
Written submission to the Committee on Standards in Public Life's Review of MPs' Expenses by Paul Flynn MP

As the Member of Parliament for Newport West and a member of the Public Administration Select Committee I would like to propose radical reform to the system of expenses and parliamentary remuneration. This is essential to help restore the seven principles of public life to parliament (selflessness, integrity, objectivity, accountability, openness, honesty, leadership).

The PASC recently investigated and published a report on lobbying which is relevant to your Committee's review and which is referred to below (*Lobbying: Access and influence in Whitehall* HC36, 5 January 2009) as is PASC's current enquiry into executive pay in the public sector.

Second Home Allowance

1. Although there has been some misleading and inaccurate coverage of the housing allowances available to MPs, and what it can be used for, there has been justifiable public anger because Members of all parties have been exploiting the allowances system for items unconnected with parliamentary duties.

The second home allowance is designed to allow MPs a London dwelling to provide access to parliament. The costs are meant to be spread over mortgage interest, council tax, utilities and living expenses. In effect, the allowance is a cash benefit for those MPs (the vast majority) with constituencies beyond commuting distance from Westminster who cannot afford the London accommodation. Why not therefore subject it to a 'means test'? A simple declaration of income should suffice to identify those who do not need it. Some MPs own several, in one case over twenty, houses. Why should the taxpayer pay for housing in those cases? Payments in future should match individual MPs' needs or be incorporated at a reduced rate into salaries.

2. Unless there are exceptional circumstances, only homes *in London* should be accepted as second homes. There should be no allowance available on distant mansions, castles or their gardens and moats. "Flipping" – that is to say the practise of changing the designated second home between properties in the Member's constituency, London or elsewhere, should not be allowed.

3. An assessment of the comparative costs of purpose-built campus-type accommodation, second homes, hotels and private rental should be made. Purpose-built accommodation might be the simplest and fairest to administer in the long-run.

Moonlighting

4. An MP's job is a full time one. This principle should underpin all measures to reform the system of remuneration. It is known that some MPs earn up to £250,000 a year from "moonlighting". Those who take additional paid employment which could

be considered a second job should declare the hours spent on these commitments, and the income received, so that voters can consider if they are able to carry out the core job of an MP. Parliamentary salaries should be adjusted to reflect the additional income derived from second jobs. There are former ministers who are still Members of Parliament who are paid for giving advice to industries for which they were formerly responsible. Former Ministers and former senior civil servants should be barred from taking jobs in those areas in which they served. PASC condemned this 'revolving door' process (see Lobbying below) in January this year.

MPs' Pensions

5. Pensions: MPs have to contribute usually 12 per cent of total income to their pensions which are based on their final salaries. The pensions of MPs (and other public servants, such as the BBC) continue to improve while other occupational pensions are declining in value. This situation cannot continue and has been widely criticised by witnesses to the Public Administration Select Committee enquiry on pay in the public sector (oral evidence to PASC 21 May 2009). MPs should not have a pension system that is more favourable than those outside of parliament.

Some years ago, in support of Chris Mullin, MP for Sunderland South, I proposed that MPs' salaries should be linked to the level of the basic pension. That would be fair and would concentrate MPs' interest on the level of the basic state pension.

Lobbying

6. As a member of the Public Administration Select Committee I fully supported our recent proposals for reform of access and influence by lobbyists to government, which has relevance to this enquiry (although the Report was published before the current expenses row). It has relevance because public perceptions of certain kinds of lobbying activity have contributed to public cynicism in the political process: there is a perception that commercial corporations and organisations have an advantage over not-for-profit bodies, an advantage which is related to the amount of money they are able to bring to bear on the political process rather than the cogency of their case; there is concern about the freedom with which people are able to move to and fro between roles in industry on the one hand and ministerial and civil service posts in which they can benefit those industries on the other: a process that has become known as the 'revolving door'; and there is concern about the use of 'lobbyists for hire' (who have no legal obligation to make public who their clients are) to keep secret from the public the identity of those involved in lobbying decision-makers.

PASC concluded that, "In the current climate of public mistrust, voluntary self-regulation of lobbying activity risks being little better than the Emperor's new clothes." The Committee found the rules on lobbying loosely and variously interpreted such that former Ministers in particular appeared to be able to use the contacts they built up as in office to further a private interest. In other words, the present arrangements allow the influence of MPs (and peers) to be bought, which is potentially corrupting – or worse. This is unacceptable, particularly where the former ministers continue to be paid as sitting Members of Parliament.

7. Among its recommendations, PASC has demanded full transparency of contacts between those working in the public sector and those attempting to influence their decisions. An online register of lobbying activity which could be kept regularly updated would make it clear in what capacity a Minister was acting (ie as a Minister, a Member of Parliament, a party politician, or a private individual). The register would record:

the names of the individuals carrying out lobbying activity and of any organisation employing or hiring them, whether a consultancy, law firm, corporation or campaigning organisation.

in the case of multi-client consultancies, the names of their clients.

information about any public office previously held by an individual lobbyist—essentially, excerpts from their career history.

a list of the relevant interests of decision makers within the public service (Ministers, senior civil servants and senior public servants) and summaries of their career histories outside the public service.

information about contacts between lobbyists and decision makers—essentially, diary records and minutes of meetings. The aim would be to cover all meetings and conversations between decision makers and outside interests.

This submission to Sir Christopher Kelly's enquiry goes beyond the immediate issue of expenses but it is I believe essential that effect is given to root and branch reform of the financial arrangements for MPs in order to restore public trust in parliament.

Paul Flynn MP
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