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**From:**  
**Sent:** 29 May 2009 14:50  
**To:** public@standards.x.gsi.gov.uk  
**Subject:** MPs expenses

For the attention of  
Sir Christopher Kelly KCB

see attachment

J Gibbons

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To

Sir Christopher Kelly, KCB  
The Chairman  
The Committee on Standards in Public Life  
35 Great Smith Street  
London SW1P 3BQ

**A Paper in connection with  
The Committee's Review of MPs Expenses**

Submitted by  
J Gibbons  
Former Financial Director, Company Secretary and  
Auditor

## Opening Remarks

1.1. The current public furore over the manner in which elected members of parliament have sought to reward themselves for the performance of their duties, and its consequential impact upon both the role of the Speaker and the manner in which parliamentary business is conducted, has resulted in these three fundamental demands:

firstly, the necessity for what has occurred in the past to be exhaustively examined and both judged and rectified, even to the extent of criminal prosecutions,

secondly, the re-establishment for the future of more appropriate and relevant procedures in the conduct of the nation's business,

and

thirdly the need to put in place a new system for dealing with Parliamentary Emoluments (PE).

1.2 Since the evidence necessary to form an accurate and comprehensive view on the first issue has not yet fully emerged, and is already in the hands of other interested parties, I shall not seek to burden your Committee with my opinions.

1.3. Likewise the second issue is now beginning to take on the characteristics of major constitutional reform and I should imagine that your Committee, whilst offering up meaningful constructive proposals arising out of its deliberations, would not wish to entertain proposals that stray beyond its remit. I shall not, therefore, presume to comment on this aspect either.

1.4. The purpose of this brief Paper, therefore, is to focus upon the PE and I respectfully set out below some ideas which the Committee might feel it would wish to consider.

## **Parliamentary Emoluments (PE)**

2.1. I believe that elected members of parliament should be remunerated over the following four constituent elements:

- A. Salary
- B. Office Facility Allowance – Westminster (OFA/W)
- C. Office facility Allowance – Constituency (OFA/C)
- D. Travelling and Subsistence Allowance (TASA)

2.2. All four elements would be determined by an independent body and would be taxable, thus clearly recognising that a member is part of the nation and not a separate entity.

2.3. With the exception of D, all elements would be awarded on a *pari passu* basis recognising that each member, no matter from which geographical constituency he/she has come, would receive equal emoluments.

2.4. In the case of the OFA/W and the OFA/C elements the member would be free to establish a support base of his/her own choosing, which would include the right to engage appropriate staff assistance without restriction. (This would eliminate from the debate the equity of employing relatives, an act which in itself should not necessarily be frowned upon).

2.5. In the matter of the fourth element, D, what has previously been known as the Additional Costs Allowance, the TASA would be computed on the basis of a simple transparent formula, namely, a monetary factor (reflecting specific and narrowly-defined costs) multiplied by a geographic graduation that recognises the varying distances of each constituency to the centre. Put simply, an exhaustive list of expenses (the Rate) times the miles of the furthest point of a member's constituency to the Palace of Westminster (the Distance).

2.6. The amount awarded would take no account of where a member of parliament chooses to have his main residence, or of his London accommodation arrangements, nor if he/she even chooses to reside in the constituency.

2.7. When a citizen seeks employment, the compact between employer and employee is agreed on the basis that the employer offers the job in the belief that the employee can place himself/herself in a position to fulfil the obligations mutually agreed. Sometimes, but not always, this will necessitate a change of home residence and this aspect is often a key factor in determining whether or not the employee accepts a job offered. Why should the situation of an elected member of parliament be the subject of special consideration in this regard?

2.8. Granted, the job requires to be conducted in two locations and this is where the TASA would need to be objectively applied, that is determined on the basis of an allowance that is unrelated to a member's individual circumstances but more in the manner of an allowance which have recognised the necessity for specific costs incurred by having to be in two places.

2.9. Whether a member has one or four properties, whether owned or rented, should not be relevant. Whether a member pays for essential utilities, heating, lighting, etc, or indulges in expensive televisions, settees, porticos, gardening or sacks of manure, should be taken right out of the equation.

2.10. If a member of parliament enjoys a family life, lives a considerable distance from where the parliamentary duties are to be performed, then it should be recognised that the TASA should be sufficient to compensate the individual who has been attracted into public life. The list of expenses to form part of the Rate element of the formula, and the amounts determined, should not stint. But they should be objective, not subjective.

2.11. It should not be beyond the competence of the Committee draw up a list of such expenses, based upon, and taking into consideration of, geographical variations (such as utility charges, rents and/or interest levels).

2.12. The merit in the computation of an exhaustive list of acceptable expenses translating into an amount which would then be varied by the geographical factor would eliminate all the subjectivity of what is adjudged to be acceptable for one member and unacceptable for another.

2.13. I have not attempted to provide such a list since I feel the Committee to be far better placed than I am on this matter. Likewise, the constituent costs in the TASA could easily be the subject of separate consideration (ie, Subsistence being more a uniform allowance as opposed to Travelling which has an undisputed relevance to the distance element.

2.14. But I feel most strongly that, notwithstanding the widespread desire to resolve the outrageous nature of members' past claims for re-imbusement, the system that we are all seeking to replace was should be such that the compensation to members should be founded on the basis of an objectively calculated allowance that leaves individuals the right to spend it as they feel appropriate.

2.15. This leads onto the twin matters of determination and audit and it is a matter of widespread consensus that the new system will find its virtue in the fair and transparent manner in which the allowance (the TASA) will be calculated.

2.16. The matter of Audit, so conspicuously absent in the past that I am now ashamed to have followed the accountant's profession, would under the allowance system be of lesser consideration.

## **Concluding Remarks**

3.1. The multiplicity of reforming recommendations flowing from the Daily Telegraph's exposure of a corrupt and corrupted parliamentary system is already placing us as a nation proud of its democratic evolution of government in dangerous waters for, in our outpouring of anger and our desire to put things right, we are flooding the public conscious with too many problems and remedies (including my own).

3.2. What is needed for the future is a simple, straightforward and fair method of remunerating those who seek to govern us. As a former employer and employee, as an accountant and as an auditor, I can testify that human nature needs wise parameters, easily capable of deterring those who would seek to behave badly, and pre-eminently able to permit the individual to go about his business in a honest manner.

3.3. Given that our parliamentary procedures in the highest level may be consumed in significance change over the next year or so, it is imperative that prospective members of parliament should be presented with a clear-cut package of emoluments that have been determined without protracted discussion but have been unequivocally formulated to let them know what is now expected from them.

3.4. Eliminating subjectivity, for creative interpretation, and placing elected members of parliament on the same footing as all other citizens in terms of employment arrangements and liability to taxation are essential elements of any proposed reforms.

3.5. As a matter of principle, on the basis of parliamentary representation, marital partners must always be considered as two parliamentary identities since two constituency electorates are involved. My ideas of remuneration would obviate the need to scrutinise two members adjudged to be a marital couple.

3.5. I have confined my remarks in this Paper to elected members of parliament and have chosen not to deal with holders of higher office (ministers and opposition shadows). However, I am clear that no benefits of any kind should accrue to a member who has risen to high office. This would require such an officeholder's circumstances to be diligently separated from this basic member's emoluments.

3.6. Given the impressive credentials of both you and the other Members of the Committee, I would ask that you take these comments into your considerations and to weigh them accordingly.

J Gibbons  
23<sup>rd</sup> May 2009

