

2009
29 May 2009

Tel: _____, London,
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Sir Christopher Kelly,
Committee on Standards in Public Life,
35 Great Smith Street,
London,
SW1P 3BQ.

EL3
Securing

29 May 2009

Dear Sir Christopher,

Review of MPs Expenses & Allowances

Since writing to your secretary recently, I have been able to study your Committee's very comprehensive paper 'Issues and Questions' on the subject of MPs' expenses, which you are currently reviewing. This has been of great assistance to me in putting forward my views as someone who was a member of the TSRB, set up in 1971 under the chairmanship of Lord Boyle. Our first remit was to review and submit recommendations on both parliamentary salaries and expense allowances.

I was also for a number of years Chairman of the Armed Forces Review Body and the Police Negotiating Board. I do not regard myself as an expert but I was for a number of years involved with the question of 'salaries versus allowances', both in the public service field and international industry, having been the Personnel Co-ordinator of Royal Dutch Shell.

The issues listed in the note constitute essentially a re-run of the issues covered by the Top Salaries Review Body in their report of 1971. The problem of determining appropriate financial arrangements for members of both the Commons and Lords has remained unresolved for decades and the fact, as I understand it, that MPs themselves took over responsibility from the SSRB a year or two ago has only served to muddy the waters still further. The failure of all governments to find a solution, acceptable to both parliament and the public, over at least forty years is a clear illustration, if one were needed, of their incapacity to manage. Whatever revised system emerges from your review, there is no doubt in my mind that the whole process of managing MPs expenses should be removed from parliament and handled by an independent body. One has to recognise that much depends on the definition of the word 'independent' in this context.

1.3 As a member of the Halsbury committee, appointed to review the pay of the nursing profession many years ago, the then secretary of state urged us to produce an interim report, in the face of a threatened strike. She was told that this was neither realistic nor possible, as we had not at the time completed taking evidence. Any pressure from parliament to produce an interim report, as has been mooted, should be strongly resisted.

1.7 Expense systems and salary structures are two sides of the same coin and should be reviewed together by a single body.

Unless members' salaries are brought up to a realistic level, it will be impossible to reform the existing expenses system. The difficulty of proposing an increase in MPs salaries at any time is

obvious – even more so under present circumstances – but it would be considerably lessened if it could clearly be demonstrated that the cost of higher salaries would be more than offset by the savings resulting from the introduction of an improved expenses system and the cost of managing it.

A realistic salary level should probably be in the range of at least £75,000 to £80,000, roughly equivalent to middle management in industry. Salaries of this order should help to attract higher quality parliamentary candidates, particularly those with experience outside politics, something that is vitally needed.

In addition to the cost of increased salaries, the effect of pension costs should be taken into account and here there would appear to be little justification for MPs to benefit from a more generous scheme than those available nowadays in private enterprise.

1.8 Constitutional considerations are inevitably relevant in considering the cost of government. The present number of MPs is surely excessive for a country the size of Britain, particularly bearing in mind the influence of the European Union and devolution to Scotland, Wales and Northern Ireland. A maximum of 500 members would seem to be adequate and would of course bring dramatic savings in the longer term.

1.9 Whatever is decided for MPs expenses is likely to have some implications for members of the Upper House. One cannot of course say how extensive fiddling is in the Lords, but press reports suggest that the disease tends to be imported from the Commons by those MPs or ministers who have been shunted to the Lords. It would be interesting if more information on this were forthcoming.

1.15 para 9. Minimal discretion and a fixed standard allowance, related to modest standard of accommodation.

1.15 para 13. See 1.16

1.15 para 10. In principle it is surely right that MPs should be free to employ spouses or other family members. The safeguards necessary would be provided by the employee (recruited by the MP) being 'employed' by the commons authorities, although this may raise problems in connection with employment law.

1.16 The commons would be strengthened by a greater number of members with experience of the real world outside parliament. It is notable that although there have, for many years, been members with a trades union or legal background, there are fewer from the world of business and industry. It is generally recognised now that there are too many 'professional politicians'. This contrasts strongly with membership of the House of Lords, where the members represent practically every field of human endeavour.

Any reform of the Lords providing for members to be elected, rather than appointed by an independent body, would be disastrous in that it would then consist of 'commons clone's and become as party political as the Commons. Elected members would be less capable than appointed members in fulfilling their obligation of revising ill-drafted bills emanating from the Commons. It has been estimated that the Lords have to devote no less than 2/3 of their time in revising bills, for which they are particularly well equipped due to their greater objectivity and experience.

2.5 Comparisons with other countries, e.g. the US, Germany, France, China, India, and Brazil would provide relevant points of reference in considering what should be done in the UK.

There is, I assume, close consultation between your committee and the SSRB. In my view the latter is ideally equipped to manage whatever new system is agreed, primarily for two reasons: its membership includes people with experience in business and industry at management or director level and it has the Office of Manpower of Economics as its secretariat with its unrivalled experience and which is the sole repository of all the evidence, discussions and reports on MPs and members of the Lords, not to mention other groups, covering nearly 40 years.

3.3 The government's proposal for making comparisons with 15 public sector bodies (why 15!) is not convincing. Such a limited selection of comparators is surely incestuous, in that it excludes the world of the private sector, which should be a major reference point for MPs. I know that there has in the past been a tendency, in considering MPs, to regard them as an extension of the civil service. Whilst there is a certain logic in this, I think it needs to be challenged in that MPs are seen by the electorate as being more 'one of us', rather than civil servants. Experience shows that job comparability, which was tried over 30 years ago by the TSRB for the civil service, armed forces and the judiciary, had only limited value, and certainly took much time and money.

3.12 The £25 per night allowance is a good illustration of the absurdity of the present system and should be abolished together with as many others as possible.

3.16 No justification for payment of mortgage interest for the reason given.

3.17, 3.18 It would be preferable for maintenance and furnishings expenditure to be met, as far as possible out of salary, provided that the latter is set at a realistic level. MPs could then mop up their 'messy smalls' out of income. Evidence so far, mainly from press reports, suggests there is a tendency for many MPs to take on expensive houses/flats as their 'second home' out of all proportion to their needs. Should it be decided that a second home allowance continues to be justified, this should be fixed at a more modest level and if MPs choose to exceed this, they should meet the extra cost out of their salary.

3.19 The salary supplement for inner London constituency MPs should be abolished and met out of realistic salary. Whilst the so-called London weighting allowance is normal in industry, this normally only applies at lower levels and not to senior staff. It might even make sense to consider a higher salary for MPs with a London constituency.

Too many bodies both inside and outside parliament seem to be involved in one way or another in the difficult task of finding a solution to the financial arrangements for MPs, a task that is being rendered more difficult than it need be. Whatever conclusions your committee may reach in its current review of MPs expenses, I consider that the responsibility for managing all the financial arrangement for members of both Houses of Parliament, and up-dating them as changing conditions may demand, should be vested in the Senior Salaries Review Body with its decades of experience. I have the impression that at present we are re-inventing the wheel.

In conclusion, I believe that the only viable formula for solving the present expenses system is to:-

1. Increase MPs' salaries to somewhere in the range of £75,000 to £80,000.
2. Eliminate as many allowances as possible, whilst reducing those that are considered essential to a more modest level and simplifying them.

Once your Committee's recommendations have been approved, responsibility for the financial arrangements for members of both Houses of Parliament should be vested in the SSRB, which thereafter should be the sole body responsible for reviewing and managing the financial arrangements for members of both Houses of Parliament.

Yours sincerely,

H. Atcherley

RECEIVED
14 MAY 2009

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Tel: E-mail:

The Secretary
The Committee on Standards in Public Life
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12 May 2009

Dear Sir,

I am wondering whether the committee might consider it worth their time for me to give evidence.

The first half of my active life was in industry, and from 1960 to 1970 I was personnel coordinator of Royal Dutch Shell. I was a member of the original Top Salaries Review Body from 1971 to 1987. Although the body was set up to advise on the pay of senior civil servants, armed forces officers & the judiciary, our first remit was, in the event, on the pay and allowances of MPs and members of the House of Lords. This proved to be a highly interesting and revealing experience. I was also chairman of the Armed Forces Pay Review Body from 1971 to 1982.

I have followed with great interest and growing concern that the problems relating to MP's remuneration and expenses have now existed for at least 40 years, probably longer, with little sign that they will be solved in the near future. Being something of a ghostly voice from the past, I have the impression that too many bodies, whether in parliament or outside are concerned, either directly or indirectly, in seeking a solution. Although not completely successful, the TSRB did, I believe, succeed in introducing a certain degree of order in the system and reducing, if not eliminating, the widespread fiddling with the many allowable expenses then prevalent in both Houses of Parliament. I understand that, currently, MPs themselves are responsible for the present system of allowances and I do not therefore find it at all surprising that things have reached the stage they have. It has, indeed, become clear to most people that the system, combined with the lack of management and control has reached the end of the road.

I am in no doubt that the whole expense allowance farce stems directly from the inadequacy of MPs salaries. This has probably been true since 1911, when salaries for MPs were first introduced. I am only too aware that any increase in salaries, particularly under present circumstances, would be extremely difficult to implement, but the nettle will have to be grasped, as it will have to be by the prime minister of the day. Incidentally, the habit of prime ministers not to accept the salaries recommended for them hardly helps.

I believe that a suitable reference point for establishing the right level would be that of 'middle management' in a large company and I believe that this is probably somewhere in the range of £100,000. Unless or until fairer and more realistic salaries are introduced, I have little doubt that that one of two things will happen: MPs will either revert to fiddling whatever expenses they can get away with, or if this proves impossible as a result of stricter control, the inadequacy of the salary it will become even starker. This will hardly encourage higher quality candidates, so badly needed, to stand for parliament.

The more realistic the salary, the more MPs should expect to meet most, if not all, of whatever expenses are allowed in future out of their own income, in line with normal practice in the private sector.

For 'second residences', a fixed allowance for all and a fixed mileage limit should be established for all MPs. If any MP chose to spend more than the allowance, this would be paid for out of their own income. Secretaries and researchers should be recruited by the MP but they should be 'employed' by 'parliament' and paid on some appropriate scale. This would bring them into line with normal practice in the private sector.

More realistic salaries and a more sensible expenses allowance system go together. Clarity and simplicity should be the overriding principle. I consider it essential therefore that responsibility for both should be placed in one body i.e. the Senior Salaries Review Body, as being the best equipped, independent group of people with great experience in different fields, particularly industry.

Yours sincerely,

H Atcherley