be the assumption most people would make.

45. Your second question, people retiring. A lot of people referred us to the fact that in the past one Member of Parliament who really wanted to stand down had stood in a hopeless seat in order to receive the grant. I think that giving the grant to all MPs because of that one case is a bit disproportionate, particularly now that Parliament has decided to institute an independent regulatory body who ought to be able to deal with obvious cases of that kind. As far as the perverse incentive is concerned, I think MPs will have to make up their own mind but the choice is between going now and receiving the same grant or going in five years' time and still receiving - not nothing - two months' salary at the point at which they go. The difference between the two is several tens of thousands of pounds but it seems to me to be a relatively small point when set against all the other considerations as to whether you want to spend the next five years of your life as an MP.

46. As far as Northern Ireland is concerned, I think it is right to say that all the Northern Ireland political parties have said that they want to see the end of 'double-jobbing', as it is known there. The only question is about when it should happen. It seemed to us that it would be helpful for us to make a recommendation around which that could coalesce. So I do not think we are doing anything contrary to what Northern Ireland politicians themselves want to do.

47. TIM SHIPMAN (Daily Mail): Two questions. Have you got a total cost for what politics will now cost? Everybody has said they want the overall cost to go down, do you have some idea by what sort of factor that is going to occur?

48. Secondly, just to clarify on this capital gains point, you are saying that any gain that is made after this moment will have to be handed back or are you saying that all gains that have been made on a property will have to be handed back after this point?
49. SIR CHRISTOPHER KELLY: I am saying that any gains made after this point, to the extent that they are derived from public support, should be handed back, not past gains, and only that part of the mortgage which is supported by public funds going forward.
50. There is a chapter about costs at the back of the report which provides such figures as we are able to provide. There are some recommendations which we can cost precisely, there are some which we cannot cost precisely although we know the direction of travel. For example, the abolition of the communications allowance will save something over £5 million from memory but what we are saying is that people can still incur equivalent expenditure from out of their existing office budget within which there appears to be some headroom, and I have no idea of the extent, I cannot predict the extent to which people will make use of that. I am also conscious that we are proposing some quite significant changes here which no doubt will alter behaviour in ways which cannot be entirely predicted.
51. TIM SHIPMAN: Are you confident it will be achieved?
52. SIR CHRISTOPHER KELLY: Absolutely confident.
53. GRAEME WILSON (The Sun): Just to check, is this a package you want to see accepted as a whole or is this something which people can cherry-pick out the bits they like?
54. SIR CHRISTOPHER KELLY: It is intended to be a package as a whole. I hope you will see that it has been quite carefully constructed in order to address some of the issues that people have raised. I think cherry-picking is a very bad idea because once you open up something like this who knows where it will stop. There seems to be a very considerable desire, as I have said several times, to get this over with and put it behind us so people can start talking about things that matter and not about MPs' expenses. In order to do that it seems to all of us, I think, that it is very important that people should accept this as a whole and simply get on with it. Particularly since this has not been produced out of the air, it has been produced after a thorough six month inquiry in which we have heard from all kinds of people, including incidentally a very large number of MPs. No less than 82 MPs gave us written evidence, 23 of them gave oral evidence, there being some overlap between the two, and quite a large number of MPs also spoke to me or other members of the Committee privately.
55. JIM PICKARD (Financial Times): Just to hammer home the point about capital gains tax, are you going to do an independent valuation of all MPs

accommodation or otherwise how will you know how much their property has gone up in value over the period?

56. SIR CHRISTOPHER KELLY: I am not going to do anything, this will be for the new regulatory body to implement. It is not an unknown issue for Her Majesty's Revenue and Customs to have to deal with the valuation of assets at different points in time and apportion changes between them. You know, this is not a new issue. There are accepted ways of doing it.
57. MICHAEL WHITE (The Guardian): Sir Christopher, one of the worst aspects of this sad affair has been the role of the Fees Office at Westminster, not simply in sanctioning some very questionable payments but according to MPs from all parties actively encouraging them at various stages. Has your report addressed this issue and, if not, why not?
58. Secondly, a more nuanced criticism which one hears from MPs is that your report will further a process whereby - what the Russians call the nomenklatura - the unelected, largely unencumbered which run great sways of this country - senior civil servants among them but also bankers and other things - have in effect taken yet another step to reduce the role, importance and decision-making abilities of those poor sods who get elected and are accountable to the voters, whether it is at local authority level or in this case down the road at Westminster.
59. SIR CHRISTOPHER KELLY: Thank you for that. As far as the Fees Office point is concerned, Parliament itself has already addressed this. I am sure you are absolutely right, as indeed large numbers of people have already pointed out, that part of the problem with the culture in the House of Commons which allowed this situation to continue for so long was the way that the Fees Office did not behave in the way that you would expect a finance department in an ordinary organisation to behave, for reasons which we can all speculate about.
60. MICHAEL WHITE: Well, did you check it out? Were you surprised?
61. SIR CHRISTOPHER KELLY: If you would let me finish, I think that point has been dealt with by the fact that in future the Fees Office is no longer going to be the people who deal with these issues. It is going to be the Independent Parliamentary Standards Authority headed by an independent board, although it is not the word used to describe them. If rumours are correct about who has been appointed to be the chair of that I cannot think of anyone who I would expect to be more independent. So I think that point has been dealt with.
62. As far as the nomenklatura is concerned, by which I assume you mean us among other people, I think you have to ask the question, which would you rather have? Would you rather have the continuation of a system which is self-policed, self-determined and non-transparent or would you rather have recommendations made by a body which goes back to the Nolan Committee

which is independent of both Parliament and government and which has conducted its deliberations in a fully transparent way?

63. ANDY BELL (Five News): Two questions. One do you have a figure for the maximum that MPs should be allowed to charge for rent on property in London. Secondly, did you take any view on the argument that spouses working for MPs is a special case and there should be no reason why it should not carry on as long as there was a proper employment contract drawn up?
64. SIR CHRISTOPHER KELLY: As far as rent is concerned, Parliament has already decided as part of the interim measures they introduced, in I forget which one of either May or June, that there should be a limit of £1,250 a month on claims that can be made for rent. Somewhere in the report - someone will no doubt be able to draw my attention to where it is, page 51, thank you - there is a table which shows the information we have been given about what the monthly rental costs of a one-bedroom flat are in different parts of London, just as an indication as to whether or not £1,250 is a figure which is totally impossible or is reasonable. It is the case, I believe, that most MPs who rent actually rent somewhere which costs more than £1,250 a month.
65. ANDY BELL: But you endorse the £1,250 figure that Parliament came up with?
66. SIR CHRISTOPHER KELLY: In the absence of any other figure. This is one of the things that the independent regulatory authority will need to keep under review and the important aspect of that now is that will not be done by MPs themselves, it will be done by the independent regulatory authority. Moreover, instead of simply having a maximum within which people will have to limit themselves, one of the advantages of the proposed agency to find the rental properties is actually you can do that according to a standard not an artificial limit. So you can actually see what the costs of providing reasonable rented accommodation within a reasonable distance of Westminster are.
67. Your second question was about spouses. Yes, there has been a lot of noise about spouses. I think that one of the important things to hang on to is actually the justification. The question ought to be put the other way around, employment of spouses in any organisation is a very, very unusual arrangement, except in a small family business. I have seen reports of people referring to shops and vicarages and so on. Or in the very special case of GPs, which is the other example that people gave. I do not think one example like that is enough to demonstrate that something that looks extremely odd should be allowed to continue, particularly when, as I have said in my opening remarks, this is an area where Parliament ought to be giving a lead in terms of things like the openness of recruitment and so on, which is clearly impossible when what you are talking about is a family member.
68. What we have suggested is a transitional period of five years which, as I have said, seems to me to be a proportionate response to the situation. Quite a number of those affected, one imagines, will not be in Parliament after the next election. We are talking about the election after that. I do have a lot

of sympathy with those wives who are employed by their husbands but frankly if the House of Commons wants to bring itself into the 21st century I do not think that this practice can reasonably be allowed to continue. I think it is quite interesting that even the European Parliament - perhaps I should not have said "even" - has come to the same conclusion and has proposed exactly the same arrangement, i.e. that it should come to an end, although for existing family members it should be allowed to continue for one more parliament.

69. NEAL PATTERSON (Sky News): You spoke of giving IPSA increased punitive powers similar to those held by Revenue and Customs, DWP. I was wondering if you could give us a little bit more detail about what you intend and how the division of labour might be with the Standards Committee in the House of Commons itself.
70. Second, it was pretty clear that you and your Committee have been tasked with clearing up a rather sticky mess. To whom do you apportion blame for the sorry state of the expenses system?
71. SIR CHRISTOPHER KELLY: The situation with regard to IPSA is quite complex. We do spell it out in detail in the relevant chapter in the report. Basically what happened while the legislation was being put through the House is that as the Bill was introduced there were a whole range of powers, as it went through the House the issue of parliamentary privilege became a major issue. In consequence the powers were watered down and responsibilities were taken away from IPSA. So in the end the only privilege issue which remains is the question of the register and code of financial interests, which is a privilege issue because it affects the behaviour of Members in the House which the expenses system does not, and we think should be handed back to the House.
72. As part of that debate, as the powers were removed IPSA has been left with less powers than, as I have said, the Revenue have. I am not sure I would use the word "punitive", these are powers to do things like to demand information, to demand the repayment of expenses that have been claimed or paid out that should not have been paid out. At the moment the body, if it wants to do any of those things, has to go about it through a very roundabout route involving the Committee on Standards and Privileges. That seems to us to be nonsense and we think that as soon as the necessary legislation can be introduced that that should be remedied.
73. I am sorry I have forgotten your second question.
74. NEAL PATTERSON: Who do you blame for the state of the expenses?
75. SIR CHRISTOPHER KELLY: Who do I blame? A lot has already been written about that. It is quite clear, and we say something about it in the report, that in the past - sometimes quite explicitly - leaders of parties have said, "We cannot give you an increase in pay but we can give you more generous expenses" and that has led to a culture of entitlement within the House, which has not been helpful. I think there is a very marked culture of

deference in the House which is perhaps understandable but must have made it very difficult indeed for staff employed in the Fees Office to challenge individual Members of Parliament.

76. MALE SPEAKER: No, it was not like that.
77. SIR CHRISTOPHER KELLY: People can have their own opinions about that. I think that, thirdly, the fact that what was going on was not transparent had a major impact. If I had to say what was the most important of all the things that was happening, it probably would not be any of the rule changes that we are proposing here, it would be the combination of complete transparency and the introduction of proper external audit which would make the main difference to the culture in the House.
78. Juliet Samuel (Sunlight Centre for Open Politics): You mentioned transparency and I see in your recommendations you require receipts ... the new regulator will require MPs to submit receipts for all expenses. I was wondering if there was anything in the report about redactions and whether you have made any recommendations about the level of redactions and also the details of redacted claims and whether they should be published, and whether receipts should also be detailed?
79. SIR CHRISTOPHER KELLY: We think that the arrangements that should be introduced should be very much modelled on those which were initially introduced in the Scottish Parliament which does allow a level of redaction for things, which I think almost everybody would accept, where security or personal financial information is involved. We think that it is quite important, particularly in view of what has happened, that people should have some way of telling where the accommodation that has been claimed for or provided by the new agency actually is. We think that can be done quite easily by giving the first part of the postcode which does not reveal exactly where the accommodation is for security reasons but gives enough of an indication for people to tell broadly where it is.
80. The Scottish Parliament did begin by insisting that all receipts should be available online and that, I think, led to some changes in behaviour in the way that receipts were actually written. Part of the problem with redaction was that there were receipts that listed large numbers of things, some of which were relevant and some were not. They have moved towards only publishing summaries online, although I think that the details are available on request, because they found that once you have got transparency, people cease to be so interested in it because they know they can get the information if they need it. We think that in the case of the Westminster Parliament, such has been the size of the furore that to start with, we should do exactly the same as the Scottish Parliament did originally.
81. I think the final part of your questions, yes we think that claims should be there as well as actual payments.

82. JOE WATSON (Northcliffe Media): You said that MPs who decide to stand down at an election should not receive the resettlement grant but that MPs standing down at the next election will be allowed to keep it because they might be relying on for planning their future. What about an MP who has substantial personal wealth who decided to stand down at the next election and frankly is not relying on that money for their future and does obviously have personal resources? Given the principle that you set out and given that on the board behind you it says, "Selflessness and Integrity" do you think that those MPs with substantial wealth should forego voluntarily that resettlement grant at the next election?
83. SIR CHRISTOPHER KELLY: I can see where that question is coming from, but I think the answer is you can get into too great a degree of detail frankly and, as I say, the important thing is that the principle should be established. I also think, given the short period before the next election, it is reasonable to allow the existing arrangement to continue until then. I would not myself frankly want to make a decision between the different degrees of wealth which different MPs have. It is up to them, of course, to decide whether or not they claim or accept the grant.
84. MATT CHORLEY (Western Morning News): You have taken a sort of principled stance on deciding that an MP's main home is in their constituency and London is their second home, but a lot of current MPs have done it the other way around. I just wonder if you would explain why you made that decision.
85. Secondly, several MPs have suggested that if these rules are not to their liking they might choose to head for the door in the next election, are you concerned or worried or have you made any guesses as to what impact that might be in terms of MPs who just take the pay off at the next election?
86. SIR CHRISTOPHER KELLY: We have not said that the main home should always be in the constituency. This is probably a consequence of you all being expected to read the report extremely quickly or in my not being clear in what I said. I think there are a number of reasons why people might want to have their main homes in London rather than their constituency, not least where Ministers are concerned. Indeed, I think it may still be the case that Ministers are required to have their main home in London rather than the constituency.
87. I am sorry, I have forgotten what the next question was.
88. MATT CHORLEY: About MPs going at the next election.
89. SIR CHRISTOPHER KELLY: Yes. Well, I think some of those comments were made before people had seen everything that we were proposing, so they were made in reaction to an incomplete understanding of what we were proposing. Am I worried at the thought that some MPs are going because the expenses system no longer enables them to make a personal profit rather than simply reimbursement? Answer: no.

90. ROB MERRICK (Northern Echo): Back to spouses. You would have heard the mutterings from several MPs of legal action, how confident are you that it is legal for MPs to sack their wives and husbands, albeit it after five years, when they have contracts of employment?
91. SIR CHRISTOPHER KELLY: I have read that. Legal advice, if you have ever taken it, you will know is never 100 per cent confident. But of course we have taken legal advice and what we have been told is that there may well be claims under various pieces of legislation about this. We have also been told that there is a defence against it on the basis that this is a proportionate response to a legitimate public objective, in this case the restoration of trust in the integrity of public office holders. I cannot be 100 per cent confident that if this went to trial that would be the outcome but that is the advice we have received. Quite an interesting question to which I do not know the answer; if there was an action, who would it be against? Normally, it would be against the employer; in this case the husband or the wife.
92. SAM COATES (The Times): Just to be quite clear on preventing MPs making a capital gain, what you are saying today is that when IPSA finalises how it is going to implement your report next February that it should retrospectively implement a recommendation that from 10.00am this morning any MP that makes a capital gain should have to hand it over to them. Is that what you are saying?
93. SIR CHRISTOPHER KELLY: In effect, yes. We are saying that for those MPs who after the scheme has been formally adopted want to continue to receive support for mortgage interest then they would have to accept as a condition of that that any gain made between now and the time of the next election is surrendered to the tax payer.
94. SAM COATES: Can IPSA do it retrospectively?
95. SIR CHRISTOPHER KELLY: Is that retrospective? If something is announced ... retrospection normally means backdating to before something has been announced. That is a principle that the Inland Revenue follow. The Chancellor does not impose retrospective taxation generally. Peter is frowning but I think --
96. PETER RIDDELL: You are a regulatory body, not the Treasury.
97. SIR CHRISTOPHER KELLY: No, I know but I am just referring to the principle of what is regarded as retrospection. Normally it would not be regarded as retrospection if it follows from the date of something being announced. But Peter is quite right, up until IPSA actually finalises the acceptance of our report or not, nothing is set in stone.
98. NICK ROBINSON (BBC News): Every voter in the country has reached their verdict on the Standards in Public Life. You are Chairman of the Committee and you have not told us what you think have been the standards

operating in public life. While you choose your words, carefully no doubt, you have talked of the fact that many MPs regarded pay and allowances as part of the same package. We have not heard from any of the rest of Committee, can I invite each and every member of the Committee to tell us whether they think it is reasonable for an MP to say, "My allowances have been clobbered, my pay should go up"? Maybe Dr Woods-Scawen would like to start?

99. DR BRIAN WOODS-SCAWEN DL CBE: Do you want to answer the first part of the question, first?
100. SIR CHRISTOPHER KELLY: Sorry, I was so taken aback by the second part of the question I forgot what the first part of the question was. What my view is on standards?
101. NICK ROBINSON: Your commentary on standards in public life, you have been looking at it but you have not told us what you think of it?
102. SIR CHRISTOPHER KELLY: Read the report and I think you can understand what I think. Because I am part of a nomenklatura - I cannot get that word quite right - I have worked with Members of Parliament over a long period and I have considerable admiration and respect for large numbers of them. I think it is very sad, frankly, that standards of conduct in relation to expenses within the House of Commons have now been shown to be what they have been, in a way that quite a large number of MPs did not actually realise until they saw the Daily Telegraph revelations. And I think it is even sadder that large numbers of MPs who kept themselves away from some of the worst abuses nevertheless allowed their colleagues to continue to operate the system in the way in which they did. I think that is a very sad state of affairs.
103. NICK ROBINSON: Sorry to push you but there are lots of voters out there who will say, "They have had their standards in a trough, they have been corrupt and they should have been sacked from their employment". You seem a little coy to give your own description of the standards in public life you have just been examining. What were they?
104. SIR CHRISTOPHER KELLY: I am not trying to be coy. If I am being coy I apologise for that. I have already said that I think that the way in which expenses were dealt with by a large number of MPs was deplorable and the public are quite right to have deplored it. I think the damage that has been done by that has been considerable. I think that the backwash has washed over into all sorts of other areas to the extent that people now have less confidence than it would be healthy for them to have in the institution of Parliament as a whole, which is one of the reason why I think it is so important to deal with it, for IPSA to deal with implementing it, for everyone to accept the recommendations of the report rather than attempting to pull the bit of string apart.
105. They have had time to think about their answers now. Brian, do you want to start?

106. DR BRIAN SCAWEN-WOODS: Just to answer the first part of the question, one of the earlier questioners referred to the Seven Principles. There has been a failure on the part of the authorities, a failure of leadership, a failure of openness, a failure of self-interest, so it is clear that the Seven Principles of Public life have not been applied to the arrangements that have been in place.
107. So far as MPs being clobbered are concerned, MPs play an important and difficult role. It is absolutely vital that as they face many of the issues that this country faces in the years ahead: climate change, international terrorism, security of energy and food supply ... these are big issues that in the next five to ten years are going to have to be dealt with, they cannot do that fully and effectively unless they have the consent of the British people. If we do not get the expenses regime right that consent, that contract, between British people and Parliament will continue to be broken. So it is absolutely in the interests of MPs to have a settled and clear set of arrangements whereby they get reimbursed the costs properly incurred but do not make profit out of the arrangement.
108. I do not think that MPs have been clobbered at all, it is in their interests to accept the arrangements and to enter into the kind of arrangements that everybody else in public or private life - even I guess, Mr Robinson, the BBC - have in terms of expenses.
109. NICK ROBINSON: And their pay should go up?
110. DR BRIAN WOODS-SCAWEN: I will give you my view on this, I think that there is an obligation currently for SSRB at the beginning of each Parliament not simply to up-rate pay but to have a more fundamental review. I think it will be important once the expenses have been settled, so there is no confusion between the two, for the new body - and we have recommended that pay should be dealt with, as Chris indicated earlier, by the new regulatory body and not by SSRB. They should think very deeply about the proper role of an MP, what we expect from our MPs and what the proper reward is for that.
111. SIR CHRISTOPHER KELLY: Lloyd.
112. LLOYD CLARKE QPM: I would say exactly the same. Insofar as we as a Committee are independent individuals with our own robust thoughts on it. I do not have any compunction whatsoever in respect of the recommendations that we have made. I do not think it is about hitting MPs in respect of their allowances, it is about ensuring that they are reimbursed for the expenses which they have correctly incurred. The definition of that throughout is quite correct insofar as the standards that have been applied in the past have not been correct and they should be from here on in.

113. So I do not think we have clobbered MPs in respect of expenses. I think we are ensuring that the expenses they get are totally appropriate and necessarily incurred doing their job.
114. SIR CHRISTOPHER KELLY: Elizabeth.
115. DR ELIZABETH VALLANCE JP: The question you ask I think suggests that we should look back rather than look forward and we have been keen to look forward. In response to the question at the back, it is not a menu, it is actually a set of proposals which is to be taken as a whole. It is quite intermeshed as it were. The framework we are suggesting is an attempt to deal with the future rather than the past. Obviously the past was where we started but we did not dwell on that and we were not in that sense judgemental. That is not at the heart of the report. What is at the heart of the report is the attempt to give MPs the proper structures and the proper support to do the job they do. I think part of the important starting point from our point of view was to make a clear distinction between allowances, which is how MPs saw this area in the past, and expenses which were, as Lloyd has said, the reimbursement for the expenses which MPs had incurred wholly and exclusively in pursuing their job. So I think that was the very important thing.
116. The other thing I would say is one of the reasons why we have thought it important to give back to the House of Commons the responsibility for its own standards and values - in taking from IPSA, the independent body, the whole area of standards which, in our view, in quite a confused way had been coupled with simply checking and paying expenses - is that we think it is important that the House take responsibility for this, embed it in its own culture and go forward from there. We did not want to give the impression that we were treating MPs like naughty school boys. They are responsible individuals. If they cannot put their own house in order then why should we give them responsibility for ruling the country?
117. SIR CHRISTOPHER KELLY: Nick, I know there are lots of other people who want to ask questions, do you really want me to carry on down the line?
118. NICK ROBINSON: What about the pay rise? I am intrigued as to whether anybody wants to argue they should have their pay upped in response?
119. SIR CHRISTOPHER KELLY: We said what we said in the report about it.
120. SIR DEREK MORRIS MA DPHIL: Shall I just quickly say, as you know we sent out a consultation document and although we are not concerned with pay but getting the expenses systems right, inevitably many of the people who replied to that document put forward views about MPs' pay. A number said basically that MPs should be paid considerably more and they gave comparabilities. Others said they were grossly overpaid already. That must be a matter for the SSRB. Our job is to get the expenses regime right. All I

would add is, I hope MPs responses to this will now be (a) to accept it and (b) to say, "How can we now make sure that our conduct in relation to expenses is beyond reproach?" There have been a few, I think is mercifully only a few, whose reaction seems to be, "Well, how can we get around the Kelly recommendations?" That, I think, is unfortunate. I hope the vast majority of MPs will see this as a real opportunity to accept the report and put this problem behind them and allow them to get on with the job that they need to do which Brian described earlier.

121. SIR CHRISTOPHER KELLY: I do not want to spend a great deal more time on pay because our report is about expenses.

122. ROSA PRINCE (Daily Telegraph): One of your recommendations was there should be lay members on the Standards Committee and you have also called on them to use some of the sanctions which they are not using. Does that imply that you think that at the moment disgraced MPs are rather getting away without punishment?

123. You have all stressed how important it is to implement your reforms as a package and not to cherry-pick, would you consider standing down from your post if it was substantially watered down?

124. SIR CHRISTOPHER KELLY: The answer to the second question is no, but I do not expect that situation to arise.

125. The answer to the first question is it is very difficult to express a view on individual behaviour without seeing all the facts. I know this from past experience. Often things are more complicated than they look. There have certainly been a number of recent cases where to the outside world it has looked as if the people concerned have got off rather lightly. That may have been because those passing judgement on them actually were aware of some facts which were not reported by you or your colleagues, so unavailable to us. But even if that was the case, it looks very odd, does it not? Where you have a situation in which judgements of that kind are being made solely by other MPs, which also looks very old-fashioned apart from anything else. There are very few other bodies where self-regulation is entirely in the hands of peers without independent representations.

126. I can see people are coming to an end. One more question.

127. JAMES LYONS (The Daily Mirror): Thank you, Sir Christopher. Could I just ask, you said that you would like to see some MPs stripped of their golden goodbyes. Can you tell us roughly how many that is? You said a large number seemed to have been behaving deplorably, would we expect the large number, dozens, maybe even hundreds, should lose those payments?

128. Also just coming back to the spouse's issue. How on earth are you going to classify who is a spouse, if - and this has been known in the past - a relationship grows up between an MP and employee? Is the MP going to be under some sort of obligation to immediately terminate their employment?

129. SIR CHRISTOPHER KELLY: Look this is a very good example of the slightly strange way in which people can look at things. The issue you describe about how you deal with people having relationships is one which is faced in offices all over the country all the time. Other people find ways of dealing this. Stories of how this is a call for bedroom police simply ignore the fact that this is an issue which people deal with in all walks of life.
130. Sorry, again I have forgotten the first part of the question.
131. JAMES LYONS: How many MPs would you like to see lose their golden goodbyes?
132. SIR CHRISTOPHER KELLY: I have absolutely no idea. The point I was making was a quite simple one, which is if you have a situation in which you allow people to have redundancy pay how ever they behave, which is not what would happen in other walks of life, then this is a sanction which is available and which ought to be available. The Committee on Standards and Privileges should be prepared to reach judgements about that in past and in future cases.
133. Judging by the way people are voting with their feet, I suspect that means we probably ought to bring this to end. Thank you very much for coming.