

Submission to the
Committee on Standards in Public Life
REVIEW OF MPS' EXPENSES

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Introduction

Members of Parliament are elected to represent their constituents. They are not selected to stand as experienced financial administrators or office managers. Whilst there are possibilities in a system to make financial gains, either through genuine mistakes or more sinister motives, MPs should not be unnecessarily exposed to them. It is possible to introduce a well-designed system where the likelihood of mistakes and fraud occurring are removed either partially or completely.

Members of Parliament are not employees of the state, but rather fixed-term contractors for the period of the Parliament. Their remuneration should therefore reflect that status, in that they should expect remuneration consistent with the skills and hours that they contribute, but should not expect any form of lavish or unaccountable treatment.

In this submission, I propose that:

1. The rules governing the payment of allowances and claiming of expenses by MPs be radically simplified to both reduce the workloads involved in controlling and monitoring expenses, and to remove the vagueness of the current system so that only valid expense claims are made.
2. MPs in future to only claim for the reimbursement of expenses incurred whilst involved in a designated Parliamentary Mission. All other types of expense claims to be disallowed.
3. All expense claims for expenses incurred during a Parliamentary Mission to be accompanied with original receipts.
4. MPs in future to receive no allowances of any kind.
5. All MPs to charge all of their own legitimate business travel costs to the House of Commons using only the House of Commons Travel Card.
6. No travel expense reimbursements to be available for MPs' families or staff.
7. All MPs whose homes are not within a reasonable commuting distance of the House of Commons to be offered the use of a centrally-located apartment, rent-free, fully furnished and serviced, for the period of their service in Parliament, at the taxpayers' expense.
8. All expenses incurred in running MPs' offices at the House of Commons, including employment costs, to be paid for directly by the House authorities.
9. Expenses incurred in running a constituency office or in running an office at their home to be entirely born by the MPs from their Parliamentary income.
10. No MP to receive remuneration for activities outside Parliament, except where the MP chooses to receive such remuneration from authoring articles or books for publication.
11. The current Communications Expenditure to be withdrawn.
12. The current Resettlement Grant, available for MPs who fail to be re-elected or who do not stand at a General Election, to be withdrawn.
13. The current salary of a Member of Parliament to be reviewed in the light of the proposals above.
14. MPs to be offered a commercial quality, contributory personal pension scheme during their service.

Submission to the Committee on Standards in Public Life - Review of MPS' Expenses

I am in full agreement with the statements contained in the Guiding Principles and Presumptions of the CSPL Review of MPs' Expenses, Issues and Questions, including the Seven Principles of Public Life.

Submission on Issues and Questions to be Addressed

Comments and proposals that I wish to make relating to Paragraph 1.15 of the Review of MPs' Expenses and Section 3 Background on pay and allowances are shown below.

Necessary elements

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?

I feel that the necessary elements must be based on a salary sufficient to enable MPs to perform their roles without having recourse to allowances and expense claims that cause suspicion of 'gilding the lilly' among the taxpayers. So my submission proposes a simple way of:

- removing allowances and the ability to recover personal expenses with a single suitable salary payment
- using interns, office and research staff in the House of Commons who are only direct employees of the House of Commons
- claiming reasonable expenses incurred when on a Parliamentary Mission
- providing all MPs with an up-to-date office environment within the House of Commons, and remote access to it when away from the House
- providing free unlimited personal travel within the United Kingdom using the House of Commons Travel Card and
- providing a 'grace and favour' apartment within commuting distance of the House of Commons.

Such a process would put all MPs, whether they live in London, Cornwall, the Shetland Isles, or Northern Ireland on exactly the same costs basis.

Determining the nature and size of its own expenses scheme

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?

I firmly believe that the House of Commons should not determine the nature and size of its own expenses scheme. Any changes to the expenses system should be determined by the Senior Salaries Review Body (SSRB). This will prevent the scheme from again deteriorating into an unnecessary jumble of expense claims and allowances.

The House of Commons should subject any proposed changes to the Green Book to a vote. Proposed changes should be made by the SSRB.

Range of reimbursable expenses

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?

The current range of expenses that are reimbursable are unnecessarily wide. I propose that only expenses incurred on a Parliamentary Mission (see below) be reimbursed. This will mean that the current mortgage interest payments claims, 'second home' allowances, Personal Additional Accommodation Expenditure (PAAE), and the £25 overnight away from home allowance would be withdrawn. MPs should not be able to claim for the costs of running offices outside the House of Commons, including that for staff and equipment, whether in a constituency office, their own home or a third property.

I support the payment of a London allowance to MPs who maintain their home in London so long as the allowance is maintained in line with current commercial practice. I do not support the payment of 'second home' or a flat-rate allowance as an option for MPs representing constituencies outside inner London.

No provision should be made for long-term illness or maternity leave. MPs should be paid well enough to finance both provisions from their salaries.

Overall, I feel that MPs need a sufficient income to adequately reward the time and skills they give to doing a difficult job. MPs also need the office resources to provide an efficient back-up to their work. But I also feel that currently it is too easy to employ a family member or a friend without having to demonstrate that they have the appropriate skills for the role they are to perform. I propose that all staff should be interviewed and employed by the House, given a common employment contract, and job objectives, and formally appraised yearly by both the MP and the employer.

Efforts should be on-going to ensure that the IT equipment provided to MPs and their staff is up-to-date and configured to a common House standard. MPs should be able to use a House laptop computer, away from the House, so that all of the central office services can be accessed remotely. Adequate IT training should also be given to all MPs and their staff to ensure their offices can operate efficiently.

Adequacy of policing arrangements

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?

My proposal to remove all expense claim mechanisms, except for the Parliamentary Mission (see below), means that there is no longer a need to police MPs other expenses at all.

Personal financial advantage

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?

My proposal to remove all expense claim mechanisms, except for the Parliamentary Mission (see below), means that there is no longer the possibility of personal financial advantage through the claiming of personal expenses.

A radical simplification

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?

I agree that however logical the approach to reimbursement of expenses, there will always be many difficulties in both implementation and in explaining to the wider public. My proposals are a radical simplification that removes all expense claim opportunities except for the Parliamentary Mission (see below). An adjustment (not necessarily an increase) to basic pay will be inevitable under my proposals, and I feel would gain public support because of the simplicity of the proposed procedures.

Centralised procurement

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?

I propose the centralised procurement of all office facilities including staff, furniture, telephones and IT equipment. In this way, MPs can feel assured that they will receive the best office services, and their maintenance, without any concern about costs and their recovery. Suitable staff, whether identified by the MPs or by a centralised recruitment department, should be employed directly by the House authorities. No Administrative and Office Expenditure claims should be allowed. Sufficient interpretation, translation and research services should be available through budgeted centralised procurement. Sufficient stationery and pre-paid envelopes should be provided for parliamentary business.

The provision of free researchers and assistants paid for by charities or other organisations should be treated in the same manner as for staff provided through a temporary employment agency. The House authorities would be required to create a contract with the organisation to enable the staff to work, even though there would be no accruing staff costs. Subsidised eating facilities should be extended to these staff, if working at the House of Commons, at least because any other arrangements would be costly to administer.

There can be no justification for the current Communications Expenditure allowance. The allowance enables tax-payers money to be used to promote incumbent MPs, giving them an electoral advantage. In an age of highly efficient and effective communications using IT, MPs have a powerful mechanism available to them to seek the views of their constituents and to update them on their work.

Each MP should be provided with a House-standard constituency web site and technical help with its personalisation. The web site should contain the ability to present textual elements, including newsletters, surveys of constituents, the ability of constituents to subscribe to survey results, and links to House publications that might be of interest to constituents.

Recompense for time away from home

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?

My proposal to provide all MPs with 'grace and favour' apartments within commuting distance of the House of Commons and the ability to claim expenses for Parliamentary Missions means that there is no additional need for further recompense when away from home.

Second homes

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

I agree with the Government that each MP's constituency home should always be designated as his or her main home. Where an MP chooses to live and in what kind of house should be of no interest to the authorities. On resale, gains and losses in value should be at the MP's own risk. MPs should not be able to claim the costs of legal fees and other costs associated with the purchase of a home, including stamp duty, valuation and solicitors fees. MPs should not be able to claim for mortgage interest, maintenance or furnishings.

I propose that, with the provision of 'grace and favour' apartments within commuting distance of the House of Commons, the need for second homes no longer exists. MPs will no longer have the opportunity to nominate a second home.

All MPs, including ministers, should be exempt from having to pay council tax and tax on the benefit of living in this accommodation.

Employment of family members

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

I understand the wish of some MPs to employ a family member. Such a person already has a close relationship to the MP and this can be immensely attractive when the work of an MP is so time-consuming. Because I feel that all paid staff should be employed directly by the House authorities, members of an MP's family should be employed at the House's expense on the same contractual terms as other employees. The employment contracts should provide the necessary employment safeguards.

Reimbursement only with receipt

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

My proposal to remove all need for expense claims, except for Parliamentary Missions (see below), reduces the need for receipts to an absolute minimum. Only when on a Parliamentary Mission would an MP incur expenses that are reimbursable. As is the usual commercial practice, expense claims for Parliamentary Missions would have to be supported by original receipts attached to the claim (no receipt, no claim). On multi-item receipts when only some of the expense items are allowable for reimbursement, the items not being claimed are struck through by the claimant. There

would be no requirement for copies of receipts to be kept by MPs.

Detail of expense claims available to the public

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?

The public should have no right to view the receipts on which expense claims are made.

The acceptance of a claim by the Department of Resources, in accordance with the rules contained in the Green Book, should be the House's acceptance that the claim is justified. The House must, though, have a responsibility to regularly publish the budgets and expenditures of each Parliamentary Mission and, where there are expenditures in excess of budget, a narrative of why the budget was exceeded and what actions are being taken to ensure that future Parliamentary Missions do not exceed their budgets.

Remuneration for activities outside Parliament

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?

MPs should not be able to receive remuneration for activities outside Parliament, except for writing press articles and writing books that are published. The regulations need to make this clear.

Reimbursement for expenditure on publicity

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

With the availability of up-to-date IT equipment and subscription lists, there should be little need for publishing paper-based newsletters and other materials. The expenditure incurred, therefore, should be small and easily within the personal or constituency party financial resources available.

Travel expenditure

The mandatory use of the House of Commons Travel Card for personal travel within the United Kingdom gives MPs freedom to travel throughout the country, at any time, completely without charge. No such free travel concessions should be granted to their staff or families. Foreign travel by an MP should be covered by the Parliamentary Mission procedure (see below). No car mileage claims should be allowed.

Leaving Parliament

No Resettlement Grant should be available on leaving Parliament. In other professions, workers on fixed-term contracts do not usually receive severance payments.

Outside interests

I propose that MPs are not allowed to be remunerated for outside interests, other than those for the publication of newspaper articles and books. The proposed expenses system contained in this submission cannot result in any financial gain to an MP. I therefore believe that my proposals and the current declarations on external incomes are sufficient.

Parliamentary Missions

In this submission, I argue for a radical simplification to the expenses and allowances mechanisms available to MPs. I propose that all allowances, except for the London allowance, be withdrawn, and all expense claims be withdrawn, except for Parliamentary Missions.

A Parliamentary Mission is the establishment of a task that requires Parliamentary resources for its completion. The resources may be one or more MPs, a committee of MPs, other staff, chargeable external resources (aircraft flights, accommodation abroad, conference facilities, etc.). Each mission will have a stated purpose, a stated outcome, and a budget against which expenses will be measured.

All expense claims by MPs or their staff will have to quote a Parliamentary Mission Number to which the expense claims are to be charged. A claim without a Parliamentary Mission Number would be unacceptable. All expense claims will be accompanied by original receipts or invoices (no receipt or invoice, no claim). Expense items not to be claimed must be struck out and initialled on the receipt or invoice, and the balance claimed.

The result of the Parliamentary Missions procedure is that valid expenses incurred by MPs will become to be seen as mission expenses rather than individuals' expenses. The need to publish details from receipts will therefore not be raised again.

Ministers

Under my proposals, all MPs, including ministers, would have a 'grace and favour' apartment available to them. Ministers have to devote more time to specific areas of Government business than other MPs. This is a reason for the significantly higher salaries that they are paid. I can see no reason why ministers should be allowed to claim expenses.

Audit and Assurance

A 'full scope' external audit by the National Audit Office of any implemented system of expenses and allowances should be a regular feature. The intent to subject MPs expenses to an equivalent regime to that which applies to other expenditure out of public funds is to be strongly recommended.

Enforcement

The investigation by the Parliamentary Commissioner for Standards of MPs accused of breaching rules can only be a positive step. I can see no reason to strengthen the administration and enforcement of the system which I propose. Indeed, because of the simplicity and transparency of my proposed processes, no additional enforcement processes would be required.

MPs should be under the same financial regulation as any other person. An MP who is found to have intentionally defrauded the public purse should face the same penalties as others.

Openness and Transparency

My proposals, contained herein, are designed to be radically simple. The only requirement for receipts is contained in my Parliamentary Mission proposal (see above). There would be no advantage gained in the publication of these receipts because they are both internally audited and do not ever result in a pecuniary gain to MPs.

The proposals I make ensure that expenses incurred on Parliamentary Missions be attributed by the use of a Parliamentary Mission Number for each expense submitted. This enables the budget and expenses of each Parliamentary Mission to be managed. I believe that they should be made available to the public even though they would make rather boring reading.