

**TRANSPARENCY INTERNATIONAL (UK)**  
*the coalition against corruption*



**COMMITTEE ON STANDARDS IN PUBLIC LIFE**  
**REVIEW OF MPs' EXPENSES**

**SUBMISSION BY TRANSPARENCY INTERNATIONAL (UK)**  
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A description of Transparency International (UK) (TI(UK)) is provided in the Annex.

TI(UK) welcomes the review of MPs' expenses by the Committee on Standards in Public Life (CSPL) and the Committee's decision to receive both written and oral evidence.

The political crisis that has been created by the disclosure of irregularities in MPs' expense claims has grievously undermined the legitimacy of Parliament. Transparency International defines corruption as the abuse of entrusted power for private gain. Recent opinion polls suggest that the majority of the UK public is finding it increasingly difficult to see UK parliamentarians as a body of honest and trustworthy men and women who act in the public interest, rather than for private gain. Without trust in Parliament, democracy is tarnished and voter apathy encouraged. It is unfortunate that the morally dubious conduct of an alarmingly large number of MPs has cast a shadow, unfairly, over the majority of MPs who are honest and dedicated to serving their constituents and Parliament.

TI's Global Corruption Barometer published this week (on 3 June 2009), revealed, *inter alia*, the extent to which key sectors of British public life, and politics in particular, were seen to be tainted by corruption, based on interviews conducted in late November 2008. From political parties, parliament and the civil service to business, the media and the courts, UK citizens gave their highest corruption rating to political parties. On the TI corruption scale of 1 to 5 (where 1 denotes 'not at all corrupt' and 5 'extremely corrupt'), political parties scored 3.6.

TI(UK) believes that rebuilding public trust can only be done if politicians are beyond reproach and live up to the Nolan Principles of Public Life: Selfishness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership. If parliamentarians are to have legitimacy as lawmakers, they need to be exemplars of personal integrity. Rules must be complied with, not merely because there are penalties for not doing so, but because MPs are expected to have a system of values in which integrity is required in all aspects of their conduct.

TI(UK) believes that reform of the present system governing MPs' expenses should be based on:

1. Full transparency
2. Public acceptability
3. Benchmarking against good practice in the public and private sectors of the UK
4. Benchmarking against good practice in other parliamentary democracies

TI(UK)'s comments on some of the major strategic questions and issues raised in the CSPL's paper are set out below (the numbers of the questions/issues correspond to those used in para 1.15 of the CSPL's paper). We have not commented on questions that cover areas where TI(UK) does not have any particular competence.

1. 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?

**Comment:** We believe the necessary elements include the following:

- (i) A package of remuneration and allowances that enable MPs to maintain a living standard comparable to that of their peers in the UK public and private sectors;
- (ii) Rules that are drawn up, approved and monitored with the input of independent experts;
- (iii) Rules that are simple and unambiguous, in order to eliminate the potential for abuse;
- (iv) Independent auditing of expense claims;
- (v) Publication of claims in a manner that does not infringe the legitimate privacy and security of MPs;
- (vi) Training to help MPs understand the new rules<sup>1</sup>; and
- (vii) Suspension from Parliament of any MP who violates the new rules on expenses once they are introduced.

2. 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?

**Comment:** The ongoing controversy over MPs expenses has raised doubts as to whether it should be left to the House of Commons to determine the rules. TI(UK) believes that it is essential that the new rules be drawn up by an independent body that comprises MPs, the Chair of the CSPL and independent experts (drawn from the public and private sectors).

4. 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?

**Comment:** Clearly, the present arrangements for policing the system are confusing, opaque and inadequate. They have lost credibility. The interim expenses rules agreed by political party leaders and announced by the Speaker on 19 May reportedly include an independent regulator to police the rules on members' expenses and allowance claims and to monitor their financial interests. TI(UK) believes this is a step in the right direction but reserves judgement until the details of the proposed independent regulator and its *modus operandi* are known. It is also not clear whether this new regulator would be subject to the Freedom of Information Act.

TI(UK) welcomes the decision by the House of Commons in January 2009 to introduce, with effect from 1 April, a new audit and assurance regime for MPs expenses that includes 'full scope external audit by the National Audit Office'. There

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<sup>1</sup> The following examples of practice in other countries are instructive: In Ireland, seminars are held for MPs and 'mentors' are assigned to help MPs understand the rules. There is also a 'one stop shop' where MPs can get advice on any aspect of the rules. In Germany, training is offered on a voluntary basis. In the US, training is mandatory.

is no reason why MPs expenses should be precluded from the external, independent scrutiny that exists for expenditure out of other public funds. However, it remains to be seen how this new regime will function.

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

**Comment:** TI(UK) believes that in any new system, the room for discretion should be minimal because experience has shown that the greater the allowance that is made for discretion in administrative/enforcement systems, the greater the risk of corruption and abuse of the rules.

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

**Comment:** It is surprising that the House of Commons permits a practice that is not allowed in most other industrial democracies' legislatures and is not tolerated in the UK public and private sectors. Since such a system is highly vulnerable to abuse it should be terminated. The Government's proposal (of 21 April) that all staff appointed by MPs should become direct employees of the House of Commons is a step in the right direction. Staff employed to assist MPs should be recruited on the basis of merit and in accordance with standard employment rules that apply to all House of Commons staff.

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

**Comment:** This appears to be the standard practice in the UK public and private sectors and there is no reason why MPs should be exempt from it.

12. What level of detail of expenses claims should be routinely available to the public without the need to make Freedom of Information requests for it?

**Comment:** Full disclosure is the best safeguard against abuses, provided this is done in a manner that does not jeopardise the security and legitimate privacy of MPs. The measures announced by the Speaker on 19 May included online publication of all new expense claims every three months. This is a step in the right direction.

Transparency International (UK) ([www.transparency.org.uk](http://www.transparency.org.uk)), the UK national chapter of TI, fights corruption by promoting change in values and attitudes at home and abroad, through programmes that draw on the UK's unique position as a world political and business centre with close links to developing countries.

TI(UK):

- Raises awareness about corruption
- Advocates legal and regulatory reform at national and international levels
- Designs practical tools for institutions, individuals and companies wishing to combat corruption
- Acts as a leading centre of anti-corruption expertise in the UK.

TI(UK)'s vision is for a world in which government, politics, business, civil society, domestic and international institutions and the daily lives of people are freed from corruption, and in which the UK neither tolerates corruption within its own society and economy, nor contributes to overseas corruption through its international financial, trade and other business relations.