

**SUBMISSION BY RT HON DAVID HEATHCOAT-AMORY MP TO SIR CHRISTOPHER KELLY'S INQUIRY**

Reply to Consultation Paper

The system of reimbursement for MPs' expenses needs urgent reform and I offer the following comments to your inquiry.

1 The call to end parliamentary self regulation is understandable, but it would be an error to transfer the whole process of rule-setting, enforcement and penalties from an accountable body to unaccountable body.

The final decision of MPs' pay should remain with the House of Commons, on advice from the Senior Salaries Review Body. It is for MPs to explain and be accountable for this decision. Consideration should be given to an arrangement equivalent to the 27<sup>th</sup> Amendment to the US Constitution, whereby changes to members' remuneration only take effect after an election.

Similarly for expenses, the House must debate and then agree a reformed system, and any subsequent changes to it. Claims should be subject to audit by the National Audit Office, and should be published. The process of rule setting and enforcement are thus separated. Disciplinary action against an MP accused of breaking the rules should continue to be a matter for the Parliamentary Commissioner for Standards, reporting to the Committee on Standards and Privileges since this part of the system has proved its worth.

2 Regarding the Personal Additional Accommodation Expenditure (PAAE) allowance, the essential distinction should be between capital and revenue expenditure, which are concepts easily understood in accounting practice. Thus capital expenditure (the acquisition or improvement of property) would continue to be prohibited, while the maintenance, repair and servicing of a property would continue to be allowable, subject to certain restrictions and limits. The proposed additional £25 per night subsistence allowance is not appropriate and should not be offered.

3 On the designation of a 'second home', the Government's proposal that this should not be the MP's constituency home is wrong. It overlooks the fact that many MPs with country constituencies have primary homes in London, both as regards family life and tax law regarding CGT. Also, when parliament is sitting, MPs will normally spend more nights in London than their constituencies, since the job of an MP is first and foremost to represent their constituents in the House of Commons.

MPs must therefore continue to choose the appropriate designation, but the practice known as 'flipping', whereby designations are apparently changed at will, should be prohibited.

4 Staff employed under the Staffing Expenditure Allowance should continue to be chosen and employed by MPs themselves, rather than becoming state employees as proposed by the Government. Additional audit checks are required to ensure that the payment of such employees does not in any way support party political activity, and the same checks are required for the payment or reimbursement of Administrative and Office Expenditure.

5 The Communications Expenditure allowance is unnecessary and should be terminated. MPs have every opportunity to communicate with their constituents without further recourse to public funds.

Rt Hon David Heathcoat-Amory

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