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Bristol

**To: Sir Christopher Kelly,**

**Chairman of the Committee for Standards in Public Life.**

14 May 2009

**MP's expenses**

You have asked for citizen's views and recommendations for your Committee to consider before you reach your conclusions and recommendations.

This is unlike most "consultations" held in recent years where the decisions have been announced without the average citizen knowing the consultation was taken place. Thank you for giving us the opportunity to put forward our views. I hope my views are helpful.

**My relevant background**

I was employed in a number of senior positions in a major International oil company based in the UK. The relevant roles included:-

- the role of a Personnel Manager with additional responsibilities for restructuring and relocation of "departments"
- trained by McKinsey and Company (business consultants)
- a Fellow of the Institute of Personnel Management (as it was then)
- trained and qualified as a Member of BPS
- Involvement in a number of international studies (UK, USA and Europe) to look at the future of business particularly regarding the future structure of business organisations and the developing role of both management and personnel.

Using this experience and empathising with my fellow citizens views I make these recommendations.

**M. Martin**

## Background to MP's expenses –

I prepared a full business assessment to identify the relevant facts that would be the basis of any business recommendation. I have just returned from 10 days outside the UK and in that time “things have developed regarding MP's expenses”. Accordingly I have deleted the remainder of my assessment because you will have completed your own. However you asked for and I give below some outline facts and recommendations for your consideration..

In this situation only your Committee would have the all important detail but I outline here a few facts that I believe could be relevant.)

- There does not appear to be an MP's Job Description although some very outline guidance is given in the House of Commons Role etc.
- It appears that MP's establish their own salaries and remuneration including expenses and although some kind of guidance seems to flow from the Speaker and a small committee- it is very ad hoc.
- MP's are fulfilling several roles similar to business decision making middle and senior management with a number of Director type appointments. (Cabinet, Ministers and Shadow Ministers)
- The House of Commons requirement for MP's is identical to many business where employees who live in a family home near to a “local” office (constituency) are also required to work from a “Central Office” (House of Commons) where they will also have an office.
- In business the determination of where their family home should be located is usually based on the percentage of time that is required to be spent in one or the other location. In Parliament it appears to be at the discretion of MP's who have complete flexibility to change their decision.
- House of Commons records indicate that that with effectively a Monday to Thursday (optional Friday?) working week backbenchers spend considerably more than fifty percent of working time in their constituencies whilst members of the Cabinet, Ministers, Committee members and senior members of the opposition **may be required** to spend more time in Parliament (you will know the percentage).
- Travel to and from both offices, throughout the UK may be required and will be a normal business expense approved and paid by the employer (subject to IR rules.
- Many MP's and business people may also be required to travel to any part of the UK or the World from time to time. It may be that in some instances it **will be a business requirement** that they are accompanied by their partner.
- MP's are similar to business employees and will require “office” assistance at both Parliament and their “local (home) office”. MP's have allowances to provide office accommodation and administrative staff and have sole discretion for the selection, motivation and direction of the office employee.
- Most businesses realise if expense rules are not firmly and continually enforced then over time “expenses are often seen as a right”.
- Expenses appear to be approved by a relatively low level of Civil Service employee who could almost certainly be under pressure for approval (would their defender be the Speaker?). In business this is normally the role of the

Comptroller who on **matters of expense is the authority** and reports only to the most senior level of Director. Always aware of IR regulations.

- The rules indicate that the House of Commons culture should be that no benefit from expenses should be made or expected by the employee.
- A reasonable standard of accommodation, travel, support etc. should be expected in line with the importance of each position.
- I believe that the abuse of expenses and the decline in the standards of service to the country has been fuelled by the culture of spin, deceit and untruth that I believe has developed in the last ten years or so. If this doesn't change then the most rigid rules and "policing" will be required similar to a totalitarian state. This in itself will destroy the atmosphere of trust and service which is necessary in our democracy.

Your recommendations will be an important contribution to the re-establishment of a culture of service for the House of Commons.

### **Recommendations/thoughts for your consideration.**

1. That inner and outer London based MP's should receive inner and outer London Allowances. (Boundaries and rates to be established).
2. The MP's constituency home should be always recognised as the Main residence and not benefit in any way from MP expenses.
3. Exceptions could be where the MP has a second term of office or where they have additional responsibilities which will require them to work in London for the majority of the year ie Cabinet Ministers etc.) or where the family decides to be permanently based in London. Even in these circumstances the "Constituency house" would remain the main house and not be subject to expenses.
4. Relevant expenses should be paid by the state and on sale the property should be subject to Capital Gains Tax.
5. With maximum guaranteed employment of five years and normal working practice of less than 26 weeks and a normal working week of four perhaps five days there can normally be no justification for the State to provide a second home in London.
6. An allowance or contribution towards the provision of accommodation should be made available. This could be towards hotel, rented accommodation or contributions towards the purchase of a house by the MP. This must be of good quality commensurate with being an MP and superior for Ministers and Shadow equivalents. The MP owned London residence (if any) should be recognised as the second home. When sold the property will be subject to Capital Gains tax.
7. Consideration should be made towards the provision of "MP accommodation", furnished, maintained, serviced where appropriate, provided and handled by the State. Similar arrangement as for the Armed Forces. (probably under contract from a professional independent organisation).

8. Consider MP's having a House of Commons credit/debit card which together with receipts would form the basis for expense claims.

9. All expense claims to be online on the MP's system.

10. Computer equipment/printer/ online conferencing facilities should be provided at each MP residence as well as offices.

11. A separate private organisation should be contracted to receive, vet and approve expenses which should be the responsibility of ? The Speaker?? Your Committee? Anybody where they could not be coerced by MP's, whips or Party Leaders. They will also handle relationships and queries with the IR.

12. All MP's office staff both at Constituency and London Offices should be employed by an outside/private organisation reporting to (who –same question) who will be responsible for recruitment, retention, remuneration, training etc. although the individual MP should have a major contribution to the individual selected. Relations should not be excluded providing the employment was genuine. In constituencies it is a positive benefit to have relations employed.

12. A Travel/accommodation agency should be contracted to handle travel and accommodation matters for all MP's and pass the accounts to their individual expenses.

14. The £10,000 communication allowance should be withdrawn.

15. Foreign travel for anybody accompanying the MP should meet laid down guidelines and should not normally include spouse, children, other family etc.

16. An independent professional organisation should recommend salary levels and pension arrangements for each MP, Minister etc. based on jobs with similar responsibilities in outside business in London. These should be reviewed each year and the recommendation should normally be accepted. (In my view MP's are underpaid!)

17. The number of MP's appears to be excessive. Their constituency boundaries appear to be arbitrary and unbalanced. A detailed study should be undertaken to rationalise all constituencies with the objective of reducing the numbers of MP's by at least 25%. These savings will enable future MP's to be paid the rate for the job and enable the country to attract the very best candidates. I would suggest that if you make this recommendation before the next election you will receive the agreement of the party leaders.

Implementation should take place by or at the end of the next parliament.