

The logo consists of a dark red square with a thin white border. Inside the square, the words "Standards in" are stacked above "Public Life" in a white, serif, italicized font.

*Standards in
Public Life*

**Committee on Standards in Public Life
Report on MPs' Expenses and Allowances
Speech by Sir Christopher Kelly, Chair of the Committee
Wednesday 4th November 2009**

[Check against delivery]

Good morning and thank you for coming.

With me this morning are all the other members of the Committee who took part in this inquiry.

We are of course an independent Committee - by which I mean independent of both government and Parliament.

I'd like to begin by saying a few words about the last week.

At the time the furore over the expenses revelations was at its peak, the leaders of all three main political parties announced that they would accept the recommendations of my committee in full. Provided they met three tests – reduced cost to the

taxpayer, increased accountability and transparency. After the report had been finalised, I accordingly briefed them in confidence about what it contained. I did so in the expectation that they would be pressed as soon as the report was published to say whether it had their full support. I wanted them to be in a position to say yes.

Partial accounts of what I had said began to appear in the media within hours. You can draw your own conclusions about how that happened. I do know that the media briefings did not come from the Committee.

The subsequent commentary, some of it based on incomplete understanding, must have been extremely irritating to those affected by the report but not yet able to see it. I understand their frustration - it has also been frustrating for the Committee. It has not, of course, caused us to alter our recommendations in any way.

The recommendations for change that we are publishing today aim to strike a balance. On the one hand, they ensure that MPs are properly supported and fully reimbursed for necessary costs incurred in doing their important work. On the other, they provide much stronger safeguards for the taxpayer against the abuses of the past.

It would be wrong to regard the proposals as either draconian or punitive. They are neither. When you have had a chance to read them in full I think you will see that what they do is establish an expenses system which is fair and reasonable, which approximates much more closely to the arrangements in other organisations – and incidentally other legislatures – but which still recognises the special circumstances of an MP's life and which is shorn of the special features which gave scope for exploitation. None of our recommendations are retrospective.

The Committee does not need to be reminded of the importance of making sure that Parliament does not become the preserve of the wealthy. I am confident that nothing we have proposed will have that effect. But if there is any risk of it happening it should be addressed through the level of MPs' pay, not by retaining over-generous arrangements for reimbursement of expenses. It is confusion between pay and expenses which has got the House of Commons into its present difficulties.

Our recommendations have not been made in a vacuum. We have taken a cold, hard look at what went wrong before. We have listened to the views of MPs, former MPs, members of the public, and many organisations. We have received specialist

advice and we have made use of a number of focus groups to test ideas and perceptions.

Our proposals are also firmly grounded in principle, in particular the seven principles of public life. We have taken it as a given, for example, that MPs should not be able to gain personal financial advantage from a system intended simply to reimburse their necessary expenses. Nor should they expect to be treated differently from their constituents unless there good arguments to justify that.

I do not intend now to go through every recommendation. But I do want to single out some.

First, the most controversial of all the issues is accommodation. Our main recommendation here is that support for mortgage interest should cease, and that in future MPs should only be reimbursed for the costs of rent or, in a few cases where that offers better value for money, hotels. We have also endorsed the decision already taken by Parliament itself that in future claims should only be allowed for utilities and other basic costs of living in two places – not gardening, flat screen televisions or interior design.

This is exactly what has already been accepted for the Scottish Parliament and the Welsh Assembly.

The basic question is what it is right to expect the taxpayer to support. Of course, most MPs should be supported to live in two places. But they should not expect to acquire a valuable asset at the taxpayer's expense.

We are proposing that those with existing mortgages should be able to continue to receive support for a transitional period of one more Parliament, or for 5 years. But any capital gains made during this transitional period attributable to public support should be surrendered to the taxpayer. So from today there will be no more gains at public expense, and no more flipping either. For any MP.

We are proposing that a central agency should undertake the task of sourcing suitable accommodation - and handling payment. In view of some of the media comment, it is worth noting that this arrangement should make it easier to recognise the needs of those with families, not more difficult. It will be possible for the agency to provide larger accommodation for those with families than for those without. Of course, it remains open to individual MPs who wish to have more substantial accommodation to pay the difference out of their own funds.

We are also proposing some relatively small changes to the rules governing which MPs are able to claim any form of support for second homes. Some of the speculation has been very misleading on this point. So it is worth spelling out the proposal in a bit of detail.

At present the only MPs not entitled to claim reimbursement for the costs of a second home are the 25 with inner London constituencies. The House of Commons has already decided that from April next year the right to claim will also be removed from a further 54 MPs whose constituencies fall wholly within 20 miles of Westminster, presumably on the grounds that this is the kind of commuting distance which faces many of their constituents daily. More than half of this second group do not claim for second homes anyway.

This change seems entirely appropriate to the committee. We are happy to endorse it.

But we think the same principle already accepted by Parliament should be extended to a few more MPs whose constituencies may be a bit further from Westminster in terms of distance but whose journey to work times would be no greater than for those within the 20 mile definition. We think this probably applies to

about a further 12 – one of whom, incidentally already commutes. But that will be for the new regulatory body to determine.

We are also proposing that the London Costs allowance, the House of Commons version of London Weighting, should be reduced for all London MPs to the level recommended independently by the Senior Salaries Review Body. The House decided to award itself something much more substantial. We do not think that was justified.

We have proposed a higher rate for those who commute from outside the Greater London area to reflect their higher travel costs.

Finally in this area, since this has also been the subject of some comment, we have proposed that when the House is sitting late, which of course happens less frequently than in the past, MPs should receive exactly the same support as House of Commons or indeed other staff in the same circumstances – where necessary overnight hotels or reimbursement of taxi costs.

The second major area of controversy is the use of public funds to employ members of the MP's own family. Let me say

straight away that we have been told that many of those so employed are providing an excellent service and offer good value for money.

But the Committee does not believe the practice is compatible with modern employment standards, on which Parliament ought to be giving a lead. Nor do we think it helps public confidence in the integrity of the system. We were interested to hear the Leader of the House express a similar view in her oral evidence to us. We propose therefore that the practice should be ended. But those currently employed should be allowed to continue for one further Parliament, or for 5 years if that Parliament does not go for a full term. We believe this is a proportionate response to a significant issue.

Third, we are making proposals about redundancy pay for MPs. Following a change made by MPs themselves some years ago, the present arrangements make no distinction between those who leave the House voluntarily and those who are genuinely in a situation equivalent to a redundancy. Because they lose their seats in an election, for example, or as the result of boundary changes or deselection. We see no reason why those who retire, or go voluntarily for other reasons should receive redundancy pay. Any more than anybody else would in a similar situation. MPs already have pension entitlements.

Our proposal is that in future redundancy pay should be calculated in accordance with another recommendation made by the independent Senior Salaries Review Body which was rejected by the House, and that, starting after the next election, those who leave voluntarily should not receive redundancy pay but should instead receive 8 weeks pay from the date of the election to cover the period while they are winding up their offices.

On sanctions, we have made a number of recommendations designed to improve the effectiveness of the new regulatory body and to buttress its independence - including giving it a range of non-Parliamentary sanctions analogous to those operated by HMRC and DWP.

In addition, we have proposed that the Commons Standards and Privileges Committee, the body which passes judgement on the behaviour of MPs in the House, should be strengthened by the addition of two independent, lay members.

And we think that withholding of redundancy pay, a sanction available to the Standards and Privileges Committee, should be used against those who have seriously breached the MPs code of conduct.

Finally, we recommend the abolition of the communications allowance. We think it is right that MPs should communicate proactively with their constituents. But this does not need a separate allowance, especially one which in the past appears often to have been used more for self publicity than anything else. The cost should in future be met out of the office costs budget, where it will have to compete with other priorities.

There are a range of other recommendations which I will leave you to read for yourselves. They include MPs having to meet the costs of their own home to work travel, and ending the practice by which some politicians, mainly in Northern Ireland, are simultaneously able to hold positions in two separate legislatures.

There is a risk that as the impact of the revulsion caused by the Daily Telegraph revelations fades with time some may be thinking of distancing themselves from their earlier expressed determination to implement our report in full. If so, that would be an error. The damage done by what has been revealed about past malpractice, and the culture that goes with it, has been very considerable. I do not believe that trust in those who govern us will be restored unless those in authority show

leadership and determination in putting the abuses of the past behind them, however uncomfortable that may be for some.

For our part, the Committee is absolutely clear that the three tests – accountability, transparency and reduced cost - have all been met. This report should therefore now be handed over to the independent body for implementation in full, with the changes introduced by the time of the next Parliament.

This will be a demanding timetable. There is a lot of work for the new regulatory body to complete. But I see no reason why it should not be achievable if the will and determination are there. It is important that they both should be. My Committee will be watching closely.

Thank you for listening. I am happy to take any questions.

Because of the numbers, please can you limit yourselves to two questions so that I can be fair to all. Can you also please state your name and organisation for the benefit of the transcriber.

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