



FAO: Secretary to the Committee on Standards in Public Life

TaxPayers' Alliance submission to the Committee on Standards in Public Life inquiry into MP's Expenses

Dear Sir Christopher,

Please find below the TaxPayers' Alliance's response to the Committee's call for evidence. We would like to thank the Committee for inviting us to participate in this inquiry.

We hope our submission is comprehensive, but please feel free to contact myself, Matthew Elliott, with any questions. A representative from the TaxPayers' Alliance would also be available to give oral evidence to the Committee.

Yours sincerely,

Matthew Elliott

Chief Executive
TaxPayers' Alliance
matthew.elliott@taxpayersalliance.com



TaxPayers' Alliance submission:

Summary

- Reform of the House of Commons expenses system must be comprehensive. Public anger demands reforms which will not only lower the overall cost, but which will also remove any potential for frivolous, sometimes even fraudulent claims. Crucially, as well as financial considerations all reforms must consider the paramount need to restore the public's faith in Parliament.
- The system must be based on *expenses* – i.e. the reimbursement only of actual outgoings essential to Parliamentary work – rather than *allowances*. The term allowance suggests the handing over of a sum of money regardless of the actual cost incurred, which is unacceptable. All expenses must be demonstrably necessary to the carrying out of Parliamentary duties; they must not in any way be able to finance 'lifestyle' choices.
- There must be no opportunity for financial gain through expenses. For instance MPs should not be able to make capital gain on properties they obtain with assistance from the taxpayer; in the future accommodation expenses must be restricted to rent or the upkeep of taxpayer owned homes. From our own research we have identified the Olympic Village as an ideal place for housing MPs.
- All claims must be backed up with proper receipts; no expenses should be reimbursed unless a valid receipt or invoice can be produced, regardless of how small the sum might be. All legal statutes governing the use of expenses must be fully applicable to MPs. Similarly, MPs must be subject to the same taxes as everyone else; MPs must be subject to the rules which they impose.
- Transparency must be at the heart of any future system, not just to ensure that MPs abide by the rules in future, but also to allay the concerns of the public. A high degree of openness may feel intrusive to MPs, but it is essential if Parliament is ever to regain the trust of the people.
- Transparency must apply to all claims – whether approved or not – and will show complete detail. Only specific bank account details should be withheld from the public.
- Nor should such information have to be given up under freedom of information requests; all expenses information should be accessible at all times to the public, via the internet and through constituency offices.
- Reform of the expenses system must not entail a rise in MPs' pay. On all counts – except the bogus comparisons of the SSRB – MPs are very well paid, and certainly paid appropriately to the demanding job they carry out. Moreover, the public will not tolerate a rise in basic pay to compensate MPs for a loss of expenses; not only would this reward MPs for abusing the expense system up till now, but MPs are already paid significantly more than their average constituent.

Response to Key Questions

1. What are the necessary elements of a system which both supports MPs properly in the performance of their important and demanding role and commands public confidence?

The nature of MPs' work, which requires them to represent constituencies around the country and serve in Westminster, creates additional costs that can legitimately be claimed as expenses; travel, staff, office costs and accommodation.

The necessary elements of any new system must be: transparency; no potential for financial gain; aimed exclusively for the costs incurred serving constituents;

3. Are the range of expenses which are currently reimbursable correct? Are the correct judgements being made about the resources MPs need to perform their jobs effectively?

No. Broadly speaking, a system of expenses that reimburses MPs for costs incurred in travel to and from constituencies, office costs and essential staff is sufficient. There must be some provision of accommodation away from an MP's main home, however we explore later in this submission ways in which this could be done without using the expenses system, or offering personal financial advantage. The allowance for communication should be dropped immediately.

5. If it is the right principle that MPs should not expect any element of personal financial advantage through the claiming of personal expenses, what approach should be taken in situations such as the support of mortgage interest which does offer the possibility of such advantage but which may nevertheless provide better value for money to the taxpayer?

If the ACA is to be retained it should be restricted to the payment of rent, not mortgage interest. Paying mortgage interest caters to the longer term interests of an MP, and that should not be supported at taxpayers' expense. The average length of service for an MP is around eight years, and renting may well be a more appropriate way of obtaining temporary accommodation for that length of time. However, as the question implies, the problem may be that this approach would increase costs, as paying a mortgage will often be cheaper. The value in ensuring probity among MPs, and removing the potential for MPs personal gain, may outweigh any potential costs though.

6. However logical the approach to reimbursement of expenses, is it possible that its implementation throws up so many difficulties, including difficulties of explanation to the wider public, that there is a case for considering a radical simplification which costs the same or less than the current arrangements? Would it be acceptable for some increase in the level of basic pay to form part of that?

Whatever system of expenses is settled upon will court some controversy, even if radically simplified from the current regime. A daily attendance allowance for instance, while appealing in its initial simplicity, is riddled with potential risks which will have to be dealt with robustly, (adding significant complication to the plans).

Simply raising MPs pay has also been muted as a possible solution. Indeed some MPs maintain that the roots of this current crisis lie in the inadequate levels of pay afforded to MPs.

This analysis must be rejected outright, and while it would be a simple measure to increase pay and limit expenses, such an approach accepts the idea that MPs are in some way under paid. They are quite clearly not, which is why so many of the recent expenses claims must be viewed as rank profiteering. The current backbench salary of £64,766 (equivalent to £5,397 a month) is more than 2.5 times higher than the median gross annual earnings for UK adults in work (£25,100).¹ It puts an individual MP amongst the top 3 per cent of the UK in terms of income.² If a potential spousal income is included, an MP's family can sit even higher in the UK's earning differentials.

The taxpayer's annual 27% contribution to MP's pension scheme (currently under review by the SSRB) can also be considered as additional pay.³ Last year, that taxpayer contribution was equivalent to an extra £17,486 for each backbench MP, giving them an annual total remuneration of £82,252.

Resettlement Grant

The resettlement grant – currently available to MP's who lose or stand down from their seats at an election – is rightly referred to as a 'golden parachute'. While not strictly an allowance or expense, like pensions it is important to consider it in the overall context of MP's remuneration.

Established to help MPs adjust to 'non-parliamentary life', the grant is parliament's alternative to a redundancy payment. However an MP can not be made redundant; election to the house constitutes the agreement of a (maximum) five year employment contract between constituent and representative. Re-election simply renews the contract. Even if an MP loses his seat at an election, this is not equivalent to being made redundant; it is equivalent to concluding a fixed term contract.

¹ National Statistics (14 November 2008) 2008 Annual Survey of Hours and Earnings , p.2

² Both before and after 'Housing Costs' are factored in; see Department for Work and Pensions (2008), Households Below Average Income 1994/95 – 2007/08, p.12 & Department for Work and Pensions (2008) Family Resources Survey 2007-08, p35; see also the Institute for Fiscal Studies – <http://www.ifs.org.uk/wheredoyoufitin/>

³ Government Actuary Department (31 March 2009), Parliamentary Contributory Pension Fund Valuation as at 1 April 2008



The provision of the resettlement grant to those MPs who stand down at election voluntarily – even to those standing down when above retirement age – has no justification at all, and should be ended immediately. Similarly, for MPs who have been censured by the House of Commons authorities for misconduct, no provision of a resettlement grant should be extended.

In the future, MPs who lose their seat in an election should be guaranteed a maximum of one month's basic pay, to help with the readjustment of departure from the commons.

Office holders and Ministerial payments

The additional parliamentary salary awarded to party whips must be abolished immediately; party discipline may be important, but it should be the parties' responsibility to enforce, not the taxpayers.

Similarly, the severance payments guaranteed to ministerial office holders must be abolished immediately. Just as there is no need for backbench MPs to enjoy resettlement payments, there is even less justification for making such payments to ministers who enjoy high salaries and grace-and-favour homes. It must be considered that many ministers who receive these payments do so because they are stepping down due to disgrace, embarrassment or failure; as such these payments constitute a direct reward for failure. Moreover, some ministers have received multiple severance payments, due to their repeated failures.

(Detailed research on the specific issue of MP's base pay is included below; Appendix A.2.)

8. What is the best way of providing recompense to those MPs who inevitably have to spend time away from their main home on Parliamentary business?

Three options present themselves as suitable alternatives to the current system:

- A. Restrict ACA to the payment of rent, not mortgage interest. This is outlined above in response to question 5.
- B. Buying properties throughout London in which to house MPs. This solution has been adopted in other countries in response to similar scandals; in Sweden, for instance, their parliament owns around 250 apartments for their representatives. However this proposal may involve a significant upfront capital cost, which could easily be in the range of £100 million to £300 million.
- C. This alternative that best balances the need to avoid large further costs, while ending the potential for abuse, is to house MPs in the varied accommodation being built for athletes in the Olympic Village. Thanks to a failure to find private sector partners, the Olympic Village is already being built at the taxpayers' expense. It offers thousands of low cost homes with good transport links in to central London, and will be built with security concerns directly in mind. Moreover, as part of the development is being used for social housing, MPs can also avoid the suggestion that they are living in accommodation above the standard enjoyed by their constituents. (A more detailed analysis of this proposal can be found at the end of this submission; Appendix A.1.)

9. How much discretion should the system allow about issues like the designation of second homes?

Many MPs have been criticised for claiming the ACA while living within commuting distance of London. It is important to consider which MPs need a second home, as well as finding a better way of providing accommodation for MPs who do need one. It might be that there need to be three classes of MPs for the purposes of second home provision: MPs outside the London commuter belt who are entitled to a second home; MPs who are *within* the London commuter belt, not entitled to designate a second home but may claim for staying in a hotel when Parliament runs late; London MPs who are not entitled to a second home.

10. Is it acceptable that MPs should be able to employ spouses or other family members? If so, what safeguards are necessary?

Although arguments can be made in defence of the employment of family members, the practice is viewed with great suspicion by the public and must therefore be brought to an immediate end. The misconduct of some MPs – such as that of Derek Conway – have confirmed that the practice is open to abuse, and while many family employees are both qualified and hard working, public mistrust dictates that it cannot continue in the future. This practice above all others has become a focus of public concern and thus it is necessary for reforms to go above and beyond a simple minimum which might be required for financial probity in order to restore public trust.

While it may be rare, the employment of under qualified people and the payment of full time salaries for only part-time work – or even salaries paid for no work – goes directly against the core principles of public life. Nor is the employment of spouses or other family members critical to enabling an MP to carry out their parliamentary duties.

Elsewhere the practice has already been banned; German and Austrian politicians are prevented from employing relatives, while US Senators are not allowed to employ relatives with Congressional funds. Last year the European Parliament passed a motion banning the practice of employing spouses or family members. The practice should be similarly banned in the UK too. MP's should be free to hire their own staff, and manage their own office, but spouses and relatives must be precluded.

11. Should receipts be required to support all claims for reimbursable expenditure?

Yes. Provision of receipts is standard practice in all other sectors, so must also apply to MPs.

12. What level of detail of expenses claims should be routinely available to the public without the need to make Freedom of Information Act requests for it?

Transparency must be the guiding principle of the MPs' remuneration system, both to make abuse of the system less likely and to reassure the public by allowing them to scrutinise MPs' claims for



themselves. Public scrutiny, or even just the threat of public admonishment, is the best way to prevent MPs making spurious or excessive claims in the first place.

Receipts and invoices should be published on a quarterly basis on the internet to allow public scrutiny, along with the correspondence accompanying claims and the documentation for any expenses claims that have been rejected. The House of Commons and each MP's Constituency Office should also hold a hard copy of these documents to allow scrutiny by those without computer or internet access. Claims records from 2004 to the present day should be published immediately in the same way.

Redaction of information on the published versions of all claims records must be extremely limited, covering only the data decided by the High Court ruling of May 16th, i.e. credit card and bank account numbers. The recent scandals have demonstrated beyond all doubt that the address of any second homes funded by taxpayers must be published to avoid flipping, and the names of those whom money is paid to or through must be published to avoid nepotism or favouritism.

As well as the High Court judgement, a petition run by the TaxPayers' Alliance and Heather Brooke has already gathered several thousand signatures calling for this level of publication (http://www.petition.co.uk/publish_mp_expenses_in_full). To stand for Parliament MPs already have to reveal their home address, so the security objection is invalid.

13. Is it acceptable or desirable that MPs should be able to receive remuneration for activities outside Parliament? If so, should that be reflected in any way in the treatment of their parliamentary pay and expenses? Is there a need for further regulation and guidance on these activities?

MPs should not be prohibited from maintaining outside interests, even if these yield remuneration. Nor should such interests necessarily affect their pay and expenses, particularly as all expenses should be wholly associated with the costs of being a parliamentarian.

However, once again transparency must be paramount, with MPs stating clearly in the register of interests for whom they work, and when. MPs must also give explicit account of any payments received or benefits enjoyed from activities outside parliament. That way it is up to constituents to decide if their MPs outside interests are legitimate, and whether they are satisfactorily balancing the need to represent them with these other demands.

14. Should MPs be reimbursed for expenditure incurred on newsletters and other material designed to inform the public about their work?

The Communication allowance should be abolished immediately, as it does not enable MPs to carry out their parliamentary duties, but rather finances campaigning for incumbent MPs. Publicising surgeries should be paid for via the expenses designated for office costs, while MPs who wish to inform the public about their work should avail themselves of the local paper, or raise funds locally. It is an expense that the taxpayer should not have to shoulder.



Further issues for consideration

As well as full transparency of all expenses claims, MPs must also be seen to be subject to exactly the same taxes and employment rules as any other British citizen.

Either (i) Section 292 of the Income Tax (Earnings and Pensions) Act 2003, which exempts Members of the House of Commons from paying Income Tax on “any overnight expenses allowance” OR (ii) every other person working in Britain must gain the same exemption.

The existence of a special service or department at HM Revenue & Customs to handle MPs’ tax returns and tax affairs must be put to an end. MPs should have to deal with exactly the same trials and tribulations of the tax system as their constituents, otherwise they will never appreciate the burdens they place on people or the failings of HMRC.

(<http://news.bbc.co.uk/1/hi/uk/7210488.stm>)

Appendix A.1: Housing MPs in the Olympic Village

With the public outraged by MPs abuses of the Additional Costs Allowance (ACA), the need to reform the allowance system is now widely accepted.

One proposal is to provide government owned accommodation for those MPs whose constituencies are outside commuter range. That would prevent a recurrence of scandals when MPs make profits from selling homes financed with taxpayers' money. It might also cut costs over time by removing the need to finance a series of new homes or rental accommodation for new MPs. There is not yet a consensus about a suitable location, and there is little appetite for new capital expenditure while the public finances are in crisis.

The best solution could be to make use of those homes being built to accommodate athletes during the Olympic Games:

- Current plans are for the Olympic Village to leave behind a legacy of 3,000 new homes.
- The Olympic Village project has failed to attract the private financing expected in the plans for the London Olympic Games. As a result, the project has been nationalised. That means there would not need to be any significant new capital expenditure in order to house MPs in the Olympic Village.
- The only outside financing for the project comes from the social landlords Triathlon Homes, who are expected to pay £268 million for 1,400 affordable homes.
- That provides a market value for obtaining homes in the Olympic Village of roughly £191,500 per home, a similar bill per home would mean that obtaining permanent homes for use by all 572 MPs outside London would cost £110 million in foregone earnings from selling the homes to private or social developers.
- This would be offset by an increase in the value of the remaining, roughly 1,000, homes in the Olympic Village. Those homes would likely see a significant increase in price, which would increase the value returned to the taxpayer when they were eventually sold.
- This only offers a rough guide to the potential value that could be realised from selling the homes that will be allocated to MPs under this plan, but it confirms that the cost can be quite modest. The Additional Costs Allowance cost over £11.5 million in 2007-08 and could largely be abolished, though significant payments would still need to be made for expenses associated with maintaining a second home such as council tax and utilities bills. Within a decade – the span of two parliaments – it would be reasonable to expect that savings under this scheme would recoup any costs associated with not selling the homes.
- As the Olympics forms a major terrorist target the Olympic Village will already need to be built with security in mind. As MPs are already concentrated during the day, at the Houses of Parliament, security concerns should not rule out concentrating them in the Olympic Village.
- Housing MPs in a single location will make it easier to arrange a variety of services. For example, those MPs entitled to a government car, or driving their own car, could share a ride into Parliamentary offices in the morning.



- As the Olympic Village will contain a variety of sizes of accommodation, it will be possible to provide room for MPs' families where necessary.
- The Olympics Village will be located close to Stratford International station. That station is set to be connected to the London Underground, Eurostar, Crossrail and Dockland Light Railway. That should mean it is easy to access from a range of national and international destinations, and being accommodated there will not leave MPs cut off from their constituents or the rest of the country and Europe.

Appendix A.2: MP's basic pay

Abuse of the Commons' allowances system has been widespread. Potentially fraudulent claims go back years, and MPs on all sides – and of all ranks – are culpable. Wholesale reform of MP's pay, perks and allowances now looks likely, and one key aspect to be addressed will be the level of – and the mechanism for setting – MP's salaries.

Indeed many politicians and journalists maintain that the roots of the current crises lie in inadequate levels of pay for MPs. Allowances for food and redecoration – so this argument goes – were promoted to supplement an apparently insufficient annual salary.

From April 2009 a backbench MP will earn £64,766 (equivalent to £5,397 a month), up from £63,291 in 2007-08. The median gross annual earnings for UK adults in work at April 2008 were £25,100.⁴

In the general context of UK earnings, individual MP's are amongst the top 3 per cent in terms of income.⁵ A weekly pre-tax income of £1,217 last year meant that MPs were paid over 3 times the average weekly wage of £388.⁶

A 10 per cent employee pension contribution, income tax and national insurance leaves a backbench MP with a post-tax income of roughly £40,000 per annum. While the significant costs of living in London are largely covered by the Additional Cost Allowance or London Supplement, many MPs will still have mortgage commitments on constituency homes, but even after mortgage repayments this will be significantly more than the gross income of most of their constituents.

MPs with 'additional pay'

There are, at present, 646 MPs in the House of Commons. However, only around 500 of these are paid just the standard 'backbench' wage. The 2008 Senior Salary Review Body's enquiry into MP's pay estimated that there were around 150 MPs in receipt of additional payments.⁷

Members of the Government – ministers and Secretaries of State – along with the Speaker and senior members of the Opposition qualify. Additional payments are also paid to party whips, the Chairmen of Select and Standing Committees and other Commons officials. Currently there are 78 Government ministers and Under Secretaries sitting in the Commons, 43 select committee chairmen and 37 standing committee chairmen, all in receipt of additional payments.

⁴ National Statistics (14 November 2008) 2008 Annual Survey of Hours and Earnings , p.2

⁵ Both before and after 'Housing Costs' are factored in; see Department for Work and Pensions (2008), Households Below Average Income 1994/95 – 2007/08, p.12 & Department for Work and Pensions (2008) Family Resources Survey 2007-08, p35; see also the Institute for Fiscal Studies – <http://www.ifs.org.uk/wheredoyoufitin/>

⁶ Median Gross Weekly Earnings for all employee jobs; National Statistics (14 November 2008) 2008 Annual Survey of Hours and Earnings

⁷ Senior Salaries Review Body (January 2008), Review of Parliamentary pay, pensions and allowances, p.3

With the supplement, many MPs now earn in excess of £100,000 per annum.

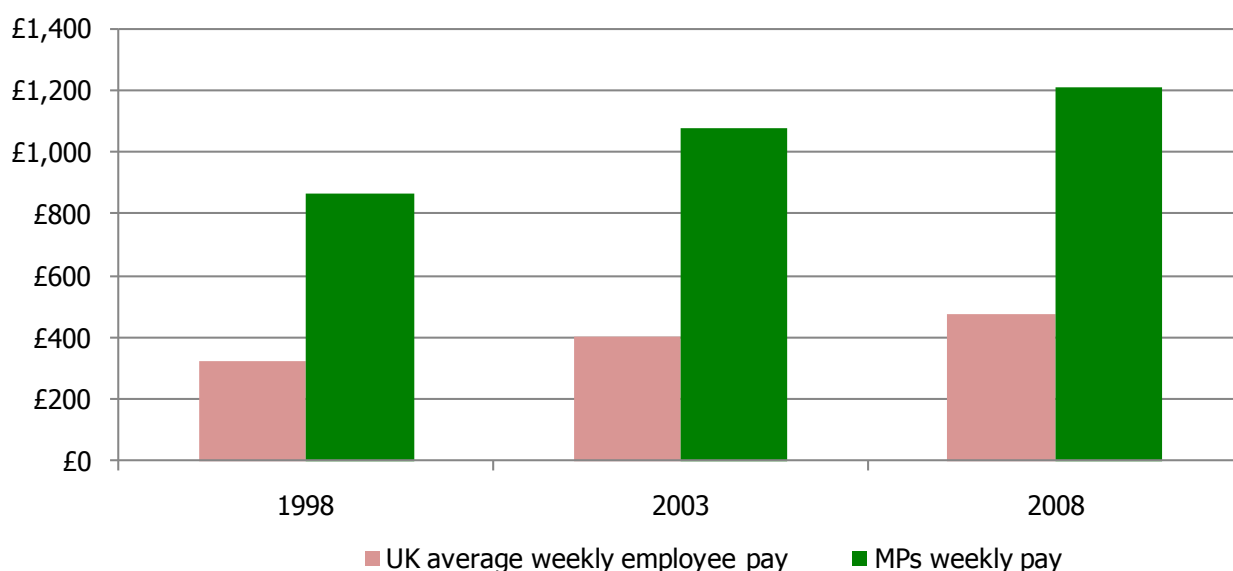
Figure 1: MPs eligible for salaries in excess of £100,000 at April 2008⁸

Position	MP's Salary,£	Additional Pay,£	Total, £
Prime Minister	63,291	130,959	194,250
Cabinet Ministers	63,291	78,575	141,866
Government Chief Whip	63,291	78,575	141,866
Speaker	63,291	78,575	141,866
Lord Chancellor	63,291	78,575	141,866
Leader of the Opposition	63,291	72,529	135,820
Solicitor General	63,291	68,464	131,755
Advocate General	63,291	68,464	131,755
Ministers of State	63,291	40,759	104,050
Government Deputy Chief Whip	63,291	40,759	104,050
Opposition Chief Whip	63,291	40,759	104,050
Chairman of Ways and Means	63,291	40,759	104,050

Rise in MP's pay

MP's earnings have lagged behind the general rise in wages, but not as significantly as some have implied; between 1998 and 2008 MP's pay rose by 40 per cent, compared to 46 per cent for the average employee wage.⁹

Figure 2: Increase in UK average weekly employee pay and MP's weekly pay (1998-2008)¹⁰



⁸ House of Commons Fact Sheet M6 (December 2008), Ministerial Salaries, p.3

⁹ House of Commons Fact Sheet M5 (October 2008), Members' Pay, Pensions and Allowances, p.21; National Statistics, Annual Survey of Hours and Earnings, 1999 & 2008

¹⁰ For illustration of these rises in relation to the Retail Price Index, see House of Commons Library Standards Note SN/PC 04585, p27

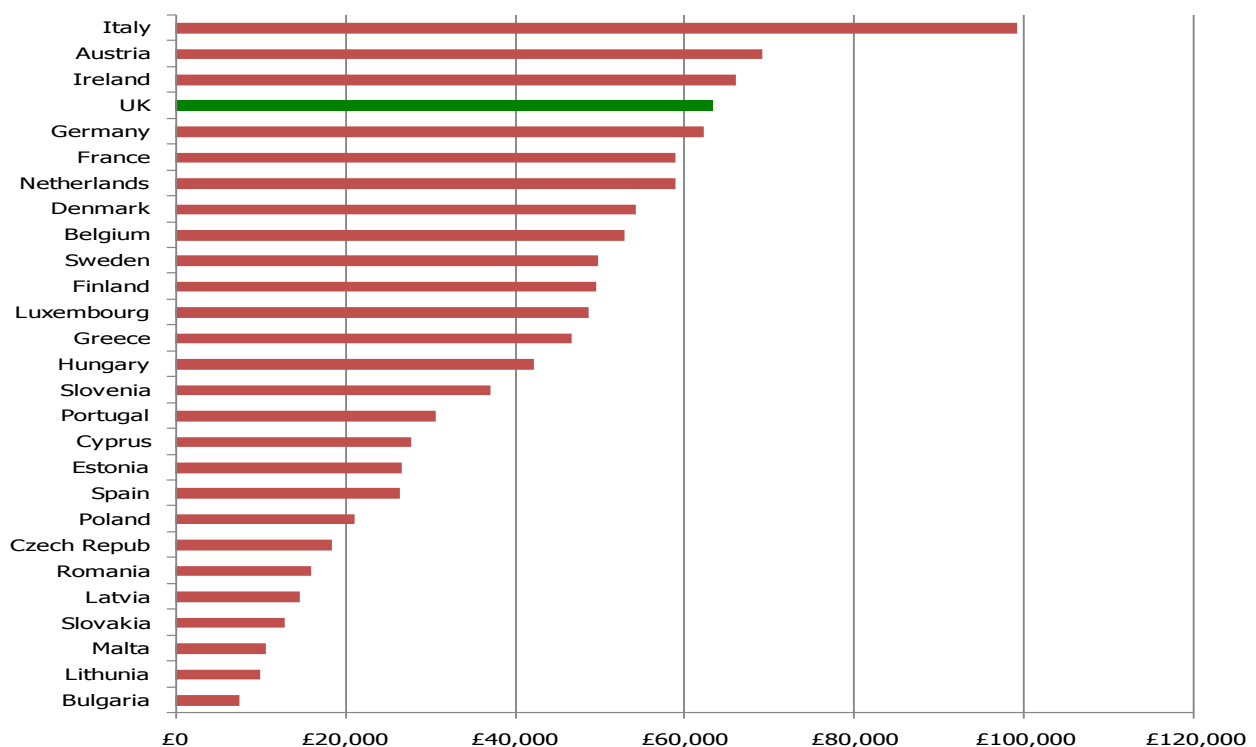
The one area with which MP's pay has not kept pace is the public sector in general, particularly with the professional positions (senior army officials, judges, NHS staff, senior civil servants) used as comparators by the Senior Salaries Review Body.¹¹ However, while nurses and engineers require specific qualification and experience, being an MP does not. There are legitimate concerns about the barriers to entry in becoming an MP (such as the cost of getting elected), but these are separate to the issue of pay. While complex and often onerous, the job of a parliamentarian cannot viably be compared to that of a judge or a doctor.

MP's in an international context

A much more helpful comparison to draw is that between MP's and other representatives abroad. In 2007-08 the British MP's salary of £63,291 a year made them some of the best remunerated representatives in the world. In the EU only Italy, Ireland and Austria paid more (see figure 3 below).¹²

Moreover, British MP's represent relatively few constituents. Each member of the US House of Representatives represents around 696,000 constituents, more than seven times the average 94,000 a British MP works for. In Australia, where MP's pay is less and the Parliamentary system similar, each MP represents around 133,000 constituents. In Germany the ratio is one Bundestag member for every 134,000 people.¹³

Figure 3: Comparison of EU Parliamentary salaries (2007-08)¹⁴



¹¹ Senior Salaries Review Body (January 2008), Review of Parliamentary pay, pensions and allowances

¹² Directorate General of the European Parliament (05 January 2009), *Record sheet on the relative pay of members of National Parliaments 2007-08*

¹³ House of Commons (23 April 2009), Standard Note: SN/PC/05050 – Members' pay and allowances; arrangements in other parliaments, p.3

¹⁴ Directorate General of the European Parliament (05 January 2009), *Record sheet on the relative pay of members of National Parliaments 2007-08*; €/£ Exchange rate of 0.706, a 2007-08 average.

While differences in the constitutional structure of countries (such as between federal and unitary states, unicameral or bicameral legislatures) do make direct comparisons difficult, criticism that they are irrelevant are misplaced. *Government* is certainly more centralised in the UK than it is in most other countries, but the relevance of ordinary members in the national parliament – in terms of policy and budgetary scrutiny – is roughly similar across most rich countries.

MP's pensions

Just as parliamentary expenses cannot be discussed without reference to pay, pay cannot be considered without reference to MP's pensions. According to the House of Commons:

"Members of Parliament belong to the parliamentary pension scheme. This is a final salary scheme with a current accrual rate of 1/40th or 1/50th. It is a contributory pension with the [MP's] contribution rate now set at 10% (40th accrual) and 6% (50th accrual) of salary."¹⁵

The parliamentary scheme is one of the most generous in the public sector, and far more generous than the private sector norm. After twenty years of service (and a contribution of 10 per cent) MP's can expect to receive around £30,000 a year (in today's prices) from their pensions. If an MP is forced to stand down due to ill health, they are entitled to the pension they would have received had they remained in the Commons until they were 65, regardless of age or the length of service prior to departure.¹⁶

The cost of MP's pensions is split between the taxpayer and Commons members. The amount paid by the taxpayer has risen significantly in recent years; from £9.8 million in 2003 to £12 million in 2008. Over the same period MP's contributions from MP's have gone up from £3.6 million to £4.3 million, an increase of just £700,000.¹⁷

At present the taxpayer contributes roughly 27 per cent of an MP's annual salary into the Commons pension pot.¹⁸ For an ordinary back bencher (with no additional salary) this is equivalent to an additional £17,486 in annual pay.

Before any expenses, allowances or taxes, the average back bench MP will earn in the region of £82,252 over the coming year (between their salary and the employer contribution to their pension).

A Golden Farewell

Any member of the House of Commons who stands down before an election, or loses their seat in said election, is entitled to a 'resettlement grant'. Depending on age and length of service, an MP

¹⁵ House of Commons Fact Sheet M5 (October 2008), Members' Pay, Pensions and Allowances, p.9

¹⁶ Senior Salaries Review Body (January 2008), Review of Parliamentary pay, pensions and allowances, p.56

¹⁷ BBC News (14 February 2009), "Brown demands MP pensions review" – http://news.bbc.co.uk/1/hi/uk_politics/7889863.stm

¹⁸ Government Actuary Department (31 March 2009), Parliamentary Contributory Pension Fund Valuation as at 1 April 2008



receives between £32,383 and £64,766, 50 - 100 per cent of their final salary.¹⁹ The first £30,000 of any 'resettlement' payment is tax-free.

Established to help MPs adjust to 'non-parliamentary life', the grant is parliament's alternative to a redundancy payment.²⁰ According to PriceWaterhouse Coopers, the level of resettlement payment falls roughly in line with practice for senior managers in the private sector.²¹ Where it differs is that it is awarded to *any* MP who leaves the Commons at an election, whether they have lost their seat or not.

If an MP chooses to step down voluntarily they remain entitled to the grant. If an MP retires onto the parliamentary pension at 65, or above, the grant also continues to be awarded. Departure from the Commons due to ill-health, at any time of the parliamentary cycle, also guarantees access to a resettlement grant.²²

¹⁹ House of Commons Fact Sheet M5 (October 2008), Members' Pay, Pensions and Allowances, p.20

²⁰ House of Commons Research Paper 08/31 (March 2008), Parliamentary pay, allowances and pensions, p.52

²¹ Senior Salaries Review Body (January 2008), Review of Parliamentary pay, pensions and allowances, p.47

²² Known as the 'ill-health retirement grant'