

WESTHILL,
Aberdeenshire

22 May 2009

The Secretary
Committee on Standards in Public Life
35 Great Smith Street
London SW1P 3BQ

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Dear sir

REVIEW OF MPS' ALLOWANCES

1. What are the necessary elements of a system which both supports MPs properly in the performance of their important and demanding role and commands public confidence?

The first principle is that no one should be able to make a profit from public office.

The second is that Members of Parliament should be treated in no way differently from other citizens, for example in terms of their liability for income tax.

The third is that all aspects of their remuneration should be explicit and transparent.

2. Is it right that the House of Commons should be in a position to determine the nature and size of its own expenses scheme? If not, what are the alternatives? Who should be responsible for approving the content of the Green Book which sets out the basic rules?

Regrettably, it appears the Members cannot be relied on to not indulge themselves at the public expense.

3. Are the range of expenses which are currently reimbursable correct? Are the correct judgements being made about the resources MPs need to perform their jobs effectively?

It is important to distinguish between the salary required to attract people of appropriate calibre to stand for election as Members of Parliament, and the resources required to enable them to perform the job. Current salary levels are quite adequate and appropriate for an MP who does not hold any higher position in the House or the government. Their current salaries compare, for example, with grade 5/6 senior civil servants, with senior military officers (Major/Lieutenant Colonel), and with many Heads of University Departments. Members, however, have little direct responsibility for staff management and relatively small budgets at their immediate disposal.

However, it must be acknowledged that their job requires them to work in 2 places – the House and their constituency – and this entails additional expense in the provision of an office with secretarial support in both places and the reimbursement of expenses necessarily incurred in travelling between the two.

4. Are the arrangements for policing the expenses system adequate? If not, how should they be reinforced? Is there adequate independent involvement? Are the new arrangements for internal and external audit introduced at the beginning of this financial year adequate?

All the evidence that has appeared in the newspapers suggests that only the most blatant attempts to abuse the current system are being challenged. Officials seem to be exposed to pressure because of inadequate definition of how much may be paid and in what circumstances.

5. If it is the right principle that MPs should not expect any element of personal financial advantage through the claiming of personal expenses, what approach should be taken in situations such as the support of mortgage interest which does offer the possibility of such advantage but which may nevertheless provide better value for money to the tax payer?

The Treasury has always taken the view that property acquired by public bodies as a result of gifts and legacies becomes the property of the state after it has been maintained from government funds; that Treasury approval is required to dispose of such property; and that the Treasury has first call on any income received. The analogy is quite clear. When a Member of Parliament disposes of a property which has been purchased with a mortgage paid from public funds or improved with payments from public funds, the income received from its sale should become the property of the state.

A generous state might agree that the Member should be reimbursed any original personal deposit, plus interest at Bank of England base, and that the Member should be able to retain any other capital goods purchased from public funds for use in the property, but only on payment of their market value.

6. However logical the approach to reimbursement of expenses, is it possible that its implementation throws up so many difficulties, including difficulties of explanation to the wider public, that there is a case for considering a radical simplification which costs the same or less than the current arrangements? Would it be acceptable for some increase in the level of basic pay to form part of that?

No. Pay should be the rate for the job, taking account of job size, i.e. the responsibilities incurred, and market conditions, i.e. whether or not there is a shortage of willing and suitable candidates when vacancies arise. On both counts, the current salary is more than adequate.

The present system for reimbursing additional expenses has broken down because of a failure, one might even say a reluctance, to define what is meant by "necessarily incurred in the performance of their Parliamentary duties" and because some Members, seemingly a large minority, lack the moral and ethical standards that might reasonably be expected in public service.

7. Where reimbursement is made in respect of expenses such as the cost of running an office, should this payment continue to be made as an additional personal expenses allowance to MPs? Or could the payment be made directly by the House authorities or in some other way? Is there a case for more centralised procurement through the House of Commons authorities? If so in which areas might such procurement take place?

As a matter of equity and transparency, all Members should receive identical support from the state for their London office and a constituency office, in terms of space, equipment, supplies and services, organised and paid for by the House authorities. This should include a fixed budget for secretarial and research staff, the determination of appropriate pay scales, and appropriate arrangements for staff travel expenses between London and the constituency. There seems no reason why their Party should not be permitted to supplement this from Party funds.

8. What is the best way of providing recompense to those MPs who inevitably have to spend time away from their main home on Parliamentary business?

Expenses actually incurred should be reimbursed, subject to clearly defined rules, cash limits, and the provision of receipts, as they are for all public employees.

9. How much discretion should the system allow about issues like the designation of second homes?

None. The Member's principal residence can only be the constituency home. The provision of a second residence in London should be supported only for Members who cannot reasonably be expected to commute to Westminster on a daily basis (living, say, beyond an hour's travelling by public transport), as many other employees based in London have to do.

It is debatable whether these commuting Members should be reimbursed their daily travelling costs. For ordinary employees this would be considered a taxable benefit.

There may be a case for reimbursing overnight accommodation and subsistence expenses necessarily incurred by Members who could commute, if their Parliamentary duties require them to stay in central London after the last public transport service has departed.

10. Is it acceptable that MPs should be able to employ spouses or other family members? If so, what safeguards are necessary?

It seems reasonable to accept that the nature of Parliamentary life could place strains on families, and that family members, particularly spouses could be employed as part of the staff support paid for by the House authorities, provided that they are appropriately qualified for the job, and that there is a clear contractual arrangement, and no conflict with other demands on their time.

11. Should receipts be required to support all claims for reimbursable expenditure?

Yes

12. What level of detail of expenses claims should be routinely available to the public without the need to make Freedom of Information Act requests for it?

In a more tightly prescribed expenses regime than currently exists, an annual statement would be sufficient, summarising the main areas of expenditure, travel, residential accommodation, office accommodation, office supplies, staff, and staff travel.

13. Is it acceptable or desirable that MPs should be able to receive remuneration for activities outside Parliament? If so, should that be reflected in any way in the treatment of their Parliamentary pay and expenses? Is there a need for further regulation or guidance on these activities?

It is difficult to see how a Member can claim re-imbusement for office assistance to enable them to fulfil their Parliamentary duties and yet be able to undertake paid work for other organisations in an executive or non-executive capacity. However, it seems perfectly reasonable that they may chose to undertake unpaid activities on behalf of professional associations or voluntary bodies, as many other citizens do.

It seems reasonable that they may be paid fees for contributing opinion to news media in the form of written commentaries or appearing in radio or TV broadcasts, Since those opinions might be expected to be an expression of political opinion, the political parties should perhaps be the financial beneficiary rather than the individual member.

14. Should MPs be reimbursed for expenditure incurred on newsletters and other material designed to inform the public about their work?

No. This strays too closely into the political arena, and should be paid for from party funds.

Yours faithfully,

I.M. Johnson