

MPs' Expenses

Memorandum to the Committee on Standards in Public Life

Introduction

1. The scandal of MPs' expenses was an accident waiting to happen, delayed by a conspiracy at times noisy but mostly silent.
2. Periodically there have been media reports of the abuse of MPs' allowances, before the revelations of the past few weeks in *The Daily Telegraph*, such as the cases involving Derek Conway, Sir Nicholas and Lady Winterton, Ed Balls and his wife, Yvette Cooper, Tony McNulty, and Jacqui Smith. Several have been the subject of reports by the House of Commons' Committee on Standards and Privileges, which has issued eighteen reports following specific complaints of the misuse of allowances, plus four more on the use of particular allowances in the present Parliament.¹ In addition, the committee submitted a memorandum to the Senior Salaries Review Body (SSRB), which reviewed MPs' pay and allowances in 2007.² None of these reports set any alarm bells ringing, although the committee acknowledged that there had been 'concern that the allowance structure is unduly generous; and concern that Members are misusing the system by making unjustified claims. However, press comment in particular rarely makes clear the precise root of any concerns expressed...'³ and the committee concluded:

Members' expenses are always likely to prove controversial in some quarters, and the level of allowances, like Members' salaries, will inevitably remain matters of public debate. Independent involvement in determining fair levels for these, which balance Members' rights to reasonable levels of reimbursement of the costs of their office with taxpayers' expectations that public funds should not be used to facilitate private benefit, is a key element in maximising public confidence in this area...⁴

3. In its 2007 report the Senior Salaries Review Body (SSRB) picked up this baton, remarking: 'Although there is much comment about MPs' allowances in the press, we have received no substantive evidence to suggest that MPs are abusing the system.'⁵ The Review Body acknowledged, nonetheless, that information already published under various heads 'can prompt further questions about the reasons for the variations in individual expenditure' and suggested 'that the concerns and criticism expressed surrounding MPs' allowances could best be addressed through greater openness about what is claimed and the reasons for this, and with more formal audit arrangements.'⁶ It

¹ HC 232, 2007-08 on publications funded by the Communications Allowance; HC 436, 2007-08 on the employment by MPs of members of their families; HC 1127, 2007-08 on the nomination of a Member's main home of the purposes of claims under the former Additional Cost Allowance; and HC 1211, 2007-08 on the use of House of Commons pre-paid envelopes.

² HC 330, 2006-07.

³ *Ibid.*, para. 2.

⁴ *Ibid.*, para. 15.

⁵ Senior Salaries Review Body (SSRB), *Report No. 64: review of Parliamentary Pay, Pensions and Allowances 2007*, Cm. 7270, January 2008, para. 5.3.

⁶ *Ibid.*, paras. 5.3 and 5.4.

recommended that the National Audit Office be asked to audit the expenses of a representative sample of MPs each year.⁷

4. However, writing in 2008 about restoring trust in British politics, Sir Alistair Graham pointed out: ‘At my final public meeting in March 2007 as Chairman of CPSL I argued that there was an urgent need for a review of MPs’ allowances and expenses given the amount of adverse publicity the current system was attracting.’⁸

The Background

5. As relatively recently as 1967, the late Sir Bernard Crick could write:

Clearly a member should be able to draw on public funds, or be reimbursed from them, those essentials he needs to do his job properly: secretary, office, postage, telephone and travel.⁹

And few would disagree, but the system of MPs’ expenses has expanded far beyond this modest list.

6. The history of MPs pay and expenses falls into three phases:
- Pre-1911: no pay, and expenses met by the member, a patron, supporters, or the Member’s party.
 - 1911-71: MPs paid a salary, part of which from 1912 was treated as an allowance to meet expenses and was tax deductible. Indeed, it was possible for Members to claim expenses up to the full parliamentary salary against tax. From 1924 MPs received financial assistance with travel and, due an historical anomaly, free telephone calls in the London area. And in 1969 a secretarial allowance was introduced.
 - 1972- : following the first report of the Top Salaries Review Body (TSRB, now the SSRB), a distinction was drawn between the MP’s salary and the expenses incurred in carrying out parliamentary duties, laying the foundations of the present system.¹⁰ These allowances were extended in scope and levels in the ensuing years.

Possible Solutions

7. There are two basic solutions to the present situation. The first would be to increase the MP’s salary substantially, abolishing all or most of the allowances, and allowing expenses to become tax deductible. This has the attraction of simplicity, not least in passing the policing of expenses to HMRC. On the other hand, it would constitute a return to the pre-1972 situation, although it must be doubted whether HMRC would allow Members to

⁷ Ibid., Recommendation 18.

⁸ Alistair Graham, ‘Restoring Trust in British Politics’ in Michael Rush and Philip Giddings (eds.), *When Gordon Took the Helm: The Palgrave Review of British Politics 2007-08*, Palgrave Macmillan and the Hansard Society, Basingstoke and London, 2008, p. 90.

⁹ Bernard Crick, *The Reform of Parliament: The Crisis in British Government*, Weidenfeld and Nicolson, 2nd rev. ed. London, 1968.

¹⁰ See Top Salaries Review Body (TSRB), *First Report: Minister of the Crown and Members of Parliament*, Cmnd. 4836, December 1971.

claim as much as three-quarters of the salary as expenses against tax, as was the case in 1969-70 with more than a quarter of MPs (excluding ministers), while more than two-fifths were allowed to claim more than half.¹¹ Such a situation would, as it did then, favour those Members with a significant additional income and militate against those with little or no such private income.

8. Some commentators in favour of this solution have argued that MPs should be encouraged to take second or outside jobs in addition to their parliamentary duties in order to enhance their incomes, but also in the belief that such outside employment would improve the ability of MPs to perform their parliamentary duties by ‘keeping them in touch with the real world’. This argument is addressed separately in para. 33.
9. The second basic solution would be to retain the separation of pay and expenses and acknowledge that MPs should be supported financially or in kind for the support they need to carry out their parliamentary duties. This does not mean simply accepting the present range of services and allowances and policing them more effectively. On the contrary, it is all too clear from the *Telegraph* revelations that there is an urgent need for review and reform. That means deciding what support MPs should receive and how it should be policed.
10. Overseas practices provide some guidance here. On five occasions the TSRB/SSRB has had information gathered about the pay and allowances provided in a number of other countries.¹² The countries covered varied, but usually included members of the EU, Australia, Canada, New Zealand and the United States. This data is useful for comparing pay and what support is provided, enabling judgements to be made about where British MPs come in the pay and support international league tables, but do not provide detailed information about the operation of support systems and allowances, nor the policing of them. What they allow is the conclusion that, were the system of allowances for MPs to be abandoned and a substantially increased salary (or expect MPs to take second jobs) with tax deductible expenses adopted, it would be the exception to the general practice, especially in comparable countries, such as Australia, Canada, France, Germany and Italy. Of these only France has a tax-free element in the parliamentary salary, but there is also a range of allowances.

Supporting Members of Parliament

11. In determining what support MPs need to carry out their parliamentary duties at Westminster and in their constituencies a degree of flexibility is necessary to allow them to decide how best to perform them, partly because constituencies vary considerably socially, economically and geographically but also because attitudes towards the role of the Member of Parliament vary between parties and between individual MPs. For instance, although MPs generally strongly emphasise their constituency role, surveys conducted by members of the Study of Parliament Group (SPG)¹³ during the 1992-97 and

¹¹ See TSRB, *First Report*, Appx. D, Table 3.

¹² See TSRB, *First Report*, Cmnd. 4836, December 1971, Appx. E; TSRB, *Report No. 20*, Cmnd. 8881-II, May 1983, Sections 5a and 5b; TSRB, *Report No. 24*, Cm. 131-II, April 1987, Appx. F; TSRB, *Report No. 32*, Cm. 1943, July 1992, Appx. E; and SSRB, *Report No. 38*, Cm. 3330-II, July 1996, Sections 3a and 3b. The SSRB, *Report No. 64*, Cm. 7270, January 2008, Annex C contains data on legislators’ pay, but not allowances.

¹³ The Study of Parliament Group was founded in 1964 and consists of academics and Officers of the two Houses of Parliament. It conducts research into Parliament and has been responsible for a number of books, articles and evidence to select committees.

1997-2001 Parliaments showed that this emphasis is greater among Labour and Liberal Democrat MPs than among Conservatives. This has an effect on the distribution of Members' staff between the constituency and Westminster. Similarly, to varying degrees MPs specialise in particular policy areas and this affects their choice and location of staff. And last, but by no means least, the personal and family circumstances of Members vary.

12. But however they choose to operate as MPs, they need office accommodation at Westminster and in their constituencies, staff and office equipment, adequate access to IT, postal and telephone services, appropriate travel support and overnight subsistence, and, controversially, in most cases the means to run a second place to live, whether in London or in or near their constituencies. Some of these provisions have caused little or no controversy – office accommodation at Westminster is no longer the problem it once was and postal and telephone services are basically satisfactory, for example. It therefore seems sensible to concentrate on those areas which have caused controversy.

Second homes

13. Most MPs represent constituencies that do not permit daily commuting. This has long been recognised at Westminster and is also recognised by the Scottish Parliament and the National Assembly for Wales. A subsistence allowance was introduced in 1972, with separate provision being made for London MPs. The recent change regarding Members living within a 20-mile radius of central London seems appropriate. It is therefore the arrangements for MPs with constituencies beyond that limit that need consideration. Many occupations involve periods spent away from home, but the expenses incurred in such cases are usually dealt with by the reimbursement of expenditure such as hotel bills and appropriate levels of subsistence. For some MPs such arrangements are adequate and personally acceptable (as cases cited by the *Telegraph* illustrate). However, because under present arrangements they are a matter of choice, other MPs choose to rent accommodation and claim the expenses involved, but the many have acquired second homes, whether in London or in or near their constituencies. And it is the expenses claimed for second homes owned or purchased by Members that have caused the greatest controversy.
14. The personal circumstances of MPs vary – some have spouses or partners (some of whom may have their own careers or work commitments), some have young families or school-age children, and so on. For these and other personal reasons, some members prefer to make their main home in or near London, with a second home in the constituency; others prefer the reverse. A degree of flexibility in permitted second home arrangements is therefore desirable.
15. There have been suggestions that a purpose-built hostel for use by MPs when Parliament is in session is the answer. This might suit some MPs, but would disadvantage, for instance, those without an additional income who might wish to have their families with them in London. It might also serve to extend the 'Westminster bubble' or 'village', isolating MPs yet further from the public.
16. A major part of the problem seems to be the designation of the 'main home' and the 'second home'. Designating the 'main home' as the place the Member spends most

nights has the merit of being simple, but does not necessarily accord with the reality (as the *Telegraph* reports again show), nor with common-sense. However the designation is decided, MPs should not be able to claim ‘second home’ expenses to meet the cost of what is patently their main home.

17. The nomination of main and second homes should initially be made as soon as possible after the member is first elected or after a second home (whether rented or purchased) is acquired after election. Changing the nomination should be permitted only if the Member can satisfy agreed criteria, such as a change in family circumstances relating to the education of the Member’s children, changes in marital or partner status, or changes in the occupational position of spouses or partners.
18. In 2008, the Scottish Parliament decided to abolish the payment of mortgage interest on Members’ second homes, ruling that MSPs could claim hotel and related expenses or the cost of renting accommodation in Edinburgh, depending how far the constituency concerned is from Edinburgh. The independent body which recommending this change said that the

decision to recommend the abolition of mortgage interest payments was pretty finely balanced but we take the view that a scheme which assists Members to purchase a property which could result in a substantial profit (and in a personal gain) at the point of sale fails the test ‘selflessness’ of the Nolan principles.¹⁴

19. In contrast, the SSRB recommended in its 2007 Report that MPs should be allowed to continue claiming mortgage interest on second homes.¹⁵ It based its recommendation on a report commissioned from PriceWaterhouseCooper, who found that the average annual rental cost actually paid by MPs for second homes - £15,039 – was higher than the average annual mortgage interest paid - £11,843.¹⁶
20. The question of a second homes policy needs to be balanced between value-for-money for the taxpayer and the degree of choice MPs should be allowed in running two places to live. The Scottish Parliament has decided the issue on a matter of principle; the SSRB has adopted a pragmatic approach. MPs are currently able to claim the cost of rent, mortgage interest (recently capped), or hotel expenses, utilities and telecommunication charges, furniture and furnishing, maintenance, service agreements, cleaning and insurance, and subsistence.¹⁷ A balance could be achieved by allowing Members to claim some but not all of these costs.

¹⁴ Independent Review of Parliamentary Allowances, *Report to the Scottish Parliamentary Corporate Body on the Reimbursement of Expenses for Members of the Scottish Parliament*, ‘Statement for Media Briefing: 11 March 2008’ (<http://allowancesreview.scottish.parliament.uk/newsreleases/alnr08-01.htm>). The National Assembly for Wales operates a second homes policy similar to that of Westminster, but the pay and allowances of AMs are currently being reviewed by an independent panel (see *The National Assembly for Wales (Assembly Members and Officers): Salaries and Allowances Determination 2009*, Cardiff, March 2009 and <http://www.assemblywales.org/memhome/mem-paypensions/independentreviewpanel>)

¹⁵ SSRB, *Report No. 64*, Cm. 7270-1, January 2008, paras. 5.56-7 and recommendation 28.

¹⁶ PriceWaterhouseCooper, *Report to the Review Body on Senior Salaries Review of Parliamentary Pay and Allowances*, 31 March 2007, Cm. 7270-2, para. 4.10.

¹⁷ *The Green Book*, May 2009, p. 12.

21. Second home costs could reasonably cover rent, mortgage interest or hotel expenses, utilities and telecommunication costs, council tax and insurance. A cap upon the amount of rent, mortgage interest or hotel expenses should be imposed. However, claims for furniture and furnishings – everything on the ‘John Lewis List’, routine maintenance and refurbishment of second homes, garden maintenance, and food would be excluded. Maintenance or service agreements for apartments and legal costs incurred may need further consideration. In addition, any capital gain made on the subsequent sale of the property should be subject to capital gains tax (CGT).¹⁸ It might also be advisable to seek professional advice on whether the level of allowable claims should vary according to the location of the property concerned, particularly between London and the constituencies in other parts of the country.

The employment by MPs of spouses, partners and other family members

22. According to the House of Commons Register of Members’ Interests dated 00 May 2009 31.4 per cent (203) of MPs employed family members in staff positions at Westminster, in their constituencies, or, in a few cases, other locations.¹⁹ Of these, the overwhelming majority were spouses or partners. While there have been cases where such employment has been an abuse of the system,²⁰ no evidence has been published suggesting widespread abuse. However, unless effective safeguards can be established,²¹ the employment of family members may be an example where the perception outweighs the reality and the practice should therefore no longer be permitted. In any case, where members of the family are involved, the practice involves a clear financial advantage to the Member’s family.

Office costs and location

23. MPs are now provided with office accommodation within the parliamentary precinct, but many also maintain offices in their constituencies, both as a location for constituency-based staff and for the holding of regular constituency ‘surgeries’. Members are allowed to claim the running costs (rental, utilities etc.) of the latter from Administration and Office Expenditure allowance (AOE) (formerly the Incidental Expenses Provision) and this should continue, but not where the Member has a room or rooms in their designated second home, since the costs of this are met through the second home allowance.
24. Unless satisfactorily transparent rules can be devised, MPs’ constituency offices should be located in politically-neutral territory and not in local party offices to avoid any suggestion that the latter are subsidised by Parliament. In some cases it may be possible for local authorities to provide suitable places to hold ‘surgeries’, with appropriate

¹⁸ This is distinct from changing or ‘flipping’ the designation of main and second homes as a mean of claiming expenses first on one and then on the other. The SSRB also considered whether MPs should be required to pay back more than the CGT on the sale of a second home partly funded by the taxpayer, but recommended against it (SSRB, *Report No. 64*, para. 5.56). The SSRB assumed that MPs did pay CGT on the sale of second homes, but this does not appear to be so in all cases. *The Daily Telegraph* reports suggest that MPs have been allowed to nominate main and second homes differently for parliamentary expenses and tax purposes. This should not be allowed.

¹⁹ The comparable figure for Members of the Scottish Parliament is 21.7 per cent (28).

²⁰ Notably the Conway case (HC 280, 2007-08 and HC 207, 2008-09).

²¹ Sir Alistair Graham has suggested that members of a Member’s family should be able to apply for such positions via a system of open competition (see Alistair Graham, *op. cit.*, p. 90).

charges falling on the AOE, while in geographically large or dispersed constituencies village halls or similar premises could be hired.

25. Office equipment for MPs' Westminster and constituency offices should be provided by the House of Commons authorities, or on their authorisation if it is more convenient to purchase locally, but the range of equipment available should be clearly designated, allowing for some choice to meet the particular needs of Members. Equipment such as cameras and camcorders should not be eligible and mobile 'phones should be subject to clear cost limits.

Receipts and FoI provision

26. In order to justify expenditure, receipts or acceptable evidence of expenditure for second home costs (i.e. rent, mortgage interest, hotel expenses, utility bills, council tax, and insurance premiums) claimed should be required. To maximise transparency, details under these heads, plus expenditure on travel and staff costs should be routinely published without recourse to requests under the Freedom of Information Act.

Extra-parliamentary occupations and remuneration

27. An analysis of the electronic version of the House of Commons Register of Members' Interests shows that 41.1 per cent of MPs (excluding ministers, the Speaker and members of the Northern Ireland Assembly) registered extra-parliamentary remuneration in the 2008-09 parliamentary session. However, if those earning fees from journalism, radio and television appearances, the giving of lecture or speeches but with no other jobs are excluded, the proportion of MPs with regular extra-parliamentary occupations falls to 32.7 per cent.
28. There are significant differences between the parties, with 63.6 per cent of Conservatives, 24.5 per cent of Labour MPs and 41.3 per cent of Liberal Democrats registering extra-parliamentary income. Excluding those with remuneration exclusively from journalism etc., the figures are Conservative 54.4 per cent, Labour 15.4 per cent and Liberal Democrat 33.3 per cent. Were the number of Conservative MPs to increase substantially at the next general election, the proportion of MPs with extra-parliamentary remuneration would almost certainly increase. Nonetheless, the underlying trend appears to be downwards: in 1982 69 per cent of MPs had extra-parliamentary remuneration, mostly in the form of additional occupations.²² One of the factors contributing to this downward trend is the decision by the House of Commons in 1995 to ban paid advocacy by MPs, thus reducing the number of MPs acting as parliamentary advisers or consultants.²³

29. This party difference reflects the socio-economic backgrounds of MPs in that Conservative and to a lesser extent Liberal Democrat MPs are more likely to feel a need for additional income than Labour Members. This is illustrated by the SPG surveys mentioned in para. 11 above, which found that newly-elected Conservative MPs were more likely to have had a pre-election income greater than their parliamentary salary, whereas Labour MPs were more likely to have had an income less than or about the same

²² TSRB, *Report No. 20*, Cmnd. 8881-II, May 1983, Section 1, Table 7.

²³ See Oonagh Gay and Michael Rush, 'Introduction', in Oonagh Gay and Patricia Leopold (eds.), *Conduct Unbecoming: The Regulation of Parliamentary Behaviour*, Politico's, London, 2004, pp. 13-20.

as their parliamentary salary, with the Liberal Democrats in-between but closer to Labour.²⁴

30. More importantly, it also reflects another difference, one of attitudes. Few MPs argue that the job of being a Member of Parliament is other than full-time in its demands – the SPG surveys confirm this, but among Conservatives there are a substantial minority who argue that having extra-parliamentary occupations keeps them ‘in touch with the real world’. The prevailing Labour view, however, is that not only is the job of an MP full-time but that second jobs are a distraction at best and may lead to undue outside influence at worst. A survey conducted for the SSRB in 1996 found on average backbench MPs worked 70 hours per week on their parliamentary duties, including constituency work, during the parliamentary session and 50 hours per week during recesses. Other surveys conducted for the review Body between 1971 and 1982 produced similar figures, though not all covered work during recesses, and similar claims were made in the SPG surveys during the 1992-97 and 1997-2001 Parliaments, though systematic data on hours worked was not gathered.
31. The view that MPs ‘should have no outside paid interests’ was strongly expressed in evidence to the Nolan Committee in 1995, which reported that the ‘majority of people who wrote to us took this view’.²⁵ The term ‘paid interests’ is not entirely synonymous with extra-parliamentary occupations and it should be remembered that what led to the setting up of Nolan was MPs allegedly exerting influence in return for payments. As it happens, the Nolan Committee argued that ‘...those Members who wish to be full-time MPs should be free to do so...But we also consider it desirable for the House of Commons to contain Members with a wide variety of continuing outside interests. If that were not so, Parliament would be less well-informed and effective than it is now, and might well be more dependent on lobbyists.’²⁶
32. It is pertinent here to look at the available evidence on how much time those MPs with extra-parliamentary occupations spend on them. Unfortunately, there is no recent data available, but surveys conducted on behalf of the TSRB in 1971 and 1982 found that it was fairly low: in 1982 the average was 10 hours per week during the parliamentary session and 16 during recesses.²⁷
33. Indeed, some commentators, including some ex-MPs, deplore the growth of ‘professional politicians’, by which they mean not only full-time politicians but those who have little or no experience outside politics before being elected to the House of Commons. Certainly, the number of MPs whose pre-election experience has been entirely or substantially in politics has increased significantly and it has become a major

²⁴

<i>Pre-election income</i>	<i>Cons.</i>	<i>Lab.</i>	<i>LD</i>
Higher than parl. salary	78.6	23.1	36.8
About the same	14.3	19.2	5.3
Lower than parl. salary	7.1	57.7	57.9

²⁵ Committee on Standards in Public Life (the Nolan Committee), *First Report*, para. 2.17.

²⁶ *Ibid.*, para. 2.19.

²⁷ A more recent estimate suggests that the figure is now about 8 hours per week (see Robert Blackburn and Andrew Kennon, *Griffith and Ryle on Parliament: Functions, Practice and Procedure*, Sweet and Maxwell, London, 2003, p. 80).

pathway to a full-fledged political career,²⁸ but the majority of MPs enter Parliament having pursued non-political occupations. Attractive as ideas of a return to the ‘amateur politician’ are in some quarters, there are practical difficulties. Presumably, MPs could not be forced to take a second job, but to ‘encourage’ them to so by removing or severely limiting expenses would constitute a return to the pre-1972 situation and disadvantage less well-off MPs or would-be MPs. Moreover, there is a significant limit to the range of jobs that can realistically be combined with the duties of a Member of Parliament.

34. Some legislatures deal with the issue of extra-legislative earnings by imposing a cap on such earnings or a straightforward deduction from the legislative salary. For example, the US Senate imposed a limit of \$15,000 between 1975 and 1979 and \$25,000 between 1979 and 1982. This was changed to a percentage of 30 per cent of the salary in 1982, raised to 40 per cent between 1984 and 1989, reduced to 27 per cent between 1990 and 1991, and abolished altogether later in 1991.²⁹ Similarly, the Dutch Tweede Kamer deducts outside earnings from MPs’ salaries up to a maximum of 35 per cent of the salary.³⁰
35. Some information on the amount of extra-parliamentary income from particular sources is already published in the Register of Members’ Interests and, if it is thought appropriate, more details could be added. A restriction could also be imposed on the level of outside earnings, but this would be strongly resented by a significant minority of MPs, including, it might be suspected, former ministers, a number of whom have substantially increased their income in this way after leaving office. The larger question of an outright ban on extra-parliamentary earnings (other than investment income, of course) would need to take account of activities such as journalism, radio and television appearances, authors’ royalties, and the like and would doubtless cause resentment among those who benefit from these but do not have extra-parliamentary occupations in the sense of second jobs.

Websites, newsletters and the Communications Allowance

36. The overwhelming majority of MPs now have websites providing a range of information (including the Member’s views on policies and issues) and enable them to communicate with the public in general and their constituents in particular. Some of the information they contain and the views expressed are inevitably partisan, but no doubt some constituents and other members of the public welcome the opportunity to find out what their MP thinks or the views of other MPs and to able communicate directly with them. There is therefore a reasonable case for meeting the costs of setting up and maintaining websites them technologically, subject to sensible cash limits. Moreover, once set up, the cost of running a website is minimal. Pamphlets or flyers advertising constituency ‘surgeries’ and other means of contacting MPs should also be seen as acceptable expenses. Newsletters, however, are a different matter and, just as Members are prohibited from using House of Commons pre-paid envelopes for distributing party literature and the like, so the cost of producing and distributing newsletters should not

²⁸ Drawing Nuffield studies published after each election, the proportion of MPs who were previously political organisers, advisers, research assistants etc. among the three main parties was 3.4 per cent in 1979, 7.3 per cent in 1992, 9.5 per cent in 1997, and 14.1 per cent in 2005, so the trend is clearly upwards.

²⁹ <http://www.thecapitol.net/FAQ/payandperqs.htm>

³⁰ http://www.houseofrepresentatives.nl/contact/frequently_asked_questions/index.jsp

come from the public purse. There is also a strong case for abolishing the recently-introduced Communications Allowance on the grounds that it gives MPs seeking re-election an advantage over other candidates standing in the Member's constituency.

Pensions, the Winding Up Allowance and the Resettlement Grant

37. There has been much media and a growing public comment on the Members' pension scheme and, in the context of the *Telegraph* revelations, of the Winding Up Allowance and the Resettlement Grant. The pension scheme has been seen as unduly generous in comparison with private schemes, especially with the widespread shift away from final salary schemes in the private sector. The Winding Up Allowance was introduced to meet the costs of dealing with any necessary parliamentary work in the period immediately after a Member has ceased to be a member of the House, but is widely seen as more money in the Member's pocket. Its operation therefore needs to be more transparent. The Resettlement Grant was originally introduced to assist Members in the aftermath of defeat at a general election, a form of redundancy pay, but was later extended to cover all MPs who left the House at a general election under the age of 65³¹ and subsequently to all MPs leaving the House at a general election regardless of age.³² However, it too has been widely criticised in the furore over MPs' expenses. These may be matters that the Committee feels are beyond its remit, but this should not prevent it recommending that, as a matter of urgency, they should be reconsidered by the SSRB.

Policing the system

38. The Scottish Parliament and the National Assembly for Wales both continue to use self- or in-house regulation through the Scottish Parliamentary Corporate Body and the Members' Business Support Team respectively. That is, of course, a matter for them, but the revelations over MPs' expenses have been such that continuing with self-regulation at Westminster would do nothing to restore public trust in Parliament and would probably undermine it further.
39. The government has proposed setting up an extra-parliamentary, independent Parliamentary Standards Authority, which would be responsible for revising and updating the Member's Code of Practice (itself to be statutorily enforceable), investigate alleged breaches of the Code, maintain the register of Members' Interests, and 'take responsibility for authorising claims for payment under the new allowances system.' However, [d]iscipline issues that might require sanctions such as suspension from the House...would remain matters for the whole House through the Standards and Privileges Committee.³³ Clearly, the roles of the proposed authority and the Standards and Privileges Committee require further clarification, as does the role of the Parliamentary Commissioner for Standards, who would presumably conduct investigations on behalf of the authority and such matters as remain within the remit of the Standards and Privileges Committee. In addition, clearly-defined and adequate arrangements for the day-to-day operation of claims system would need to put in place.

³¹ See TSRB, *Report No. 20*, Cmnd. 8881-I, May 1983, para. 101.

³² See TSRB, *Report No. 31*, Cm. 1576, para. 2.

³³ HC Debs., 20 May 2009, c. 1506.

40. All this is to be welcomed, but it needs to be carefully thought through, fair to Members and to the staff who will have to administer it and, above all, convincing to a sceptical public.
41. No doubt a reduction in the range of expenses for which MPs can claim, not least the disappearance of the 'John Lewis List' and the abolition of claims for furniture, routine maintenance and garden maintenance on second homes, and food would help simplify policing.

A matter of attitudes

42. It has been the practice for some years that, when newly-elected Members of Parliament first arrive at Westminster, they are offered a fairly extensive interview with appropriate officials from the House of Commons Department of Resources (formerly the Fees Office) and most avail themselves of this opportunity. In any case, they are also given a copy of the Green Book, which not only provides details of the allowances the Members may claim but also sets out the fundamental principles governing the use of allowances, followed by a series of questions Members should ask themselves in applying those principles. In addition, all Members are given a copy of the Code of Conduct for Members of Parliament, which lists the seven general principles of conduct promulgated by the Committee on Standards in Public Life in its first report in 1995, as well as providing detailed guidance on how MPs should conduct themselves.
43. Clearly, a substantial number of Members of Parliament have failed to adhere to these principles or the Code of Conduct. It is not sufficient for a Member to say that he or she acted within the rules, even less to claim that it was all part of the prevailing culture in the House of Commons. No doubt tightening of the rules, particularly restrictions on what may or may not be legitimately claimed by MPs in support of carrying out their responsibilities, combined with as much transparency as possible, will bring about a much needed improvement, as will the manner in which the scandal has been revealed and the consequences it is wreaking on many a political career. Ultimately, however, it is a matter of attitudes, not rules and attitudes must change.

June 2009

Michael Rush,
Emeritus Professor of Politics,
University of Exeter