

## Submission to Committee on Standards in Public Life Enquiry into MPs' Expenses

*by Fabian Hamilton, Labour MP for Leeds North East*

From the evidence I have received through constituents and other commentators, I believe that the two major expenses issues which have made the public angry with MPs are the profits made on properties purchased using taxpayers' subsidy and the misuse by a small number of MPs of the second homes allowance, often with the claim that money spent is "within the rules".

Clearly, MPs who live a long way from London have to be able to stay overnight whilst Parliament is sitting. Sessions on Mondays and Tuesdays often do not end until 10.30pm or later and on Wednesdays until 7.30pm. This makes it very difficult to commute to the constituency if the MP lives more than an hour's travel from central London.

The problem with an attendance allowance, paid only to MPs on the days they attend Parliament is that any contracts for accommodation, whether rental agreements or mortgages would be very hard to plan for, unless the attendance allowance is set at high level. It also makes it difficult for Select Committee members, or Ministers, who are away from Westminster on official business to claim, unless special arrangements were to be made. This, then, would make the administration of such an allowance very complex and therefore expensive. The attendance allowance also does not relate to need in terms of an individual MP's accommodation.

One solution would be to abolish the 'second homes' allowance completely and add a proportion, or even the full amount, of the current allowance to the MP's salary for those MPs who need a second home. The additional money could then be taxed at 40% and the extra income would be used for the MP to provide his or her own second home with all the associated costs involved. The great advantage of this solution would be to abolish all the bureaucratic costs involved in administering the current allowance system. Since MPs would be responsible for their own expenses for both homes from taxed income, no freedom of information requests would be made and all the clerical costs to the House of Commons Department of Resources could be saved. The cost to the taxpayer would therefore be considerably lower than the present system, though of course every MP eligible would receive the additional salary irrespective of need.

The solution that I would support, however, would be to keep the existing system, but with two major changes. These are:

- The allowance could *only* be used to pay the costs associated with a second home for:
  - Mortgage interest or rental costs.
  - Utility Bills, excluding television subscriptions.
  - Buildings and contents insurance.
- All profits made on the increase in value of the property purchased using taxpayers' money should be taxed at 100%. Therefore no profit could be made on property by the MP during the time he or she serves in Parliament.

I believe that these two reforms alone would answer most of the criticisms made by the public of the current system, whilst preserving the ability of MPs to make arrangements which suit their own needs, ensuring that they can properly carry out the role for which they have been elected.