



Submission E764

**Submission to the Committee on Standards in Public Life
Review of MPs' expenses
by the
Alliance for Lobbying Transparency
June 2009**

1. Alliance for Lobbying Transparency

The Alliance for Lobbying Transparency (ALT) is a coalition of civil society groups concerned about the growing influence of lobbying on decision-making in the UK. It is campaigning for transparency regulations for lobbyists, namely a mandatory register of lobbying activity, as well as enhanced rules to ensure better standards among politicians and public officials. ALT believes greater transparency will improve accountability and help restore public trust.

Current members of ALT are: Action Aid; Campaign Against Arms Trade; Campaign for Press and Broadcasting Freedom; Corporate Watch; enoughenough.org; Friends of the Earth; Greenpeace; National Union of Journalists; Pesticides Action Network; Platform; SPEAK Network; SpinWatch; Unlock Democracy; War on Want; and World Development Movement.

2. An ongoing crisis of public trust in Parliamentary politics

The Committee has rightly identified the damage done to public trust from the revelations over MPs expenses.

The Committee will be aware that public trust in formal politics has been in decline for many years. For example, in 2003 a national poll showed that over half the British public agreed that they have 'no say in what the government does'.ⁱ In 2004, 79 per cent of respondents to the State of the Nations poll stated that they felt large corporations had influence over government policies, while only 34 per cent felt they ought to enjoy such influence.ⁱⁱ

The Power Inquiry survey of 2006, which sought to find out why people had disengaged from formal politics, concluded that it is because "too often, citizens are being evicted from decision-making". It noted that: "One issue that needs to be addressed is the extraordinary power afforded to corporations and their lobbying groups. People genuinely do feel that companies have far more say than the public."

We believe that while it is crucial to resolve the issue of MPs expenses, of greater significance is the influence that private interests are having on public policy and public trust. ALT therefore welcomes the Committee's interest in hearing views on MPs with second jobs and whether there is a need for additional regulation or guidance to improve transparency in this area.

ALT recognizes that businesses and interest groups have a right to lobby MPs. But as the Public Administration Select Committee (PASC) concluded in January this year in its report *Lobbying: access and influence in Whitehall*: “There is a genuine issue of concern, widely shared and reflected in measures of public trust, that there is an inside track who wield privileged access and disproportionate influence.”ⁱⁱⁱ One common way to gain this “inside track” is to employ an MP.

As long as there is a public perception – in addition to any actual evidence – that MPs are able to cash in on their position as parliamentarians, or could be representing the private interests of their employers rather than their constituents, public trust will not be restored.

3. Concerns over MPs second jobs

Forty per cent of MPs currently register a second job. While many of these are unrelated to parliamentary affairs, there is a public understanding that some are employed solely because of their position as an MP, for example, acting as ‘parliamentary consultants’ or as a member of a company’s ‘Political Council’. The rules state that MPs must not act as ‘paid advocates’ in any proceeding of the House, but it is clear that private interests that hire an MP can gain privileged access and potential undue political influence through that hire.

Weak rules governing the revolving door

PASC spent 18 months to January 2009 conducting an inquiry into “the transparency of the lobbying industry, the effectiveness of recent attempts at self-regulation, and whether the rules for those in Parliament and Government should be changed.” Its Issues paper asked, among other things: “Are the current transparency requirements placed on the behaviour of public officials, ministers and Members appropriate?”

The Committee heard evidence from a range of witnesses, including members of ALT, on the issue of MPs outside interests. Its report noted that “some of the concerns that exist around improper influence are closely linked to the power of informal networks of friendships and relationships”.

PASC’s report cited as evidence of these networks, the financial links between the nuclear industry and MPs, Lords, former MPs and former civil servants. This included the following evidence submitted by SpinWatch, a member of ALT:

Ex-Ministers and MPs taking jobs in the nuclear industry:

Two senior ex-government Ministers have recently moved into lucrative jobs within the nuclear industry. This has happened at the same time as the government has been undertaking a public consultation on the issue and has recently given the go-ahead to proceed with a new generation of nuclear power plants.

Ian McCartney MP, the former chairman of the Labour Party and former Trade Minister, is now paid up to £115,000 to act as a senior adviser to the Fluor Corporation. Although the Advisory Committee on Business Appointments gave McCartney permission to take the appointment it was on condition that he did not lobby the government for a year.^{iv}

One part of lobbying is gaining privileged access to MPs. In November 2007, the press reported how McCartney was spotted in the Commons ‘entertaining an executive from a controversial US nuclear company’. The person concerned was Fluor’s UK boss, Ian Thomas, who said that he was there on a “social visit”.^v

But this is surely part of what lobbying involves – access and influence. Fluor is on a shortlist of four seeking to win an £18 billion contract for decommissioning the Sellafield nuclear power site and is expected to be heavily involved in any future nuclear revival.

Richard Caborn MP, the former Sports Minister and former chairman of the Trade and Industry Select Committee is another ex-Minister with nuclear interests. In November 2007, the *Financial Times* reported how Caborn had ‘joined the growing band of former Ministers and Labour MPs who have taken lucrative jobs in the nuclear industry.’^{vi}

Mr Caborn, was appointed as an adviser to ‘Amec, the British engineering services group that is part of a consortium bidding for a £5 billion contract to run Sellafield, the UK's biggest nuclear site.’ According to the Register of Member’s Interests, Caborn is paid up to £75,000.^{vii}

Even if these positions are cleared by the Advisory Committee on Business Appointments, it seems difficult to reconcile MP’s commercial interests with the spirit of Rule 10 of the Code of Conduct for Members of Parliament: “No Member shall act as a paid advocate in any proceeding of the House.”^{viii}

SpinWatch added the following comment on the potential for conflicts of interest and the lack of transparency surrounding the commercial activities of MPs:

We believe there needs to be a tightening of rules governing the business activities and outside interests of MPs. Two years ago SpinWatch uncovered evidence that Ken Clarke MP was using House of Commons facilities to undertake his business role as Deputy Chair of British American Tobacco.^{ix}

According to Sir Philip Mawer, the former Parliamentary Commissioner for Standards, the “modest” use of a PA, as well as the House of Commons facilities such as faxes and phones for MP’s commercial interests is allowed. However, as Sir Philip says, “drawing the line between what is Parliamentary and what is non-Parliamentary is not always easy”.

The rules currently seem at best opaque, as does the process by which Sir Philip conducts his own investigations, as his meetings are not minuted and cannot be scrutinized by the public.^x

Similar concerns are expressed by PASC over the rules on business appointments, overseen by the Advisory Committee on Business Appointments (ACoBA):

“We are strongly concerned that, with the rules as loosely and as variously

interpreted as they currently are, former Ministers in particular appear to be able to use with impunity the contacts they built up as public servants to further a private interest. We think that this is unacceptable, particularly where they continue to be paid from the public purse as sitting Members of Parliament. The rules need to reflect this.”

PASC’s report cites the case of former Transport Minister, Stephen Ladyman, which was revealed in documents released to SpinWatch under the Freedom of Information Act and reported in *The Guardian* in November 2008:^{xi}

In a recent case, Dr Stephen Ladyman MP, a former Minister of State at the Department for Transport working as an adviser to ITIS Holding plc, a company selling traffic information, for an annual fee of between £10,001 and £15,000, approached a senior official at the Highways Agency while still subject to an ACoBA lobbying ban, to make initial contact with a view to arranging a meeting once the lobbying ban had expired. He has since mentioned his former ministerial position as a way of introducing himself when lobbying on behalf of ITIS. This case shows both the potential for differing interpretations of ACoBA’s lobbying ban and the way in which former Ministers can, within all existing rules, use their former Ministerial position to help them to gain access for private interests.^{xii}

A lack of transparency around MPs employed by or who own lobbying firms

Some MPs (and a greater number of Lords) are employed by multi-client lobbying consultancies or own companies that offer lobbying services.

The research below, conducted by SpinWatch, shows the lack of transparency surrounding these outside interests, the potential for conflicts of interest, and the risk they pose of increasing the perception at least that MPs can use their position to further private interests.

4. Proposals for reform on MPs outside interests

Slow down the ‘revolving door’

ALT agrees with the recommendation made by PASC for a “strong” Advisory Committee on Business Appointments to provide departing Ministers and civil servants with advice on the lobbying activities that they can carry out for a new employer, which is “as unambiguous as possible in its meaning”, in a way which gives “the public and media the opportunity to assess whether or not this advice has been followed”.

We also agree with PASC that greater restrictions should be placed on lobbying by former Ministers: “What we would like to ensure is that consistent rules are strictly applied so that former Ministers and other public servants are effectively prevented for an extended period of several years from using the contacts and sensitive information that they acquired in public office to further their own and others’ private interests.”^{xiii}

ALT believes that the rules governing business appointments, which apply to departing Ministers and senior civil servants, should include a ban on lobbying for an extended period of three years. We also believe that there should be a ‘cooling off period’ for MPs after they leave office before they can work as lobbyists. This would send a strong message to the public that the authorities are serious about the issue.

Increase transparency of MPs second jobs

ALT recommends that MPs be banned from working for or owning companies offering lobbying services to avoid the perception that they are working as ‘paid advocates’.

In the absence of a ban, and to allow routine public scrutiny of *all* MP’s second jobs, we recommend that additional transparency rules be introduced. The following information should be published in the Register of Members’ Interests:

- A full description of the work undertaken by an MP for each outside employer. Generic terms in the register, such as ‘parliamentary advisor’, should be replaced by details of any advice given or work carried out relating to parliamentary affairs, including advice on specific areas of public policy, such as legislation, regulation, contracts or grants;
- MPs who own their own lobbying firm or MPs employed by a company offering lobbying consultancy to clients, such as multi-client public affairs agencies, law or accountancy firms, must declare a complete list of clients. This could also be achieved with the introduction of a mandatory register of lobbyists, as recommended by PASC;
- Full details of payments received by MPs from each employer;
- The name and address of each employer;
- The hours worked by the MP for each employer.

5. Conclusion

The row over expenses has once again highlighted the public perception that some MPs are serving their own ends. Parliament will only break this perception by introducing significant reforms. We acknowledge the necessary limits of the Committee’s review, but ALT is encouraged that the issue of MPs second jobs is being examined in this context.

Many MPs with second jobs will not be using their position to further private interests. However, it is conceivable that some have and will continue to do so. As with the expenses affair, the few must not be allowed to taint the reputation of the majority. And as with MPs expenses, we believe that the only way to avoid further scandal and damage to public trust is to introduce comprehensive transparency measures now.

ⁱ Pattie C., Seyd P., and Whiteley P. (2003), ‘Civic Attitudes and Engagement in Modern Britain’, Parliamentary Affairs, Vol 56, No 4.

ⁱⁱ <http://www.jrtt.org.uk/index.php?page=publication&showpublication=20>

http://www.parliament.uk/parliamentary_committees/public_administration_select_committee/pasclobbying.cfm

^{iv} Employment declared on the Register of Members' Interests, session 2007-08.

^v Oliver, J. (2007) "Cash-For-Access Row Over Ian McCartney And Nuclear Boss", *Mail on Sunday*, November 11, p. 50.

^{vi} Eaglesham, J (2007). 'Caborn takes nuclear job', *Financial Times*, 16 November.

^{vii} Register of Members' Interests, session 2007-08

^{viii} Code of Conduct for Members of Parliament

^{ix} Rowell, A (2005). 'SpinWatch Uncovers Evidence to Suggest Ken Clarke Has Abused the Privileges of the House of Commons', *SpinWatch*, 05 October.

^x Sir Philip Mawer, Rt Hon Kenneth Clarke MP, Letter to Andy Rowell, December 1, 2005; Sir Philip Mawer, Rt Hon Kenneth Clarke MP, Letter to Andy Rowell, December 21, 2005.

^{xi} <http://www.guardian.co.uk/politics/2008/nov/08/labour-transport>

^{xii} PASC report: Lobbying: Access and Influence in Whitehall, Page 30, point 104

^{xiii} PASC report, Lobbying: Access and Influence in Whitehall, page 59, point 196