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Basingstoke  
Hampshire  
United Kingdom



Sir Christopher Kelly KCB  
Chairman  
Committee on Standards in Public Life  
35 Great Smith Street  
LONDON  
SW1P 3BQ

29 May 2009

Dear Sir Christopher,

### **Review of MPs' expenses April/May 2009**

I am writing to share our experiences in managing 'out of pocket' expenses and the provision of rented property in London as substitute accommodation for Military Personnel, as a contribution to your review.

HCR Ltd has held the Ministry of Defence contract to supply Substitute Accommodation for the Armed Forces for 12 years. Over that period we have completed 50,000 cases across the UK and have paid approximately £500 million in rent and utilities. We house 950 people a year in London.

The scheme is simple and could be directly applied to providing suitable accommodation in London for our MPs -

- We source rented property from the private landlord market that matches the MoD entitlement criteria. This is based on rank bandings. In my opinion, an MP's second home could directly relate to an A1 Band, which consists of Commodore / Brigadier / Air Commodore rank, but is not as high as the ultimate A2 Band (Rear Admiral/General,etc)
- Criteria and rules could include -
  - Second home is only provided to MPs whose constituencies are further than 60 minutes away by a combination of public transport as defined by the Transport for London route planner.
  - Any Parliament provided second home will be no further than 45 minutes by Public Transport or within 10 miles of Westminster.

- A fully furnished property could consist of one double bedroom (>110 square feet), one sitting room, bathroom and kitchen. The committee may wish to consider variations on this for MPs whose constituencies are over 2-3 hours away by public transport and consequently use the property more frequently, or where there are husband and wife MPs. Similarly, MPs could be encouraged to share property to reduce rent and utility costs, but for personal security no more than five MPs should be allowed in anyone building.
  - The committee may wish to allow a second single bedroom for children or visitors, but we would suggest a rule that only allows a spouse, visitor(s) or children to stay for a maximum of 28 days in every 61 days to comply with single occupancy Council Tax regulations and thus gain the 25% discount.
  - Properties have adequate security and/or the tenancy is not in the name of the MP, to provide anonymity.
  - Rented properties will only be supplied by Parliament at the current market value that meets the entitlement criteria. Any increase in specification, and consequently extra rent, could be allowed but would be subject to a personal rent contribution to make up the difference.
  - Properties will only be paid for by Parliament if they are occupied more than 3 days per week excluding recess, travel periods for Parliamentary business and holidays.
  - Car Parking or a Parking permit is made available with the property.
- The MP is shown two properties that meet the criteria and demonstrate value to the public purse.
  - MPs should not be able to source their own rental property and expect Parliament to pay for it. Self-sourcing can lead to misinterpretation of the rules and has the potential for deceitful activity.
  - Lease negotiations are undertaken with the private landlord for a minimum period of 12 months, with 6 months break clause.
  - Utilities are paid for by Parliament. This should include Gas, Water, Electricity, Council Tax (single occupancy rate) and a TV Licence. Best value should be sought from Utility companies.
  - Telephones, Broadband connection, Cable or Satellite TV is not provided and must be arranged by the occupant.
  - A 24/7-365 emergency property help line is provided to manage property related issues and give peace of mind to the MP occupant.
  - The MP is accompanied at the Move In to the property to ascertain the Landlords inventory is accurate and to have the meters read.

- A clear damages/dilapidations policy is in place so that any damages outside the normal 'fair wear and tear' is borne by the MP occupant.

It is clear to me that the guiding principle for MPs' and the Fees Office has to be one of complete transparency. If your committee was to propose a second home rental solution, then Parliament would need to outsource the management to an experienced 'property' organisation, which was then accountable to an oversight committee staffed with an independent manager. The 'property' organisation should be prepared to pay all the rents, the utilities and Council Tax and charge this directly back to Parliament, so that MPs' would no longer be 'tainted' by claiming second home expenses.

The guiding principle of transparency should also extend to eligible 'out of pocket' expenses. An independent (of Parliament) organisation could manage MPs' claims for expenses against a matrix of approved expense types, supported by receipts and commentary. This would not only save time and resource for the Finance Office at Parliament, but would ensure that there is an 'arm's length' approach clearly visible to the public.

The matrix of approved expenses could contain some of the following elements –

- Travel to/from the constituency and Parliament by standard public transport, or a mileage rate set at HMRC tax exempt rates
- A limited subsistence budget for meals purchased on public transport when purchased outside core Parliamentary hours
- Transport by taxi to the second home or London constituency home when public transport is unavailable

The committee should consider the management of other MP expenses. For example: running costs for the constituency office and Parliamentary business trips. Before being paid by the expenses management company, these expenses should be counter-signed by the Finance Office or even the relevant Political party Leader as valid and authentic, as is common practice in industry.

If the guiding principle is transparency, then full annual disclosure of all the expenses claimed by each MP, by expense type, should be declared. This same information would then form the basis of the P11D declaration for HM Revenue & Customs and the MPs own tax returns.




Whilst I appreciate, like many, that the majority of MPs are honest and selfless, a new system that creates equality and visibility is demanded in order to win back public trust and more importantly, respect for our MPs. The overarching objective must be that there is no 'betterment', but a just and open compensation scheme that allows anyone to aspire to be an MP and not have to subsidise that desire.

Throughout this submission I have sought to keep the proposal simple and easily explainable. The finances for a second home would no longer be the direct responsibility of the MP. Approving expenses would not involve Parliament's Fee Office, except as an auditing body. Value would be clearly demonstrated to the Public and the Press. There would be no financial detriment to MPs in having two places of work, but they would not financially benefit either.

I trust that I have provided your committee with insights that may prove valuable in your deliberations.

Yours sincerely,

 Leach MA  
Director