

Evidence to the inquiry by the Committee on Standards in Public Life

From: Chris Mullin MP

Preamble

1. I have always regarded politics in a democracy such as ours as an honourable profession and, like many of my colleagues, I deeply regret the discredit that is being brought upon us by the controversy over our allowances. At the outset I acknowledge that, to a large extent, we have only ourselves to blame. An absence of rigorous audit, rules that were unduly lax and allowances that are in some cases too generous are all factors that have contributed to the situation in which we now find ourselves. The most important reforms have already been made: transparency and more rigorous audit. Although transparency will initially prove to be a painful process, once we are through the pain barrier the knowledge that all future claims are to be published will rapidly put an end to practices that cannot be defended publicly. Indeed that is already happening.

2. Freedom of Information – of which I am unequivocally in favour – does, however, presuppose a degree of maturity and integrity on the part of those receiving the information. Regrettably this has been absent from much of what has been written on the subject. For example, I draw attention of the committee to a two page article in the Money section of the *Daily Telegraph* by Mr Ian Cowie on April 4: Mr Cowie, who has returned to this theme on a number of occasions, wrote: “*Now that the average MP claims £135,600 a year for expenses – yes, that’s right, more than five times national average earnings – this means they avoid paying £54,000 a year tax which HMRC would demand from anyone else lucky enough to receive such payments.*” In what other profession would the salaries of secretarial staff, rent of an office, payment of utility bills etc be treated as income?

3. I also draw the attention of the Committee to the front page of the *Daily Mirror* dated March 31 and headed: THEY ARE ALL AT IT. Actually, we are not “all at it”. The only place I have ever worked where they were all at it was Mirror Group Newspapers in the 1970s where, at the end of my first week, my expenses claim was rejected by the man who was supposed to vouch for their accuracy on the grounds that it was so low that it would embarrass my colleagues. I was then given a lesson, which I promptly ignored, in how to construct a fraudulent expenses claim.

4. Malicious falsehoods such as these are inflicting enormous damage upon the entire profession of politics and feed the relentless cynicism which is gradually gnawing at the foundations of our democracy. I am sure I speak for other colleagues, when I say that we are, therefore, looking to the Committee to deal with this matter robustly, speedily and preferably before the House adjourns for the summer recess so that we can resume in the autumn with a clean sheet. I shall now comment on each allowance in turn.

The Additional Costs Allowance:

5. This allowance (currently a maximum of £24,222) is excessive and has been so ever since the House – in July 2001 – voted to increase it by 42 percent a year. From that moment on it became a target to be aimed at rather than re-imbusement of expenses legitimately incurred. *The overall size of the allowance should be reviewed and reduced. The simplest way of doing this, I suggest, would be to return to pre 2001 level, adjusted for inflation. Or else to re-assess what is reasonable. The aim, however, should be a significant reduction in the maximum claimable.*

6. It is frequently asserted that MPs' are allowed to "buy" a second home using taxpayers' money. This is false and I cannot recall a time when it was ever permitted during my 22 years in parliament. We are currently allowed to choose between claiming either rent or mortgage interest. At this time of low interest rates, mortgage interest represents a particularly good bargain for the taxpayer. By way of illustration, I am currently claiming £231 a month in mortgage interest on an apartment for which the market rent is £1,100 a month. *Members should, therefore, continue to be allowed to claim either rent or mortgage interest.*

7. As to what else should be claimable, I believe that most costs associated with having to maintain a second home, up to a ceiling lower than the current one, should be claimable, providing they are properly accounted for. There is an argument to be had over whether this should include furniture or other capital goods. I suggest *there is a case for being able to claim basic furnishings on a one off basis during the first year after election, but not thereafter.*

8. As regards claims for food etc while away from home, we are currently allowed to claim up to £25 a night. There is a case to deleting this on the grounds that we still have to eat whichever end of the country we are at. If it is retained, it should be modest – no more than £10 a day. Prices in the Members' tea room and the various cafeteria within the Palace of Westminster are very reasonable.

9. I trust the Committee will not waste time on the suggestion that the Additional Costs Allowance should be replaced by an attendance allowance since this would open a whole new genre of alleged abuses. Suffice to say that, at the rates suggested, I would be about £5,000 a year better off and I do not believe that this is the sort of reform my constituents are looking for.

10. It is widely agreed that MPs who live within commuting distance of parliament should not be entitled to claim a second home allowance. The only issue is where the boundary should be drawn. You will need to bear in mind, however, that on two nights a week the House sits until ten o'clock or later and which may make commuting by public transport difficult. *This problem can easily be resolved by extending to Members the right already available to officers of the House and staff -- to claim for taxi fares when the House sits beyond 10pm.*

11. Finally, I have heard it suggested that the Committee should "be bold" and recommend abolition of the additional costs allowance in exchange for a large, one-off salary increase. I trust you will do no such thing. At a time when restraint in

public spending is called for, *I cannot think of anything more likely to bring us into even greater discredit than the suggestion that we should receive a large pay rise.*

The Office Costs Allowance

12. At its current level – a maximum of £103,812 – the office costs allowance enables us to employ two or three staff and to rent and, if we so choose, to rent and maintain an office in our constituencies. Individual circumstances vary greatly. There is no perfect model that can be imposed centrally. Some people choose to be constituency based, some Westminster based and some employ people both in the constituency and at Westminster. I employ three people in my Sunderland office and no one at Westminster. *The current level is about right. I see no reason to vary it.*

Employment of relatives

13. Contrary to what is sometimes alleged not a penny of the Office Costs Allowances ever touches my bank account and I am sure that is true of almost all my colleagues. A grey area arises, however, where relatives are employed. My view is that the employment of one's children cannot easily be justified and should be disallowed. As regards spouses and partners, I am not keen on the idea, but can see an argument, given the unusual nature of the job. I am aware of colleagues whose partners have given up well paid careers in order to work for their other half and I see nothing wrong in principle with this. The recent requirement that the employment of relatives should be a declarable interest has to some extent addressed this issue. *I would prohibit the employment of children, but continue to permit the employment of spouses or partners, providing the arrangement is transparent and properly audited.*

14. It has been suggested that staff should in future be directly employed by Parliament. Given the improvements in employment practice in recent years (the introduction of standard contracts and pay scales etc) I am not sure this is strictly necessary, except as a way of nailing the lie that we are all somehow pocketing the office costs allowance. If the Committee decides to go down this road, it will need to ensure that, within certain guidelines, that *decisions as to who to employ should continue to rest with Members.*

Travel expenses

15. Again, transparency and proper auditing should resolve most of the problems that have arisen in relation to travel claims. It is noticeable that, since it became clear that claims would be published, a number of Members now take advantage of advance purchase rail tickets which can result in considerable savings (I usually travel first class between my constituency and Westminster for between a quarter and a third of the published fare). There may be a case for reducing the upper limit of mileage claims or the number of claimable journeys by car between constituency and Westminster, but again account will need to be taken of the fact that people's circumstances vary considerably. There is certainly a case for reducing the number of claimable journeys by spouses, partners and children -- *I would at least halve them.*

Stationery

16. Limits have rightly been placed on the use of House of Commons stationery, given the abuses that were occurring. I am as assiduous as most colleagues in attending to the needs of my constituents, but the current levels still seem to me to be remarkably generous. *I would halve it.*

The Communications Allowance

17. This is a misuse of public money. There is perhaps a case for Members being allowed to fund a website, providing it is properly regulated, but this could easily be taken from the office costs allowance. There is no case whatever for Members using public funds for newsletters which are thinly disguised propaganda and a regular source of complaints to the Standards and Privileges Committee, on which I sit. Allowing Members to spend up to £10,000 a year of public money on self-promotion confers an unfair advantage on incumbents which I find it impossible to justify. If you are looking to save some public money, here is a golden opportunity. *I suggest you abolish it.*

18. I would be happy to give oral evidence if required.