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HOUSE OF COMMONS

LONDON SW1A 0AA

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Sir Christopher Kelly
Review of MPs' Expenses
The Committee on Standards in Public Life
35 Great Smith Street
London SW1P 3BQ

9 June 2009

Dear Sir Christopher,

Please find enclosed my submission to the Committee's inquiry into MPs' expenses. I'm sorry for the delay in sending this on to you – I realise this is strictly past the deadline for submissions and hope that this doesn't cause too much inconvenience.

As you will see, our submission covers a wide range of issues relating to expenses and allowances. I hope its contents are of interest and I wish the Committee all the best in its deliberations on this issue, which is absolutely vital to public faith in politics.

All best wishes,

Nick Clegg ~~MP~~

SUBMISSION TO THE COMMITTEE ON STANDARDS IN PUBLIC LIFE

Introduction

The Liberal Democrats believe that a reformed system of expenses to support MPs in their parliamentary duties should be based on three clear principles:

1. Taxpayers have a right to know how their money is being spent;
2. All expenses have to be justified on the basis of enabling MPs to do their job;
3. Reforms should aim to reduce the total cost of politics to the taxpayer.

The crisis in our politics is such that we believe only an extraordinary response on the part of Members of Parliament can start to rebuild confidence in the body politic. Therefore it is our firm view that a clear commitment to adopt the recommendations from the Committee on Standards in Public Life, in full and without amendment, *before it has reported*, is an essential foundation for the rebuilding of public trust.

PROPOSALS

Accommodation

We recognise that most MPs, who do not live in or near London, need to have accommodation available in London so that they can represent their constituencies in Westminster during the week, before returning to the constituency to work at the weekend. MPs that live in London likewise need to have accommodation in their constituencies. However, the idea that the taxpayer should continue to finance property arrangements from which MPs could potentially derive financial benefit is not sustainable and should cease.

Proposals for reform:

Principle of assistance

MPs need to have provision to meet additional costs of accommodation, but any such provision should be rigorously tested to ensure value for money.

We urge the committee to consider how the principle of value for money can be clearly demonstrated to the public, balanced against the public's clear view that MPs should not be able to benefit financially from arrangements that members of the public fund through their taxes.

Purchase of property

No further arrangements by MPs to purchase property through personal additional accommodation expenditure should be entered into. There should be a period of 36 months after which no further expenditure will be permitted in support of mortgage interest payments.

We urge the committee in the strongest possible terms to consider the arrangements that apply to Members of the Scottish Parliament and that preclude ownership of property funded by the taxpayer.

We urge the committee to consider the appropriate transition mechanism and an appropriate transition period to ensure that arrangements in support of mortgage interest are ended promptly and appropriately.

Personal additional accommodation expenditure

Personal additional accommodation expenditure should be restricted to rental agreements, hotel costs, utility bills and council tax. The overall allowance should be substantially reduced. Payment of personal accommodation expenditure should be on the basis of the production of bills and rental agreement only.

As is now the case, personal additional accommodation expenditure should not be available to MPs representing constituencies in Greater London.

In circumstances where two or more MPs cohabit, total permitted personal additional accommodation expenditure should be divided by the number of cohabiters.

Changes to PAAE could mean that certain limited legitimate costs related to spending significant time in London, away from an MP's main home, cease to be covered. Alternative arrangements to cover these costs may need to be considered, so long as they do not increase the overall costs. Some private and public sector employers sometimes cover costs of this sort through a London supplement, which the committee may wish to consider.

First and second homes

The designation by MPs of their first and second homes should be independently assessed and approved to ensure that payments reflect the necessary circumstances of Members in fulfilling their parliamentary duties and value for money to the tax payer.

'Grace and favour' housing

The taxpayer should only assist in paying for MPs' accommodation once. In the event that an MP takes ministerial office and receives 'grace and favour' accommodation, payments of personal additional accommodation expenditure should cease.

Resettlement Allowance

We do not believe that MPs who choose to stand down should receive a large, substantially tax-free lump sum payment. There is a legitimate argument that those who are voted out of office at a general election should receive a payment, as the equivalent of redundancy pay. However, in most walks of life those who choose to resign from their job do not get redundancy pay, and neither should MPs.

Proposals for reform:

Conditions for receipt of Resettlement Allowance

The resettlement allowance should be restricted to those MPs who lose their seat at the election.

We urge the committee to consider how the conditions for receipt of the resettlement allowance can better be defined to reflect the arrangements for redundancy elsewhere in the economy.

As a matter of priority, we urge the committee to consider how reform could be implemented urgently to ensure that those who have announced they are standing down since details of their expenses have been made public do not receive "golden goodbyes".

Administration and Enforcement

Liberal Democrats have argued for a long time that Parliament should not be exempt from Freedom of Information provisions.

Proposals for reform:

Receipts

Receipts should be required for all items of expenditure for which claims can be made, regardless of the size of the claim.

Transparency

MPs should be publicly accountable for the money that they spend. The electorate are entitled to know and better understand the costs involved in ensuring their views are properly represented. All claims should be available online, updated quarterly to show details of the three claim months in the previous quarter. The Scottish Parliament provides a working model for the accessible and searchable presentation of parliamentary expenses. This should be a centralised function, performed by the House and not left to individual MPs or party groups.

We urge the committee to recommend that all claims against expenses, all allowances and any other publicly funded costs incurred by MPs in fulfilling their responsibilities are made public, with details published online and in an accessible and searchable format.

Audit and Assurance

The audit and assurance regime that was introduced with effect from April 1st this year, including "full scope" audit by the National Audit Office was a welcome and necessary development, designed as it was to subject MPs expenses and allowances to the same checks that are made on other expenditure out of public funds.

We urge the committee to consider recommending a formal review and report to Parliament on its operation in the period 1st April 2009 to 31st March 2010.

Staffing

MPs need staff to assist in answering correspondence, taking up the concerns of constituents with Government offices and other organisations, planning meetings with the people, organisation and businesses in their community, and researching issues that MPs wish to speak on in Parliament.

Proposals for reform:

Family Members

The employment of all family members should be automatically entered in the Register of Members' Interests by the Department of Resources, including job description, hours of work and salary.

The number of family members employed should also be recorded in any publication of expenses, against the provision for staff salary expenditure.

We also believe that MPs employing family members in their offices should submit a detailed CV, including relevant experience and qualifications, to the House of Commons Human Resources department to verify their competence in the position to which they've been appointed.

A full and up to date record of all staff employed should be retained by the House authorities, setting out details of persons employed, in what capacity they are employed, and how much they are earning, and that an independent check be undertaken each year in respect of a small number of MPs' offices.

Staff interests

The Register of Staff Interests should be extended to include all staff employed by Members.

