

## **Submission to the Committee on Standards in Public Life**

### **By Malcolm Bruce MP**

As a long serving MP of 26 years standing I thought it would be helpful for me to make a submission to your Committee's review of MPs' expenses.

It seems to me that the role of a Member of Parliament is somewhere between a vocation and a profession. This was perhaps reflected in the fact that on election in 1983 I was invited to elect to be salaried or self employed.

As the job has evolved MPs have effectively had to run a small business with responsibility for managing staff and budgets – which was not what I envisaged when I first ran for election.

I was elected in 1983 and there have been substantial changes to a number of the allowances since then. I will address each in turn.

### **ACA – PAAE**

When I was first elected this was an allowance. I was led to understand that it could not be used for capital repayments of mortgages but was otherwise available for relevant expenses and was not taxable. Receipts were not required – although I always chose to provide details of what I was claiming.

Over the years the rules have changed sporadically and not always coherently. Specifically I was required to provide an annual statement from my bank of the mortgage arrangements for my second home in London and monthly statements of the interest actually paid. The form also required the address of the second home to be completed each month.

The threshold for providing receipts has also been progressively lowered.

I had no problem in complying with these.

Throughout my time in Parliament my accommodation allowance has been claimed for my London home. I initially rented furnished accommodation but subsequently bought claiming interest on money borrowed from my bank and investing my own capital.

In order to secure a mortgage I had to put up some of my own capital and forego interest reduction on my main home as a consequence. As this has been a variable rate over 24 years it would be impossible to assess precisely how much of my own capital has been invested.

As a matter of record, during that period there were times when the ACA would not have covered the rental costs but did cover mortgage interest.

I have no problem paying capital gains tax and have done so but I believe it would be difficult if not impossible retrospectively to separate what part of the

gain was attributable to the member's capital contribution and what derived from the interest contribution claimed from the ACA. I understand that the review of MSPs' expenses came to a similar conclusion.

If the decision is taken to allow only rental payments in future, some provision should be made for MPs to disengage from mortgage arrangements in a fair and orderly fashion. It should also be recognised that rental costs are likely to be higher. This may still leave uncertainty over the cost of repair and maintenance of rented properties unless members are required only to rent fully serviced accommodation, which may be a desirable solution but would not be cheaper.

Suggestions that the House should provide serviced accommodation for MPs appears to have public support. However, that may evaporate when the full cost of doing so is realised. I understand the Swedish Parliament does this but it is a much smaller parliament than ours and even so members can opt out in favour of a monthly allowance.

### **IEP / staffing costs**

When I was first elected in 1983 the IEP was provided to cover staffing and office running costs. In practice it provided for one full time member of staff and office running costs – equipment, consumables etc.

The IEP did not provide for constituency office provision. In practice my local party provided the constituency office and also contributed to a part time constituency secretary.

Effectively I had to manage all my own case work directly and carry out all my own parliamentary research which was extremely difficult to do within the constraints on time in committees and the House, constituency engagements and travel between Aberdeenshire and Westminster

The present arrangement has greatly improved the situation enabling me to employ a full time caseworker, a parliamentary researcher and an office manager/diary secretary/constituency PA and divide my time much more efficiently between my parliamentary and constituency duties and provide a good service to constituents and other agencies I deal with even when I am travelling or engaged.

It is extremely unfortunate that the costs of employing staff are treated as MP's expenses leading to press headlines such as 'Local MPs claim more than £1 million in expenses' and the story talks of MPs pocketing £1million – when most of the money is paid directly in staff salaries and goes nowhere near the MP's personal accounts.

The proposal that staff should be employed directly by the House would avoid this misrepresentation but raises further questions.

The relationship between MPs and staff depends on mutual trust, loyalty and respect. Members must be able to recruit and line manage their own staff. However, I believe it is desirable that this is on the basis that the job description, contract, salary and qualification and experience of any recruit are confirmed by independent authority.

### **Employment of spouse or family members**

Many members choose to employ people from their own party or family members and it is in the interests of the member and his/her staff that the people chosen are seen to be suitably qualified for the job and paid appropriately

Because the job of an MP lies between vocation and profession with some of the characteristics of a small business it puts very heavy demands on family life.

Clearly the circumstances of individual MPs are different (as they should be). Members who are single or have limited family ties can organise their time differently from those with family responsibilities.

In my own circumstances (a family home in Aberdeenshire with three children under 10) I frequently say goodbye to my children on Monday morning and don't see them again until Friday morning.

As chairman of the International Development Select Committee I also travel abroad several times a year for up to 12 days at a time including at least one whole weekend.

In these circumstances the support of all my staff is invaluable but having my wife as office manager, diary secretary and constituency PA operating from an office in our home is invaluable not only to me but, I strongly believe, to constituents and other organisations I deal with as part of my parliamentary or constituency duties.

She can work flexibly in my absence with good child care. This includes regularly dealing with her job at evenings and weekends.

Precisely because the role of MP is vocational with different MP's offering a different style of working it seems entirely appropriate that they should be able to select their own staff subject to the suitable safeguards outlined above.

MPs may well advertise vacancies and go through a competitive selection process but that should not be a requirement. After all, if an MP has identified a candidate that suits their needs, whether they are a party worker, friend or family member to insist on advertising the job would amount to a deception.

Preventing MPs from employing spouses or other family members would not be beneficial. It would mean MPs might employ friends or even lovers but not family members – an absurd discrimination. What should happen is that such employment should be fully declared and the member must demonstrate that the staff member in question can and does do the job.

### **Resettlement Grant**

This was recently reviewed and amended. If it was ended at short notice it would clearly disadvantage MPs leaving at least at the end of this Parliament or the next. Restricting it to members who lose their seats would discourage people from retiring and could encourage members to contest unwinnable seats to qualify.

It may be appropriate as a sanction for an MP who is in serious breach of the rules to forfeit all or part of the resettlement grant.

In the past MPs have given up well paid alternative employment to enter parliament. If the seat is lost on swings or boundary changes ex MPs can be faced with real difficulties re-entering the employment market and a resettlement of some kind is required.

The present recently revised arrangements seem to be a fair compromise.

Many MPs have built the grant into their retirement plans and could not make up that gap in their plans easily over one Parliament out of their salaries.