

**Nick Palmer MP (Lab, Broxtowe)**Submission on MP expenses to the Committee on Standards in Public Life

## A. Introduction

I've been consulting widely on reform proposals within my constituency, culminating in an open public meeting with 200 attendees who almost unanimously approved the suggestions below.

For background so you're aware of possible bias: I've been an MP for 12 years, and rent a furnished London flat as my second home. As it's close to Parliament the rent is high (£1750/month), and I will lose £5000 this year because of the £1250 cap, assuming no transitional arrangements are made, since I have a long break clause in the rental agreement. I have never bought any furniture or fittings for the second home on expenses. There have been no press suggestions of misuse of expenses in my case (so far, anyway).

I'll initially put forward the reform package on which I've been consulting, and then attempt to offer answers to the questions in your terms of reference.

## B. Locally-discussed reform package

- **Basic accommodation rent-free, but managed by Parliament**

MPs from outside Greater London should be offered flats in a nearby block (such as County Hall – there are many others), to include a bedroom, a living room, basic fittings and kitchenware, a good computer with broadband connection, a TV, and utilities and council tax paid. These costs would be paid directly by Parliament. MPs would get no other living costs – that's what the salary is for. (On the other hand, they'd be free to use the flat as they think fit – add personal items, have their daughter to visit, whatever.) MPs with families in London would be offered the option of larger flats, with the balance of cost paid by the MP. Parliament would either purchase or negotiate long-term rental agreements with the current owners of flats.

If MPs don't like the flats, they are of course free to live wherever else they like, at their expense. Transitional arrangements would be necessary, as Parliament either bought or made long-term rental arrangements for flats in the blocks that surround Westminster, and MPs wound up their current arrangements. MPs with children at school in London would be given longer to reflect the added complexity of moving.

The advantage of this approach is that it removes MPs from the area of property speculation. So long as MPs are involved in buying and selling property with a taxpayer involvement (even interest-only), questions will continue to arise.

Moreover, the current arrangement places an administrative burden on MPs that we barely have time to handle. For instance, I recently received an email from

British Gas to say that my latest online bill was available. As this is normally a routine standard charge and I was busy, I ignored it. However, later I noticed that my bank statement had a cryptic “BrGas -£53” entry. Investigating, I found in the online statement that they had refunded me £53 for using less electricity than expected. I need to report this to the Commons so that they deduct it from my next allowance payment. If I didn’t report it, nobody would ever know, giving scope for both oversight and deliberate evasion.

If this proposal is thought to radical, I suggest instead a transition to a system whereby only rented property is covered (see discussion below on mortgages).

- **Fair salary and pension**

The salary should be set by the SSRB on the usual lines, and its recommendations implemented towards the end of each Parliament without either Government or MPs having a chance to change them (since a common issue is that Governments feel the need to reject increases to appease public opinion). New candidates would therefore know what to expect for the next Parliament. There should be incentives for non-Ministerial roles which involve additional responsibility, such as taking part in Select Committees, so that MPs would no longer need to go the ministerial route to earn a better salary. With many of the allowances abolished, I think a higher salary might be justifiable, to be phased in after the current economic crisis, but the final salary pension should be frozen and future benefit on a contribution basis (I know this is not a matter you are considering).

- **Shared Communication Allowance**

At present, MPs can spend £10,000 a year on non-partisan communications – e.g. I’ve used some of mine to survey residents about flood protection and inform people about proposals for Green Belt development. They’re commonly also used for ostensibly non-political Annual Reports, showing lots of photos of MPs doing community things. The information function is important and it would be a great pity to lose the option (there is no other allowance permitting the distribution of circulars about important local developments), but it does give an incumbency bonus.

I propose that the Allowance be increased to £20,000, but distributed proportionately to votes to the parties in each constituency whose candidates retained their deposits (i.e. received over 5% of the vote). In Broxtowe, for instance, that would allow me £8000 to keep my constituents informed, and it would allow the PPC for the Conservative party £7000 to brief constituents on her view of the same or different issues, while the Liberal Democrats would get £4000. This would reform the system by using public money to provide voters with a range of different views and information sources, rather than strangle the current ability of MPs to keep their constituents informed. As now, anyone seeking to use the allowance would need to submit the text for approval, and only non-partisan communications would be permitted.

- **Recall mechanism**

There is a useful discussion of this here

[http://en.wikipedia.org/wiki/Recall\\_election](http://en.wikipedia.org/wiki/Recall_election)

It seems to me that in the highly-organised British political system, a recall option with no specific grounds needed would be fatal unless the threshold was very high. Whenever a Government introduced necessary but unpopular measures, its opponents could easily muster 10% of signatures in every Government constituency, forcing several hundred by-elections at once, in effect a General Election where only Government seats were affected. However, the option allowing recall for specific allegations of misconduct (which would need to be defined), with the option for the MP to challenge the validity of the allegation in court before the recall, seems to me worth exploring.

### C. The 14 areas of investigation

Comments on the 14 areas you set out follows:

#### 1. What are the necessary elements of the system?

Your introduction covers much of the ground. I'd emphasize:

- Transparency (any reasonable person should be able to understand the system easily)
- Simplicity (the system should not depend upon MPs engaging in complex book-keeping, and there is a trade-off between accountability and efficiency)
- Equity between MPs from different areas (inner London, the Home Counties, more distant areas)

#### 2. Who should set the rules?

The system should be established on recommendations from your committee, and its operations monitored by an external body. If that body considers that changes are necessary, it should make recommendations, which necessarily will need Parliamentary approval, but all changes should be initiated by them.

Obviously, we cannot prevent a future Parliament from passing new primary legislation to change the system, but this would be difficult in practice if a respected external body disagreed.

#### 3. Are the range of expenses correct?

Yes, broadly speaking. They are sufficiently flexible to allow variation in working practices – e.g. I spend more than most on IT because I used to work in IT and am familiar with the possible uses; others may spend more on having additional offices for constituents to visit in a large constituency.

#### 4. Are arrangements for policing adequate?

No. Rulings from the Fees Office have been inconsistent, lax or strict according to who happens to deal with an application. When I was a member of the European Select Committee, I applied for a subscription to a Danish periodical, since I speak Danish and I believed it would give a useful insight. This was refused as not essential to my work, which was no doubt true but sits oddly with some of the approvals of which we have been made aware.

I believe that independent monitoring is essential. A converse of that is that a respected independent body should be in a position to cover MPs against criticism. If I apply to have, say, additional security measures for my office, and it is approved, I would like to be able to proceed without worrying that later both I and the Fees Office will be derided for the decision.

#### 5. Mortgages and rent

It is not clear that mortgages offer the best value for the taxpayer, but even if they do, voters appear far more concerned that MPs are enriching themselves through the system than they are about marginal savings. If it is nonetheless felt that buying property is the best option, it should be bought by Parliament and rented out to MPs. I do however think the £1250/month rent cap is very low for Westminster and will force MPs to live further from Parliament than is efficient, unless the option of directly-provided accommodation suggested above is used instead.

#### 6. Simplification

I entirely agree with the points in this paragraph (and would think some adjustment to pay could be considered if appropriate).

#### 7. Office costs

Around half my office costs are simply rent of a constituency office. I don't think Parliament can usefully maintain 646 constituency offices directly – that is something best left to MPs to judge. However, scrutiny of the arrangement to ensure that no personal or family benefit results is needed.

It is common for MPs to rent offices from their political parties, with the rent assessed by a local estate agent. This has considerable advantages in convenience, but needs to be carefully monitored – perhaps the rent should be reviewed every three years.

#### 8. Recompense away from home

I assume this relates to non-rental costs such as food. Even with a degree of subsidy, there's no doubt that eating in Westminster is more expensive than eating at home as part of a family meal. However, allowance for this is widely disliked by the public ('you have to eat wherever you are') and the current replacement of £25/night actually seems higher than needed. I would suggest that this type of allowance could be abolished in return for a modest salary increase of say £3000/year, reducing complexity.

#### 9. Designation of second homes

It's understandable that some MPs' family arrangements will make it appropriate to have the main home in London, but if so there should only be an allowance for a small home in the constituency, rather than the extensive establishments whose mortgages are currently funded for some MPs (they fail the 'necessarily and

exclusively for the purposes of doing the work' test). A difficulty here is that local rents vary widely, so some arbitrary figure in the middle of the range is probably needed, say £400/month.

#### 10. Employment of spouses and other family members

I should declare an interest as I employ my wife for 8 hours a week. Since MPs are contacted 24/7 via email (I receive around 120 emails a day, most of which I process in the evening up to midnight, 7 days a week) and sometimes telephone, it is really very useful to have an assistant available out of working hours, and if this is to be a long-term commitment then a family member or partner is the only plausible candidate. I don't think it should be banned, and open recruitment would not work if the assistant has to be on hand at (say) 11pm on a Sunday night. However, the salary should be strictly regulated to reflect the skills of the person involved.

#### 11. Receipts

We are in danger of going too far here: I do not think the public really requires every stamp and ball-point to be accounted for with receipts, and this is also not the practice in the private sector. A de minimis rule allowing unreceipted expenditure of up to £5 per item and undocumented petty cash of up to £2 a day seems to me reasonable.

#### 12. Expenses publication

Parliament could reasonably publish claims when they are approved (this could provide a more useful check on misuse than any number of auditors) but the need for redaction of private addresses etc. means that receipts should only be available after a FoI request.

#### 13. Remuneration for activities outside Parliament

It is difficult to understand how MPs can do the demanding work fully while also doing a significant amount of other work, and it's noticeable that attendance is sometimes inversely proportional to the number of outside interests – for example, a senior front-bench spokesman with numerous directorships attends significantly fewer votes than most MPs. This is no disrespect to the individual involved, who is probably better-regarded than most MPs, but I think that second job which produce more than say £5000 a year in income should not be allowed. This would also avoid the perception of conflicts of interest that in other cases can sometimes arise. Restrictions here would balance any increase of Parliamentary pay for Select Committee or other responsibilities, encouraging a great focus on Parliament.

#### 14. Expenditure on newsletters

Please see my proposal above.

As a final general observation, I do not think that the public is especially concerned about the principle of second homes or even their cost. I think they are concerned, indeed very angry, that the system is misused to enrich some MPs.

Yours sincerely

Nick Palmer MP