



04/06/09

MP EXPENSES

Sir Christopher Kelly KCB
Chair, Committee on Standards in Public Life
35 Great Smith Street
London
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Dear Sir Christopher

Thank you for the opportunity to contribute to your own deliberations on the review of MPs' expenses, staffing and allowances. I would like to make the following observations, beginning with elements I think are most straightforward and important.

1. Staffing

- 1.1 By far the most important changes during my time in Parliament has come through the increase in staff available to an MP, to support work both in the Constituency and in Parliament. Constituency demands have grown considerably. Changes in access to IT have added to the demands far more than they have increased the capacity to respond. The Constituency office staff provide both the sift and the safety net for an MP to effectively discharge their constituency responsibilities. Improvements in staffing have also allowed me to make the de facto split between duties that are entirely focused around Parliament itself and those focused around casework and constituency issues. It simply irks me to find the press referring to this expenditure as though it was all part of an MP's salary. No other part of industry or commerce would entertain the notion that administrative back up and support should be counted as part of your own salary.
- 1.2 I am conscious, however, that there have been abuses of this system. My own staff are all employed on national contracts, at agreed Trade Union rates and with defined incremental scales. I had not appreciated that other MPs' worked on a more arbitrary basis. This would strengthen the case for MPs' staff to be on direct contracts of employment as employees of the House of Commons. This should not remove the right to hire or fire from the MP. It should, however, give all staff the security of House of Commons contracts.
- 1.3 I do not have an objection to MPs employing their partners or family members. The protection, however, is that no Member of Parliament should be allowed to employ someone in excess of the scale rates for the job, and unless they demonstrably possessed the skills and experience required for that job.
- 1.4 MPs should be required to notify the House of the appointment of partners or family

members. The House should have the right to interview such employees and reject an appointment which appeared not credible or viable.

- 1.5 There should be severe penalties upon MPs for abuse of this part of the system; either forfeiting allowances for a year or being suspended from the House
- 1.6 It would be helpful if your Committee recognised at some point that there can be merit in an MP employing their partner. The demands of Parliament are deeply disruptive of family life. During my time in Parliament, I have seen good examples of MPs working alongside their partners; delivering high quality Parliamentary work at the same time as sustaining their own meaningful relationship. I would not wish to see Parliament turned into something that was even more undermining of family life than it is already.
- 1.7 In principle I am not opposed to the central purchasing of IT equipment. My staff are conscious, that in Comparison with the one relatively inexpensive computer we bought from the high street, the House of Commons equipment is bog-standard, limited, unreliable and slow. It cannot be desirable for Parliament to have secured a deal that is considerably worse than an individual Member could secure for themselves. It is extremely poor value for taxpayers' money.

2. Communications Allowance

- 2.1 It is absolutely right to continue the provision of pre-paid envelopes that can be used for MPs' correspondence.
- 2.2 I am not certain that it can be claimed that there is not Party political advantage from the use of such expenditure for Constituency surveys, petitions or annual reports. In truth, we should probably see these as Party responsibilities rather than professional ones.
- 2.3 Communications expenditure should, however, be retained for advice surgery posters, websites and contact cards.

3. Travel Expenditure

- 3.1 I do not have anything to add or alter in respect of the current arrangements. They appear fair and not subject to abuse. Recent changes on Constituency mileage allowances, also properly recognise the different circumstances facing MPs' with large rural constituencies and those who are primarily urban.

4. Accommodation

- 4.1 Until the recent furore, I had assumed that the second home allowance was a 'London living allowance'. This is what it should be redefined as.
- 4.2 My understanding, upon entering Parliament, was that this provision specifically related to the needs of non- London MPs. It was to find somewhere to live, in London, in order to support that part of our work that inevitably requires being in Parliament itself.
- 4.3 The provision of this allowance should only be available to meeting accommodation needs in London.
- 4.4 It is not, and should not be, the job of Parliament to finance accommodation in an MP's constituency. To do so only reinforces a London-centric view of Parliament, where MPs are 'parachuted out to the sticks' for representational purposes.
- 4.5 We should change the rule that requires MPs and Ministers to redefine their Constituency home as their second home, if four nights or more are spent each week in the London home. This has resulted in a number of MPs being unfairly criticised in the press when Parliament itself required this redefinition of the family home.
- 4.6 I can see no merit in requiring MPs to live in a House of Commons hostel or hotel. There is no one-size-fits-all solution to MPs' housing needs. I hope you will resist pressures that would prohibit MPs being able to live with their families in any London accommodation. To force those with families to see Parliament in such unfriendly terms would be to leave us with a much poorer or limited representational system.
- 4.7 There is no particular taxpayer advantage to be gained from a requirement that MPs should only claim rent rather than mortgage interest. Currently my Parliamentary colleague and neighbour pays (and claims) £1,750 a month for the rental of a small bedsit in Pimlico. My own mortgage interest payments amount to a third of this. I pay the capital repayments myself and will undoubtedly benefit from any change in the value of the house at some stage. None of the capital repayments will have come from the taxpayer. I have yet to hear anyone make the case for the taxpayer paying three times as much for an MP to rent.
- 4.8 If Parliament is to introduce an additional rule that an MP should not benefit from any increase in capital value, it must also underwrite any potential loss. I know that MPs who arrived in Parliament just before a crash in property prices found themselves in serious negative equity. You need to think carefully about the extent to which you would wish to make the taxpayer liable for capital loss in exchange for being compensated for capital gains.
- 4.9 There should be no capital gains tax exemption on the sale of MPs' second homes.
- 4.10 I do not understand how MPs have been able to claim for mortgages that don't

exist or double claim for the same property. This just seems to be fraudulent. It should result in matters immediately being referred to the Police and for the MPs concerned to immediately forfeit their seat in Parliament. If we were clear about the severity of the punishment, I doubt that we would have faced the problems that have now surfaced.

4.11 We need to recognise that it was the Government that began to use MPs' allowances as a form of back-door pay. This was when the Government chose to disregard the pay scale that MPs' salaries had been put on. I am absolutely certain that we have to go back to this as the starting point.

4.12 The way to recognise that differential costs are incurred by out-of-London MPs is to have a core MP salary along with a 'London weighting' figure for the non-London MPs. I appreciate that this adjustment would be less than the current allowance and that some other adjustment might need to be made in the MP salary. This would at least be an open and transparent arrangement. It would also have the merit of not being open to manipulation by the Government of the day or their Whips office.

4.13 You may also wish to consider if there is a case for a single payment that should be made available to newly elected MPs towards furnishings and fittings. Thereafter, everything should be left to an MP's own decisions about furnishing, maintaining and upgrading the place they live in. It would come out of salary and would also be taxable rather than tax free.

5. Other Considerations

5.1 In examining the cost of MPs to the taxpayer you may also wish to consider whether the size of Parliament itself should be reduced. I am in favour of strengthening the resource support given to MPs. I do think, though, that there is a case for larger constituencies at the House of Commons. That may number closer to 500 than the current 646 MPs.

5.2 There is a separate issue that has been raised about additional MPs' earnings. I know that some of this is possible through promotion inside Parliament itself. What I struggle to see is how the full time work of an MP can be supplemented by another full time job outside. Perhaps you would consider whether to rule that an MP's earnings, outside Parliament, cannot take their salary above that payable to the Prime Minister. It just strikes me that anyone seeking to retain any higher level of income from outside, would struggle to explain their Parliamentary role as other than a part-time or supplementary one. If people wish to pursue other careers, let them do so only from Parliament. The duties involved in running the country are far too important to be consigned to the level of a hobby.

I hope that some of these comments are helpful and want to thank you for the opportunity to submit them.

Yours sincerely

Alan Simpson

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