

Review of MPs Expenses
The Committee on Standards in Public Life
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Submission to Committee on Standards in Public Life
Review of MPs' Expenses

I'm grateful to have the opportunity to submit my views and ideas to your Committee. The outcomes will, I hope, be more long-term than dealing with the current crisis of democracy that is unfolding in Parliament.

Unfortunately, the exposure of receipts, and the subsequent public outrage is in danger of stifling rational debate about where we go from here, what kind of system would be just, fair, reasonable, and would also satisfy public opinion.

I think the greatest danger which we face is to discuss amongst ourselves, MPs, the national press, and the wider political establishment, what the outcomes should be.

MPs have, without a doubt, a vested interest in moving the debate on to constitutional reform. Whilst no doubt important and interesting, this debate can really only take place once all receipts claimed by MPs have been placed

in the public domain, and individual constituents been given the chance to discuss claims with their own MPs.

This discussion should be used by MPs as a starting point in a longer-term dialogue with the people we represent. Our constituents are not as aware of what the job entails as we like to think.

In devising a fair system of out-of-pocket expenses that has public support, we must first persuade our constituents that these are actually incurred by MPs, and that our salary alone would not cover the travel and living costs, as well as staffing and rent to run a constituency office, for most Members of Parliament who represent constituencies outside London.

This Committee's review of MPs' Expenses is a real opportunity to engage people in the debate about the future of our democracy. More than ever, we need calm reflection.

The debate needs to be had in a rational way with the people we represent. We must gain a better understanding from them what it is they expect from their Members of Parliament, and we must be more candid about what is possible.

I have set out below the wider political context of this debate (as I understand it), the role of an MP (without understanding what it is we do, we cannot devise a system of reimbursement), as well as answering the issues and questions part of the review document.

Best wishes

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MPs' Expenses in a wider context

It is absolutely right that the independent Committee on Standards in Public Life is reviewing the discredited and abused expenses regime of Members of Parliament.

MPs have a vested interest, and therefore a direct conflict of interests, in the financial matters that concern them. Our pay is already determined by an outside body, and it is only right that our expenses should be too. We should accept the Committee's findings as binding on MPs. We should not vote on them.

The continuing revelations in the *Telegraph* mean that there is now a real danger that the public is turning away from politics. Without their active engagement, our democracy is weakened. We are at a terrible cross-roads, and this is our chance to take the right turn.

At the very time when Parliament itself has fallen into disrepute, all political parties and their leaders are engaging in dangerous partisanship. I am very concerned that the debate on constitutional reform is motivated by a desire to sweep receipts under the carpet and steal a march on our political opponents.

Electoral reform, a new constitution, a different second chamber may all be very good ideas, but the debate cannot move on until the matter of expenses has been resolved to the public's satisfaction.

As incumbent MPs, whether we have never made a claim or have broken the rules, we have all existed under a discredited and abused system. We must all, therefore, take responsibility for it.

We are still only talking to ourselves. We are discussing ideas for the future amongst the political establishment. We are using this as an excuse not to talk to the constituents who have elected us to represent them.

When we do talk to constituents, they are very angry. Many people are struggling to keep their only home whilst watching us, the people they have elected to help them out of the worst recession in living memory, setting up and furnishing second homes with their much-needed and hard-earned taxes. They see a direct link.

Against the backdrop of the recession, devising a fair expenses system that has public support will be extremely difficult to do. Once your Committee has reported on a possible system, it will be down to us, MPs, to persuade our constituents why the system is workable and necessary.

People want to know what it is that their own MP has claimed and done. We cannot hope to move on until every receipt of every MP is in the public domain.

Once we have a total transparency and every receipt claimed is routinely published, MPs will think twice about what they claim and will make sure that their claims are 'reasonable'.

The role of an MP

The timing of the Review of MPs' Expenses makes it almost impossible to have a rational debate with people about reimbursing MPs for out-of-pocket expenses.

Ideally, we should be using this opportunity to discuss with constituents what it is that we do, and hearing from them what it is that they want us to do.

That is very difficult in the current climate.

In the long-term, we should be looking to change the way we represent people. I have only been a Member of Parliament since 2005, but it is very clear to me that people want to have more of a say in the way we do things.

The whole current Parliamentary system, though, militates against allowing people to understand how it works.

Personally, I think that the expectations on Members of Parliament are impossible to fulfil. As well as our Parliamentary duties – taking part in debates, voting, sitting on Select and standing Committees, taking a deeper interest in different policy areas – we have work in our constituencies.

Since May 2005, I have been contacted by about 7,500 constituents. Most of this has been casework – chasing up other agencies on CSA, Tax Credits, local authorities, the police, prison service, identifying where national policy is not working, and generally listening and acting on the problems that constituents face.

Most of the time, constituents come to us with problems when all else has failed. This means that the person concerned is normally at crisis point already.

There is a slight bias in this as well. Without over-playing this, it is still largely true that Labour Members of Parliament tend to represent more deprived communities. This means that the caseload is often much higher and more complex.

In addition, constituencies with a high volume of immigration, have a vastly inflated caseload. This must be better taken into account in any new system.

The other aspect of constituency work involves local leadership in campaigns, as well as visits to promote the work of individuals and organisations in our constituencies. I prioritise visiting schools and talking about the role of an MP.

None of this has to be done. There is nothing to force MPs ever to step foot in their constituencies nor even to attend Parliament. There is no real accountability to constituents other than at the ballot box at a General Election.

I think people expect more. Again, this is an issue for the long-term, but it would be good if the Committee would consider this wider issue in their deliberations.

A job description to cover all Members of Parliament seems impossible given the very different types of MPs and the very different kinds of people they represent. But some minimum level of engagement must be part of the deal.

Value for Money

As part of the expenses debate, people are beginning to talk about which MPs are good 'value for money' and which ones are not.

The only measurement of work is the political website, theyworkforyou.com, which records every vote and debate an MP participates in, the number of Parliamentary Questions they submit and how many Early Day Motions they sign.

When this is weighed against the 'costs' of an MP to the taxpayer – in salary, allowances (office costs, staff salaries and Communications Allowance) and expenses claims (Second Home Allowance and travel) – one can arrive at a rather crude judgement of those MPs which offer the best Value For Money.

What this method does not take into account is the constituency side of the job or the hours of unrecorded work in Parliament. All the website does is monitor a small proportion of an MP's activities in London.

It is therefore quite straightforward to give the impression of being a very good-value-for-money MP if you try to turn this monitoring system (the only one there is) to your advantage.

An MP can submit as many Parliamentary Questions to government departments as he or she wishes. All of these questions are a 'credit' on theyworkforyou.com. But doing so clogs up the whole of the civil service. Rather, Parliamentary Questions should be used as a last resort.

MPs already have available to them the House of Commons Library and they can write letters to Ministers which often get far better and fuller responses.

Early Day Motions are similar. Every EDM signed gives a credit. They are never debated and are usually used to raise a national or constituency issue.

They can be a useful indicator of how much support there is for an idea or campaign, but not if every backbencher signs every EDM.

Meanwhile, setting up, staffing and running a constituency office costs money. A considerable amount of money. Travelling between the constituency and Parliament, whether by car, train or plane, costs money. Running two homes is expensive.

So, to be true value for money, an MP should sell their house in the constituency as soon as elected and move to London. The taxpayer would 'save' the whole of the second home allowance.

They should not return to their constituency at any point, saving the taxpayer a fortune in travel costs. They should certainly not have a constituency office or do any casework. That would cost rental, salaries and postage.

They should instead be ever-present in the Chamber, making interventions on other people's speeches (three interventions get a speech credit), spend hours submitting ever-more frivolous Parliamentary Questions and sign every Early Day Motion, even if they contradict each other.

I come at this from a particular angle. My work-rate in the last year was atrocious. I attended very few votes, signed no EDMs, put in very few Parliamentary Questions and took part in very few debates. For six months of that year I was on maternity leave. That is not taken into consideration.

I hope that the Committee will consider the Value For Money issue when devising an expenses system by also considering how an MP's work can better be measured and monitored.

Issues and questions to be addressed

- 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?**

Transparency and public support as well as a better agreement and understanding between constituents and their elected representatives of what it is that people want and what it is that MPs do.

By routinely publishing every receipt claimed against the public purse (monthly or quarterly), we ensure transparency and public policing of claims made.

MPs and any outside body established to audit MPs' expenses must engage and involve the public to ensure that it enjoys continued public support and identifies problems as soon as they arise.

- 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?**

No. It is unacceptable for MPs to decide on the nature and size of their expenses when they have a clear vested financial interest. This is a clear conflict of interest.

An independent body (which may take representations and advice from MPs but is totally separate from Parliament), needs to be established to agree both the content of the Green Book and to police and audit its implementation. This body should also be responsible for putting all receipts into the public domain, whether that be on the internet or in book form.

3. Are the range of expenses which are currently reimbursable correct? Are the correct judgements being made about the resources MPs need to perform their jobs effectively?

The only out-of-pocket expenses that should be reimbursable are in connection with running a second home and with travel between constituency and Parliament.

Second home expenses should be limited to monthly rental, utilities and council tax. These should all have an upper limit agreed and up-rated by an independent body.

There should be no expenses paid for food or any other unreceipted items. There should be no allowances.

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?

The current arrangements are clearly totally inadequate. There is, at the moment, no independent audit or policing of the entire expenses regime which has ultimately led Parliament into disrepute.

I totally support the 'full scope' external audit by the National Audit Office, which is widely recognised as professional and independent. It therefore has public confidence and credibility.

In terms of internal audit and policing on claims, breaches of rules and complaints, I think the Commissioner for Standards needs to have more power, more resources and be more independent from Parliament to be truly effective. The Commissioner for Standards should be able to instigate investigations rather than wait for complaints.

The Commissioner for Standards should report to an independent body, not to a Committee of MPs. Again, this seems, and is regarded, as being a conflict of interest. Something like the Standards Board for local authorities would be more appropriate to investigate complaints and would give members of the public greater power and influence.

5. If it is the right principle that MPs should not expect any element of personal financial advantage through the claiming of personal expenses, what approach should be taken in situations such as the support of mortgage interest which does offer the possibility of such advantage but which may nevertheless provide better value for money to the tax payer?

Especially in the current climate, it is important to be seen to be gaining no financial personal advantage. Mortgage interest, whilst it may save the taxpayer money in the long-term, is seen by many people as a way of MPs speculating and cashing in on the property market. Any new expenses system must avoid this perception at all cost.

But as long as the system is transparent and reasonable, and the case has been made about the need for out-of-London MPs to establish a second home, I think it could be down to MPs if they rent or buy.

One way of doing this would be to provide newly-elected MPs with a relocation cost. This could be pegged to public sector equivalents. It would take into account that a new MP will have to establish a second home either in the constituency or in London. It would then be down to the individual MP whether to use this money for stamp duty, deposits, furnishings or renovations.

After this start-up cost, all future expenses should only include rent or mortgage interest (capped), utilities (capped) and council tax (not capped). There should be no replacement claims for old and worn items.

Family and individual circumstances change, and it may be that an MP will want or need to change the second home designation. The independent body monitoring and policing expenses should be able to hear representations from MPs to decide if a change in designation is justified.

- 6. However logical the approach to reimbursement of expenses, is it possible that its implementation throws up so many difficulties, including difficulties of explanation to the wider public, that there is a case for considering a radical simplification which costs the same or less than the current arrangements? Would it be acceptable for some increase in the level of basic pay to form part of that?**

In normal circumstances, I think this could be a consideration. It would dispense with expenses altogether, but in the current climate would cause extreme difficulties. Against the backdrop of the worst recession in living memory, seeing MPs get a pay rise, may just be totally unpalatable.

- 7. Where reimbursement is made in respect of expenses such as the cost of running an office, should this payment continue to be made as an additional personal expenses allowance to MPs? Or could the payment be made directly by the House authorities or in some other way? Is there a case for more centralised procurement through the House of Commons authorities? If so, in which areas might such procurement take place?**

The cost of running an office and employing staff should be made directly by the House authorities. There needs to be more serious consultation with staff before this happens, though. These costs are not out-of-pocket expenses and should therefore not be treated as such. (See section on Value For Money above).

MPs should not be allowed to rent offices from political parties. The rent and rental agreement must be on a commercial basis avoiding any perception of a conflict of interest.

Who the rental agreement is with, between MP and landlord, should be in the public domain.

8. What is the best way of providing recompense to those MPs who inevitably have to spend time away from their main home on Parliamentary business?

The system as it stands does not distinguish between the different lifestyles and circumstances of different MPs. It is important to get this right in order that Parliament can diversify and become more representative.

At the moment, no account is taken of parents with young children who take their families to London and the constituency every week as against single MPs with no families, or whose families have left home.

There is also some confusion about what is allowed and what is not allowed in second home claims. These claims are exclusively to allow MPs to fulfil their Parliamentary duties, not for partners, spouses and civil partners. There needs to be greater clarity, or at least consideration given to different people's circumstances.

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

The main home should be where an MP spends most of their time. The second home should be where they spend less. MPs should make submissions to an independent body explaining why and which home is designated as the second home and this should be considered by the independent body.

There should be flexibility to allow for a change in circumstances if valid reasons are given.

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

No. Again, this is an issue of perception. All employment of staff should be by open recruitment and appointments should be made on the basis of merit. This is in total conflict with employing spouses and other family members.

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

Yes. And all receipts should be put into the public domain on a monthly or quarterly basis – either on the internet or published in book form.

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

All receipts with the exception of names, addresses and account details of suppliers. Constituency office addresses should be published, as should the second home addresses of Members of Parliament.

13. Is it acceptable or desirable that MPs should be able to receive remuneration for activities outside Parliament? If so, should that be reflected in any way in the treatment of their Parliamentary pay and expenses? Is there a need for further regulation or guidance on these activities?

Outside jobs and interests by Members of Parliament can bring real-world experience to the House of Commons and can be a very good thing. The current system and rules set out in the MPs' Code of Conduct which require a declaration of interest seem perfectly adequate.

The additional requirement to declare all payments received from second jobs, including a description of the payment, of hours worked, and details of who paid are good additional safeguards against any conflict of interest.

14. Should MPs be reimbursed for expenditure incurred on newsletters and other material designed to inform the public about their work?

MPs should be encouraged to communicate more with their constituents and let them know what they are doing on their behalf. The Communications Allowance, though, is open to criticism for self-promotion.

It would be better if this allowance was again part of the Office Cost allowance. That way, MPs would not be encouraged to spend the full £10,000 on communications, but would instead budget more carefully.

Conclusion

Mainstream politics really matters. People pay their hard-earned taxes to the Exchequer. The political party in power makes decisions on how and why that vast fortune is spent.

If the result of this crisis means that anti-politicians, people who merely run on anti-corruption tickets, are elected to make these very important decisions, then people really will lose trust in politics and democracy.

Members of Parliament need to rediscover their zeal for duty and public service. They need to be proud upholders of the seven principles of public life.

I hope this review is the start of that process.