

Review of MPs' Expenses  
The Committee on Standards in Public Life  
35 Great Smith Street  
London, SW1P 3BQ

11 May 2009

I am writing in response to the issues and questions raised by the Committee on Standards in Public Life in the "Review of MPs' expenses" paper published on 3<sup>rd</sup> April 2009.

In all of these matters there is a tension between the concept that Parliament should be "sovereign" and therefore matters pertaining to the House of Commons should be determined by the House of Commons or, put another way, why should MPs be expected to manage the UK's budget if they don't have the ability to sort out matters that relate to the House of Commons?

However, the reality is that these are issues which have become very cancerous of electors trust.

There is a very clear precedent with MPs' pay. Since 1970 the level of MPs' pay has been referred to an independent review body, Senior Salaries Review Body (SSRB), with the final decision resting with the House of Commons.

However, this inevitably caused controversy whenever the House of Commons took a decision and so in July 2008 the House of Commons agreed that they would no longer vote on their salaries and this is a decision which is now effectively taken by an outside body, reflecting comparators to various public sector groups; doctors and teachers and civil servants across a number of Government departments.

So effectively, Members of Parliament no longer have a say or a vote as to MPs' pay as it is now determined entirely independently and it would seem sensible, if there is to be public confidence, that issues relating to expenses are also decided and determined by an independent body.

**Staff:**

The circumstances of every MP are different. We have different constituencies. Some of us choose to do most of our case work at Westminster, some Members of Parliament arrange for most of their case work to be done in their constituency. For my part, I employ a full-time secretary in the House of Commons, a full-time research assistant in the House of Commons and a part-time case worker in my constituency, who also sorts out and organises my constituency "surgeries" and is a local point of contact for constituents.

Although I recruit my staff their contracts are approved by the House of Commons' Authorities and they are paid direct by the House of Commons' Authorities.

The phrase "MPs' expenses" and the figures sometimes attached to them, which inevitably incorporate all staff costs, tends to give the impression that these sums of money somehow or other go via the MP. That is not the case. My secretary has worked in the Palace of Westminster for a very long time and I recruited her after a General Election, when the MP who was previously her employer lost his seat. So, it is not entirely clear what in practical terms what the differences would be if my staff were employed directly by the House of Commons or indeed what particular problem that is sought to be resolved.

In my experience, my staff, and staff in the House of Commons generally, work long hours and are very committed at rates of pay that I suspect are very often below market rates for similar work in central London.

**Accommodation:**

For at least two nights a week Parliament doesn't finish until well after 10pm and in practice on other nights of the week very often there are meetings involving MPs until quite late in the evening. For my part, I tend to be at my desk in the House of Commons shortly after 8am from Monday to Thursdays and it simply wouldn't be practical for me to have to commute on a daily basis to my home in North Oxfordshire and I don't think that any reasonable person would consider that it would be practical.

That therefore means that there is effectively a choice; either Parliament makes no provision for the fact that many MPs legitimately need a home in London and, if that were the case, MPs such as myself would almost certainly have to abandon having our main home in our constituency as we would then have to, for practical purposes, have our main home near Westminster and that of course

would mean that we would inevitably have far less contact with our constituencies and constituents.

I find the fact that my main home is in my constituency is a real benefit to my ability to carry out my duties as a Member of Parliament. It means, that as a matter of course, I spend most weekends and most part of most Parliamentary recesses in the constituency. It is a matter of common sense that I am therefore enabled to respond more quickly and more easily to constituents' concerns and hopefully am then a continuous part of the community that I am seeking to represent in Parliament.

There was a time when MPs tended not to live in their constituencies. I can remember when I was first elected, MPs who had been themselves first elected after the Second World War telling me that very often it was not uncommon for MPs only to visit their constituencies (surprising now that it might seem) three or four times a year! One very senior MP told me that in nearly thirty years of membership of the House his wife has only visited their constituency three times. I think quite properly and reasonably today my constituents expect me both to be representing North Oxfordshire in Parliament but they also want me, their MP, to be accessible in North Oxfordshire.

So, alternatively, if one is going to make provision for MPs to have a second home in London, there obviously needs to be a mechanism to decide how such a home should be reasonably funded.

We appear to have gone full circle on this. My understanding when I was first elected was that the amount would be calculated on the civil service daily allowance for overnight stay in London of a middle grade civil servant and that MPs were allowed to use that amount to rent accommodation in London.

As I understand it, the only reason that the House Authorities agreed that it was appropriate for MPs rather than claiming rent to be able alternatively to claim mortgage interest was because the latter was considered to be more cost effective so far as tax payers were concerned, particularly where one has MPs who are in the House for a significant number of years.

My claim for Additional Costs Allowance for the financial year 1<sup>st</sup> April 2008 to 31<sup>st</sup> March 2009 was £9,073.86. That is approximately £30 a day or, even if Parliament were to sit for only half the year (in practice Parliament sits for considerably longer than that), that would still only be £60 a day, and even if one takes into account the maintenance charges, that would still be a figure considerably lower than one could expect to pay overnight by way of rent, even in very modest accommodation in central London.

Personal circumstances of every MP are different. Whether we are married, whether we have children, the ages of our children, etc, and there has to be some recognition that there needs to be some flexibility in housing arrangements.

It is suggested that it is no longer appropriate simply to consider whether enabling MPs to set off mortgage interest is more cost effective and cheaper for the tax payer. That in itself is not sufficient criteria if it is thought that by choosing to pay mortgage interest rather than paying rent there may be some "betterment". However, any calculation as to how that betterment is arrived at is going to be very complicated and will vary considerably from Member of Parliament to Member of Parliament. For example, nowadays in the great majority of marriages property is owned in joint names, and in the terms of family law is treated as effectively being in joint names, and very often an MP's spouse will be making a financial contribution both to the costs of the MP and his spouses' main home and the capital costs of the MP's family's second home.

It has been suggested that any repayment should be restricted to mortgage repayment and utility bills. I have no particular complaint against that proposal. For my part, I have never claimed for any item of furnishing or household goods for my second home but many properties in or around central London are leasehold properties which have repairing or maintenance covenants on the leasehold which require, from time to time, not insignificant sums of money to be spent on maintenance and repair work. My second home in London is a leasehold property and, under the terms of the lease, every seven years there is a requirement for the leaseholders to fund the external maintenance of the building, which as it requires the erection of scaffolding involves a not insignificant one off sum. Even if one takes in that amount, and amortises it over a period of seven years, it works out at just over £1,300 a year and even adding that amount, for example, to the amount I claimed last year is still considerably less than the likely aggregate of any rental claim for any even modest rental accommodation in central London.

And, if the overall amounts are within whatever figure an independent body feels appropriate as an annual allowance for a second home provision, it would also seem sensible to allow any leasehold obligations to be met, otherwise one is simply restricting the type of accommodation that MPs can access in central London which is not necessarily of any particular benefit to the tax payer.

### **Outside Interests:**

Lastly, I should like to make some observations about Outside Interests. When this was last looked at in 1995 the Committee of Standards, as I recall, stated

that "... the House of Commons will be less effective if all MPs were full time professional politicians and MPs should not be prevented from having outside employment".

When I was selected as the then prospective Conservative candidate for North Oxfordshire in 1981, I was selected by a selectorate knowing that I was a practising barrister. When I was elected I was elected by an electorate that knew that I was a practising barrister and that I had other business interests, by way of company directorships, and these are clearly set out in the Register of Members' Interests and clearly shown on my biographical details on my website and on other easily accessible websites such as [www.theyworkforyou.com](http://www.theyworkforyou.com) so constituents have known for some considerable time the range and nature of my interests outside Parliament.

For my part, I believe that my constituents are making a choice as to whom they want to be their representative in Parliament and I hope they will continue to re-elect me to Westminster because of the range of qualities and skills that I possess.

I genuinely believe that my professional and outside interests enable me to be a better Member of Parliament, more broadly based in my views with a greater range of competencies.

The hours that the overwhelming majority of MPs put into their life as Members of Parliament are extremely long, usually involving many hours of Parliamentary and constituency work at weekends, in addition to many late nights in Westminster and any time spent on outside interests has to be put into the balance of that context.

In today's world, constituents and local media would very quickly pick up if a Member of Parliament were not conscientiously performing as a MP, both at Westminster and one's constituency, and it should be one's electors who determine whether they want one to be their representative at Parliament, given whatever strengths and skills one brings to the task, including professional skills and outside interests, some of which may be remunerated and some of which aren't.

Members of Parliament are continuously prioritising the work they do in the House of Commons, in their constituencies, involvement with charities, campaign groups, NGOs, think-tanks and academic bodies, and we all have to make judgements as to how we balance all those potential uses of our time.

So, for example, when I was chairing the Commons Select Committee on International Development it seemed to me that I needed as part of that work to far better understand the language of International Development and so I returned as a part-time student to University and completed an MA in International Development. Last year I spent 21 days attached to the Thames Valley Police as part of the Police Parliamentary Scheme. I spent 10 days in Nepal working for the UN in a project associated with Voluntary Service Overseas.

I would hope that my constituents would feel that providing all these activities are proportionate and that they enhance my experience as an MP and enable me better to participate at Westminster and hold the Government today to account.

I have no particular quarrel with the proposals agreed by the House of Commons on 30<sup>th</sup> April 2009 but I would simply observe that there was very limited time between the Prime Minister announcing this proposal on "You Tube" and the debate a week later and the House's resolution raises a whole number of practical questions, a number of which I have put to the Registrar of Member's Interests in a letter and which I attach.

Tony Baldry

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11 May 2009

I have a number of questions in relation to the resolution passed by the House on 30<sup>th</sup> April concerning the registration of Members' financial interests.

**DIRECTORSHIPS:**

Directors' fees, whether public or private companies, are usually agreed as an annual amount paid by 12 equal monthly payments.

The resolution refers to "each individual payment". I understand from this that the Registrar wants a monthly return i.e. in respect of each company of which one is a director, an account of the director's fees received for that month, and a number of hours worked during that month.

Sometimes, directors' fees may be paid quarterly in arrears. In these circumstances do you want the payment to be recorded only in the month in which it is received or divided by three over a period of three months?

In today's financial climate there are occasions when one might have a corporate governance responsibility for a company which is unable to pay any directors' fees but where in due course one has the anticipation of the hope of fees being paid. So for example, last year a public company, of which I am a director, reported to the Stock Exchange that directors were not taking any fees for a period of six months whilst seeking a strategic investor. In those circumstances there is no individual payment but do you want a record of the hours worked. Reading the resolution it looks as if the report has to be triggered by a payment, so is it a correct interpretation that one takes each individual and then works

backwards for the hours worked in respect of that payment rather than hours done in anticipation of an "individual payment"?

Are the payments expected to be recorded gross or net?

One's professional practice as a barrister raises a number of issues. A significant number of clients come to seek advice from the Bar in confidence. I undertake work from time to time both as an arbitrator and as a mediator, where the proceedings are, by definition, confidential. The whole point of people seeking dispute resolution by arbitration or mediation is that unlike litigation it is confidential. So in respect of "individual payments" received in respect of Bar fees, how are they to be recorded?

Individual payments at the Bar are also misleading in that from such payments most members on the Bar, on average, have to pay something like 25% of the gross amount to Chambers by way of Chambers' rent and clerk fees and individual payments don't take in to account of the general professional costs of practicing at the Bar i.e. professional subscriptions, Bar indemnity insurance etc.

Increasingly, particularly in civil litigation, our fees are paid by way of contingency fee agreements i.e. essentially being paid on the basis of success so in these circumstances one can often have two payments, a limited payment for starting the case and, depending on success, a contingency fee payment at the end of a case.

Very often, with a fee at the beginning of the case, no hours will have been done at that stage. It will be in anticipation of work being done – how is that to be recorded?

Might I suggest that more straight forward way of recording Bar fees would be in respect of each month to report the fees that one has received in that month, less clerk fees and Chambers' rent and the number of hours worked at the Bar during that month. However, it will also have to be recalled that fees for work done at the Bar can often take some very considerable amount of time to be paid and they are not always paid by instructing solicitors in one amount. I should be grateful for your advice.

Tony Baldry