

- Standards Committee -

From:
Sent: 28 April 2009 14:49
To: Inquiry
Subject: Submission of views for Review of MPs' expenses

Dear Madam or Sir

I would like to submit my views in relation to MPs' housing costs as part of your Review of MPs' expenses.

My belief is that the only viable solution to the issue will be one that reflects five core principles and three important realities:

Five core principles

1. The Nolan principle of selflessness -- MPs should not gain financial advantage from the fact that they (may) need a second home.
2. MPs should not suffer financial disadvantage because of the second home requirement.
3. There should be no transfer of wealth from taxpayer to MPs.
4. There should be the least possible discretion for MPs to influence income in relation to a second home, so that the risk to the public purse and to their own reputation is minimised.
5. There should be no political advantage to any solution.

Three important realities

1. The public won't trust any system that involves MPs gaining income in relation to a second home. There is a need for a more radical reform.
2. Other organisations have faced and solved this problem, multiple times (but out of the glare of public scrutiny)
3. MPs' core salary income significantly lags behind that of top management. HMRC estimated that there were 576,000 individuals earning more than £100,000 pa in 06/07 (National Statistics, Survey of Personal Incomes, table 3.3 updated Dec 08). It is truly bizarre that MPs are not in this group unless they have some other income.

My preferred solution would be blocks of serviced apartments, as used by every multinational company and (in effect) the armed forces too. It conforms to the five principles set out above: no opportunity for financial advantage, no financial disadvantage, no transfer of wealth from taxpayer to MP, no discretion for MPs to influence their income, and no political advantage to the solution. It also stands a better chance of passing muster with the public than an income-based second homes system, and it allows the application of the experience of other organisations in how to set it up to make it work.

There may well be challenges to making it work (security, finding a suitable site or sites, family arrangements, dealing with the media, etc) -- none feels insurmountable, especially if there is the will to make the change happen. There are also substantial benefits to be gained, including for MPs: it would be possible to site very helpful services there, such as a print shop, IT etc.

The costs of such a system are sometimes mentioned -- particularly in relation to the apartments only being used part of the year. I think there is a trade-off to be made -- the setup costs may be higher, but the lifetime costs are likely to be more constrained than paying each new MP to buy a new home, because we only need the one block of apartments. In any event, I'd rather pay more if I knew that the capital gain came back to the state rather than the MP (and incidentally, it would be an opportunity to either fit or retrofit out the block to very low carbon standards, which would

potentially help sell the idea). And of course, the argument in relation to low utilisation of the block applies with no greater force to serviced apartments than it does to second homes. The only system that avoids paying for unutilised space is to rent by the day (ie a hotel) and the costs of such rental are higher and the amenities insufficient.

I hope that you will be able to look into this proposal in some detail, by for example inviting submissions from serviced apartment providers and agents on the feasibility, costings, etc of the relevant let.

I hope you will be able to take this submission into account and wish you luck in finding a suitable system -- and persuading stakeholders that they should adopt it.

Regards,

S Hill

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