

Submission to the Committee on Standards in Public Life Review of MP's Expenses

Introduction

There are a few general points to make in relation to MP's remuneration and allowances before answering the questions.

The first of these is that the Allowance under closest scrutiny - The ACA or Additional Costs Allowance is exactly that, an **Allowance**. In all the 22 years I have been a member of the House it has been regarded as an allowance. It was never set against Expenses and Members did not, in the majority of instances have to prove any expenditure in order to claim the allowance.

It is therefore misleading in my view to refer to the ACA as Expenses. MP's were encouraged to claim the allowance at maximum levels with a minimum of receipts. It cannot be right, years after the event to maintain that MPs should not have claimed this money after being encouraged to do so by the Fees Office and successive Governments who repeatedly urged MP's to forego pay rises.

Indeed the advice given to MPs for many years was to divide the allowance by twelve and claim that amount each month as it "was easier for the Fees Office"

The phrase "wholly and necessarily incurred for their work as a Member of Parliament" has also been used to describe allowances. This phrase is enshrined in taxation legislation and is used to describe expenses that can be claimed under Schedules of the Taxes Acts. The ACA was not taxable and so this phrase is really irrelevant in relation to this allowance

The administration of the allowance would appear to be inadequate. For example I am required to submit a Mortgage Statement each year to prove I still have a mortgage on my London Flat which I am happy to do. Why does this not apply to all MPs?

The actual categories of claim are also questionable. For example an MP could until recently claim the cost of a TV as an additional cost of staying away from home but not a toothbrush as this was a personal item!

Questions

1. To do away with all the plethora of different items which can be claimed and to stop MPs being ridiculed for claiming for food items there should be an adequate allowance to cover the housing and subsistence costs of being away from home, including Council Tax, utilities telephone etc but capped at a reasonable level for London. This should be incorporated into the salary or paid at a flat rate single allowance and not divided up into categories of claim. An MP can then spend the money how he wishes on condition he proves conclusively that he has a London residence.
2. No it should be done independently with a condition that the government of the day cannot overrule the result.
3. Yes they are about right. There are questions as to whether the Communications allowance is appropriate or whether it should be part of the Incidental Expenses Allowance as it tends to suggest that MPs spend a lot of money publicising themselves. It may be that the ACA could be reduced if mortgage interest and household claims are capped or eliminated
4. No. See the introduction above. Quite simply a payment should not be allowed without the requisite proof.
5. Given that some MPs already live in London when selected and have an established home I think the principle of supporting Mortgage interest is right. Or as suggested above have an across the board payment which is easily administered and let the MP spend it on whatever accommodation he wishes.
6. Yes. However the ACA is not taxable and to have replace it with a payment which increases salary to a compensatory level would be substantial and would therefore require a courageous (and sensible) Government
7. No because the House has proved on more than one occasion that it's central procurement is poor and vastly more expensive than elsewhere eg Phones £300 and Laptops £800 which are £350 in PC World.
8. Flat rate annual allowance or an enhanced salary.
9. Most MPs are advised by their accountants to re designate when the value of the London Property exceeds the Constituency Home – an accountant would be failing in his duty to his client if he did not advise on avoiding tax by doing that. However it appears that some MPs have

Played the property market in London by “flipping “several times. This is clearly wrong. Caps on Mortgage interest might end that or the flat rate allowance or increased salary and let the MP decide on his tax affairs and designation – ie don’t provide the incentive to flip.

10. Spouses Yes. Proper contracts and job descriptions.

11. This requirement makes MPs into petty accounting clerks fiddling around with expenses for odds and sods. This newly introduced requirement has led to MPs maximising their allowance with ridiculous and petty claims. Someone has to understand the MPs have to buy food and other items whist away from home. We should get rid of this with either the enhanced salary or flat rate allowance. MPs should not have to spend half their time asking for receipts and having to account for minor items.

12. Claims and allowance payments are two separate things. Some MPs have been pilloried for claims which were not met. If we keep allowances publish them all. A flat rate system would remove the need for this.

13. It is not desirable but the House would probably be diminished by prohibiting other employment. The House is criticised now for having a “professional cadre” of MPs.

14. If we produce them yes. I did not want to produce newsletters but once the communications allowance was introduced for this purpose I was asked why I did not produce them in the way that other MPs did. This allowance wants re examining

Eric Illsley MP
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