



**HOUSE OF COMMONS  
LONDON SW1A 0AA**

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Friday, 05 June 2009

Dear Sir Christopher,

I have delayed responding to you until the last date as I wanted to see whether there were any fresh issues emerging from the Daily Telegraph disclosures that I felt should deserve comment.

By way of background in all of my adult life I have worked in environments where there were different expense and/or allowance systems. When I first joined Parliament in 1992, mindful of my previous experience, I decided that I would keep every relevant piece of paper, including every receipt and key documents sent to me by the Fees Office. Over the years I have received inconsistent advice when I have asked questions and there has been a lack of clarity on some of the key issues, which leads me to the first question raised under paragraph 1.15.1. The rest of this paper responds to the subsequent questions in that paragraph.

1. The current arrangements contain the necessary elements of a system necessary to support MPs in the performance of their role, but it clearly does not command public confidence. In other words the component parts are, by and large, not only necessary but justifiable elements of expenditure from the public purse but need contextualising to help improve public understanding and secondly need to be totally transparent.

The reason I kept all of my receipts over the years was that I had assumed at some point transparency would be the order of the day. Had that been properly undertaken by the House of Commons authorities, then we would have avoided this current massive damage to public confidence as it would be possible for people like me to illustrate that there have been years where I have had to fund my constituency office from my salary or to demonstrate that the hybrid position we are in with some expenses treated under schedule E means that inevitably our tax affairs are not straightforward as well as dealing with other aspects of our arrangements that have been subject of so much comment recently.

2. The question of oversight in this area is a point that has caused me to think long and hard, this is not a new debate the philosophical position is established well in Plato's "Republic" which perhaps ought to be required reading for your committee! For more than 2000 years ago this discussion about the citizen and state, guardians and guarded has been going on. The simple reality is that there is no straight forward answer. However, there are some things that can be addressed in a manner that can be seen to all as being fair. For example, if it is determined that an MP should be in receipt of overnight allowances or second home expenses, then to have that derived as it was originally from a particular grade civil servant's overnight allowance multiplied by the approximate number of days that the House sits seems eminently fair. That would be a

system that is imposed upon the House by an outside body - not set by the Houses of Commons. That of course was the original basis for the London Living Allowance and I attach as an appendix to this submission a letter from the Fees Office dated 1993 illustrating just that point.

Salaries of course are already subject to SSRB considerations in a similar manner. However simply creating an external body and charging it with the responsibility of dealing with these matters is fine in principle but just like SSRB reports they can be ignored or overruled by Parliament as of course the SSRB reports have been by successive governments.

3. The range of expense headings are in my view correct but there ought to be more flexibility recognising the wildly different nature of costs in different parts of the country. Just as an example I am writing this report from a very comfortable office in Ellesmere Port that is the envy of many of my colleagues whereas just a few miles away in Chester my neighbour spends considerably more for offices of a lower standard simply because of rental incomes in the respective locations.
4. It is too early to say whether the new arrangements for internal and external audit are adequate. However, in the light of the need for greater transparency they are necessary and need to be developed over a period of time. After which you or some successor committee should consider whether they are sufficient to address legitimate public concern
5. I will start answering this question by saying that after about 14 months as a member of parliament I did buy a London property by re-mortgaging my principle home and using that capital to part purchase the property. I needed a second mortgage on the London property and made claims against the ACA for the interest on that mortgage. I subsequently sold that property to be nearer to Parliament and paid a significant sum in capital gains tax. The property I now own in London is also subject to a claim for an element of the interest on the mortgage. I do not think that is an unreasonable way of working even though just like a per diem arrangement it is possible to make a personal financial advantage by not spending to the maximum.

I refer you back to the appendix many people in 1992 intake were unambiguously told by the Fees Office to claim 1/12 of their entitlement every month. I emphasise "their entitlement" because that was the phrase that was used. Whilst in fact I claimed less than that for most of the years that I have been a member of parliament the underlying principle of the London allowance does mean a potential gain for the individual MP. There are some MPs who perhaps lose their seat unexpectedly or those who came in the mid 80's who have carried negative equity for some considerable time and it is worth pointing out that as long as MPs are reasonable and don't seek to fund mortgages for properties beyond that necessary to do the job, there can be a advantage to the tax payer. Whilst that may not be the case in the early stage of a members service, as mortgage interest reduces, the longer the member has been in post the proportion of London allowance that he or she claims is likely to reduce. By way of illustration my personal claim amounts to just over £110 per sitting day in the last financial year (i.e. taking my actual claim and dividing by the average number of sitting days since I was elected in 1992)

In many respects it would be much simpler to describe this unambiguously as a per diem allowance which is available to all those members who cannot reasonably be expected to travel daily to and from their constituency.

In drawing conclusions around this vexed question the committee should reflect on the fact that there are members in wildly different circumstances both domestically and

financially but I believe that something along the lines of the original premise of this scheme endorsed by a committee of your authority and operated in a transparent manner would be not only acceptable to the public but would be far less bureaucratic to operate and avoid the somewhat unfair comparisons that have been made by the media in respect of some colleagues perfectly reasonable elements of expenditure necessary for furnishing property whether it is rented or bought.

6. I refer you to the previous paragraph, which is indeed a radical simplification reverting back to the original principles of the scheme. HMRC have accepted over the years that the scheme as described in the appendix is a tax free allowance, therefore to incorporate it or any element of it into pay would be problematic in terms of taxation, national insurance and occupational pension. Surely the much more straight forward manner is to describe a members salary as being £X plus a tax free allowance of Y. The figure Y would vary for the two categories of member, those deemed to require London accommodation and those expected to travel to and from their homes on a daily basis. Some similar formula needs to describe the position for those colleagues who's principle home was originally in London and they purchase or rent a secondary property in the constituency.
7. The biggest expenditure that members make in running their offices, apart from salaries is rent of suitable premises in their constituencies. This throws up an immediate problem that I have already reflected on in paragraph 3. There are wildly different properties available in suitable locations up and down the country. Clearly the member is in the best position to determine the suitability of the location but having been agreed it may make sense for the House authorities to take over the responsibility for the tenancies where these are commercial lets from either the public or private sector.

I was part of the information committee that set out the case for central procurement of IT equipment by the House of Commons authorities and in some respects that could be extended. However, I would caution against doing everything centrally as my experience has suggested that local suppliers can often undercut prices from central catalogues provided by the House authorities. That does not apply to the main IT equipment of course as there is a massive benefit to the robustness of the House network to have centrally procured equipment based on established standards.

8. By definition any non London member spends significant amounts of time away from their main home on Parliamentary business; I refer the committee to my earlier observations particularly in relation to paragraph 5.
9. It is clear that the public regard the concept of 'flipping' to be unfair. Now that the rules governing ministers no longer require them to designate London as their principle home, it seems to me that all second homes should be designated as the new acquisition the member makes on being elected i.e. if you are originally from the constituency area then it would be London and vice versa. Consideration could be given to those members who decide in the best interests of their families to make a complete switch of life style either to the constituency or to London but such discretion should only be exercised only in a very transparent manner.
10. Significant numbers of people running small organisations employ family members. The nature of the teamwork required to run a small parliamentary office creates pressures that are not experienced in large organisations. There has to be flexibility, give and take way beyond the norms of employment. Therefore it is inevitable, just as it is within many small businesses that family partnerships develop within the employment team.

My wife would have been paid more and she continued as a school teacher, she works for me for four days a week, although in reality does considerably more than that where

she is not paid, including as I have pointed out to the Daily Telegraph, work at weekends and discussion on casework on the telephone late at night. Clearly any appointments have to be suitable people but at the end of the day, given the infinite variety of constituency configurations both geographically and demographically there can be no perfect description of how an MP should run his or her office. The judgement as to who he or she employs must therefore be a members.

However, in the light of high profile cases, that include abuses that allegedly took place as well as one that was subsequently proven to be false in court, there does need to be some form of audit. It would seem to me that the internal audit discussed under paragraph 4 should be the basis for ensuring that any employee irrespective of their relationship with the member is doing the job for which they are employed.

11. Common sense needs to be applied to the whole question of receipts, otherwise one creates a bureaucracy that feeds itself and simply wastes public money. My judgement is that below about £25 it becomes nonsensical to require receipts as the administrative costs of reimbursement become greater than the monies saved by having a rigorous system. Having said that members should be expected to keep all receipts so that the audit process can examine the legitimacy of any cash or sundry expenditure.

It is also worth noting under this heading that many members do not claim sums that are reimbursable because of the time it takes to maintain adequate paperwork.

12. In principle all claims should be routinely made available for public inspection. My view is that a simple spreadsheet should be developed under a series of agreed headings and members should be encouraged to make its content available through their own websites and other means. If it were made available routinely on a central basis it becomes necessary to have explanations designed to avoid attempts to make inappropriate league table comparisons. For example my travel costs are high because I use the train. My car mileage is fairly low for the same reason. Ten years ago when the West Coast main line was a shambles my car mileage was astronomical and my train costs were substantially lower. Equally comparisons are unfair on rent of constituency offices and so on.

The only information that should be redacted is anything that identifies the member's addresses or telephone numbers, this is a straightforward security consideration otherwise it would provide a list to burglars of properties that are empty at weekends or in August. Anything that identifies the member's home address (although most members actually have that in the public domain) and ties it to receipts presents the risk of identity theft. Anything that provides any private information about another employee, anything that provides any contractual information that a supplier would regard as private should also be redacted.

13. The only determinate of whether an MP is doing his or her job must remain exclusively the judgement of the electorate. Equally the electorate are entitled to know what other activities the member undertakes and how much time (approximately) that requires. It is up to the electorate to determine the boundaries between something that is a hobby (perhaps writing a book) through to employment (spending several morning a week in a courtroom). There is a legitimate school of thought that parliament needs external expertise and I agree with that but there is a question of degree that needs to be considered. There is also an inevitable consideration of conflicts of interest. I chair a significant All Party Group PITCOM, the Parliamentary IT Committee, which has a large number of industrial and academic external members, in my view it would provide a conflict of interest for me to accept a salary from a large IT company and maintain that chairmanship. I have received two such offers over the years, interestingly by companies

that do not participate in PITCOM. These offers totalled in excess of £100,000 per annum and I turned them down.

14. The introduction of the Communications Allowance was something that worried me at the outset but as long as it is managed with care and is unequivocally helping to improve the public understanding of the work of the MP rather than a political promotion then this should continue. The current system of checking drafts prior to print should give the necessary protections to avoid potential abuse, but again there is an element of some inconsistency in the advice being received by members.

Finally I would be quite happy to give evidence to the committee in person reflecting my experience as a reasonably long standing members whose principle home is close to his constituency over 200 miles from parliament and as somebody who has experience of other expenses/ allowance regimes based upon his previous occupations.

Yours sincerely

Andrew Miller  
5th June 2009