

**Dr Tony Wright MP: Evidence to Committee on Standards in Public Life
Expenses Review**

In this note I do not attempt to cover all the issues identified by the Committee, but only those which I think are particularly important and on which I have views. Where relevant I include personal experience.

Background

The present difficulties were entirely predictable. There had developed a bloated system of allowances and expenses that was wide open to abuse and poorly regulated. In June 2002, in evidence to this Committee, I said: ‘My guess is that any future difficulties with Members of Parliament are far more likely to occur around issues to do with the allowances that they now get...If you have lax rules, I am afraid you will have lax use of money and I can see this on a number of fronts going to happen...Unless you get hold of these issues now and think about them, they will come and hit us later on.’ That is also why I wrote to the Chairman of this Committee on 5th February 2008 and asked him to conduct ‘an immediate inquiry into the whole system of MPs’ allowances.’

With full transparency about claims, the essential remedy has now been put into place, but only after massive damage to the reputation of Parliament and its Members. The remaining task for this Committee is to define those claims to which transparency is to apply.

Approach

It should not, in principle, be difficult to identify those elements of the work of a Member of Parliament which give rise to necessary expenses to be paid from the public purse. There is the need to run an office and have staff, to travel between London and constituency/home, and to have accommodation while away from home. Expenditure on all these items should be sufficient for the purpose, but no more generous than it need be. Allowed expenditure should be closely defined and robustly monitored. As far as possible, the system should be simple to understand and operate. It should not be open to abuse. Payments should be made in relation to claims that have been invoiced for actual costs incurred. The issue about expenses should not be entangled with the separate issue of pay.

Accommodation

The requirement here is to enable MPs to stay in London when the Commons is sitting (or to stay in their constituency if their main home is in London). In my case – which I think is typical – that means three nights a week in London when the Commons is in session. When first elected in 1992, I stayed initially in a small hotel near Euston (which MPs had often used in the past), before renting a one-bedroomed flat in Dolphin Square where I have remained ever since.

I think it is generally accepted that MPs who do not live within commuting distance of London should be enabled to meet the reasonable cost of accommodation. I do not think that those who do live within commuting distance should have their accommodation paid (except on the now very rare occasions when the Commons sits exceptionally late). Nor do I think that it is necessary to provide MPs with a 'second home' with all that this entails. It was a mistake to allow MPs to buy property and have their mortgage interest paid from public funds. This has been a source of many of the abuses that have been revealed, as MPs were turned into property speculators and with inevitable temptation to use public money to invest in the value of their property. It has also produced massive capital gains (which I had thought, in my remarks to the Committee in 2002, would prove to be the major source of public outrage). For example, had I bought a flat in central London in 1992 for £150,000 it could now be sold for as much as £400,000. This would have given me a huge capital gain, largely funded by the public purse. I do not think this is acceptable to the public, nor should it be.

The remedy is either to make provision for the public purse to share in capital gains or to stop the payment of mortgage interest. I think the latter is the most straightforward course. Most people would accept that MPs need a 'crash pad', but not a second family home. It would be possible simply to reimburse hotel bills up to a fixed daily amount for sitting days. That is certainly an option the Committee might consider. However it would obviously be more convenient for MPs (and perhaps cheaper for the taxpayer) to fund modest single-bed rented accommodation. If some wanted more than this, they would have to pay the extra cost. The cost ceiling should be the market rent of a modest one-bed flat in central London. The current allowance, which has been significantly increased in recent years, could well be reduced.

There then remains the issue of which further costs necessarily associated with accommodation should be reimbursed. This obviously covers such items as utility bills, service charges and council tax. Beyond that, it is more difficult. The dilemma is that a) furnishings only have to be bought at all because accommodation for the job requires it but b) if bought with public funds, ownership stays with the Member thereafter. It seems reasonable for the public purse to pay for basic set-up costs of furnishing a flat, up to a fixed limit, but not for continuous re-furnishing. The current presumption against extravagance in the purchase of particular items should be strictly enforced. White goods (cooker, fridge) should be included in the set-up package, but not desirable but non-essential items. All this should be clearly specified. Replacement costs when necessary should be met only in the case of items such as carpets, curtains, cookers and fridges. The principle should be to balance the dilemma identified above.

Employment

Here the aim should be to prevent abuses, whether staff are employed directly by the Commons or indirectly by the Member. At the moment Members may employ whom they like, even to the extent of running their office as a family business. This is no longer acceptable, and would not be acceptable in any other public occupation. There could be a straightforward prohibition on employing family members, but it is more sensible to insist on proper employment practices. Jobs should be advertised and there should be a proper appointment process, involving (as with appointments to

public bodies) an independent element representing the Fees Office. Members should remove themselves from the appointment process if applicants are related to them.

A further area of possible abuse involves the employment of staff not primarily to support the work of a Member but to engage in party campaign activities on behalf of the Member. This is not what public money is provided for. The employment process should ensure that appointments are made for a proper purpose, this is reflected in contracts, and enforced. There should be sanctions on Members who abuse the system, and this could form part of a new code of conduct that is being proposed.

Other matters

I offer short comments on assorted other matters:

Travel: There has been some abuse of travel costs, notably in relation to an additional constituency mileage figure that did not have to be accounted for. Actual mileage should be accounted for more closely. There is an issue about whether train travel should continue to be First Class now that fares have reached such exorbitant levels (for example, it is difficult to justify paying over £250 for a return ticket from Birmingham to London).

Communication Allowance: It was quite unnecessary to introduce this additional allowance as the items covered by it were already funded by existing allowances. It simply enables Members to pay for self-promoting literature with public money. It should either be abolished or converted into a real 'annual report' which gave factual information on voting record, committee attendance, expense claims, outside interests etc. In fact there should be a requirement for all Members to produce such a report using existing allowances.

Outside interests: It is right that all outside interests, and the remuneration and time involved, should be properly accounted for. If, for some people, being a Member of Parliament is a part-time job, that should be made explicit. It could even be reflected in differential salaries. However, the real remedies are twofold. First, so reform the Commons to ensure that being a Members of Parliament really is a full-time parliamentary job. MPs are undoubtedly busy, but so are hamsters. The task is to make them more productively busy. Second, resist the rise of a professional political class that knows only politics. This is the argument against banning all outside interests; but a better argument is for parties and voters to ensure that those entering Parliament bring previous experience of life and work with them.

Getting from here to there

The Committee will confront the inevitable difficulty of the transition from existing arrangements to new arrangements it might recommend. For example, there is the case in the longer term for purpose-built accommodation for MPs (perhaps reduced in number), with all equipment and furnishings being parliamentary property, but this is clearly not an immediate solution. Even moving to rent-only would involve an implementation period, with the next Parliament being the earliest start date. Similarly, if the resettlement allowance (in which I declare an interest) is to be

June 2009; by email

revised, this should be done in a considered way from a future date as part of a pay and pensions package and not in response to an understandable desire to punish those Members who have exploited the present expenses system.