

The Secretary  
Committee on Standards in Public Life  
35 Great Smith Street  
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Dear Secretary

I wish to contribute to the important debate on how to reform the MPs allowances system.

I have in the past made suggestions regarding reform and have been very vocal on this issue. I do not think that these were taken seriously at the time. I believe it is imperative they are now.

I have in the past consistently called for: -

- A ring fencing of the majority of the second home allowance to be used only for actual accommodation costs: not furniture, fittings etc, which would have ensured this allowance was used for the purpose intended and would have prevented extravagant claims.
- An end to those MPs who get second homes with their job (some Ministers, the Speaker) to be able to claim second home allowance.
- An end to MPs who are married and in civil partnerships being entitled to two allowances when they only have one home.
- Very clear rules on which is an MP's actual main home and punishment for any MP found to be breaching these.
- An end to second home allowance for all London MPs.

I am glad some of these things have finally been adopted and with regard to others, the debate has now moved on so I make my comments and recommendations from where we are now.

I would like to play a part in helping reform the system and hope my submission is helpful. I would be very happy to be interviewed by the committee to elaborate any of the points here.

### **General Principles**

The new system must restore confidence in the system of parliamentary allowances. It must also continue to allow MPs who cannot realistically return home each day and do need to live in London during the week to be able to do so as well as to employ staff to assist them with their work and run two busy offices.

The key principles I believe must be followed: -

1. There must be a **clear separation of MPs salary/income and any allowances**. The confusion of this, through acquisition of property, usage of allowances on family homes and extravagant claims have seriously blurred this and given the impression that MPs allowances are in reality a salary top-up.
2. Second home allowances must only be used for reasonable and justifiable costs of living in London for out of London MPs.
3. MPs must no longer be able to financially benefit from the allowances.
4. However, MPs should not be penalised either and should not be forced to pay for things that are actually reasonable costs of living in London. Nor should any MP's expenditure be regarded as a benefit in kind and the MP taxed personally on this. MPs are not small businesses and should not be regarded as such.
4. All allowance claims should be published and in the public domain and receipts or bills provided for all items of any value.

### **Reform of the Second Home Allowance**

1. MPs should no longer be able to use second home allowance to acquire or contribute to property.
2. I think that most MPs allowance payments from now on should be made centrally, by the House of Commons, rather than MPs paying for things and claiming them back. This would stop the impression that MPs are 'on the take'. It would also ensure that purchases are reasonable, compared to a central list. Clearly some things would still need to be bought and claimed, like taxis and some stationary/printing for example, but any purchase of items for second home or office equipment should be done centrally. A list of what must be requested as a central purchase and what can be 'claimed' in the normal way would need to be drawn up.
3. I personally think that it is time for Parliament to seriously consider acquiring or building accommodation for MPs who wish to be provided with a suitable accommodation (basically a one bedroom flat) during their tenure as an MP. I would love to not have either the hassle and administrative burden of bills and claims as well as then it being clear that I am simply provided with an adequate home in which to live whilst in am fulfilling my duties as an MP in Westminster but that I cannot benefit financially in any way as the property is owned by the taxpayer and loaned to me.

Each MP's flat would be furnished with basic furniture and fittings (a list would need to be drawn up) and this also would remain the property of the house/taxpayer. It would be for the HoC to repair and, when necessary, replace. Any other items wanted by any MP would be provided by them, so there would be a sense that all MPs are being provided only with what is reasonable to enable them to live in London and would not be allowed to make any other purchases for items such as furniture with allowances.

With the damage done by the current scandal, in some ways this is the only way to show the public that MPs can no longer benefit from ‘second homes’ so it is time this was seriously considered. The main arguments for not doing so are (1) that it would be expensive to build or buy suitable accommodation and (2) that the current system is very complicated with some MPs in mortgaged properties and some in rented properties.

With regard to (1) this needs to be offset against the annual outlay of rent and mortgage and hotel costs which must be a huge sum. Following initial purchase, there would be no such cost to the taxpayer. The only costs would be repairs and replacement. With regard to (2), the counter argument is that the mess we are in is a lot to do with the very complex and different arrangements that have developed over many years, so this is not a decent argument against going down this route!

Realistically, though, starting from the position we are in it is probably unrealistic to suddenly acquire (or build) accommodation for all MPs and insist they give up current homes. This should not, however, be a reason for parliament not pursuing this and acquiring property for at least some MPs who would then give up expensive rented or mortgaged accommodation. This would be a longer term investment for the taxpayer and show that parliament is listening.

#### 4. Rent and Mortgage Payment

Whist these continue (and they realistically will have to) rent (and mortgage payments if they are to continue) should be set at a maximum level based on the market rental of a one bedroom flat in central London. It would be unreasonable to prevent MPs from outside London, who already have to spend hours a week commuting to/.from their constituencies, from being able to live in central London, within reasonable distance of parliament. My current rent on a one bedroom flat is £1,408. I would be happy to show members of the Committee my flat if that was deemed helpful by the Committee to get a sense of what such a flat is like and if it is appropriate for MPs’ needs.

#### 5. Furniture

In a way it would make sense to allow allowances to be used for furnished flats only. However there is a huge discrepancy in what is meant by furnished, so it would be reasonable for the House of Commons to come up with a list of necessary items and where MPs do not have them provided as part of their rent, they should be allowed to purchase them.

It is suggested that this be purchased centrally from an agreed list with several choices, all of which have been deemed reasonable and good value.

To restore faith in the system, whilst I would rather be provided with a furnished flat by parliament, in the absence of that, I would be happy that any furniture bought from allowances be returned to the House of Commons authorities when an MP leaves. However, whether there would actually be any benefit to the taxpayer of doing this is doubtful and in reality this could actually cost money with the HoC authorities then having to scrap and store items as well as redistribute others still in good condition.

## 6. Cleaner

Like most non London MPs, my week involves me coming down to London and coming straight to parliament then returning to my flat late that night (I rarely get to my flat before 11:30pm). This is the pattern each day until I return home, usually on a Thursday. I live in London away from my family. I am therefore not around to clean my flat so it does not seem unreasonable to be able to claim for a cleaner, but only with receipt and up to a reasonable maximum per month. I have been claiming for a cleaner for 3 hours every 2 weeks (not in recess unless I am there). My cleaner charges £12 an hour and gives me receipts.

## 7. Subsistence

The current system is £25 per overnight stay which is similar to private sector jobs. Again, understanding the nature of MPs' time in London and the fact we are generally at work till late and do not return to our second homes till very late, although we do have a second home, we are still away from our main homes and our families. Like most MPs I am therefore unable to cook my own meals so a daily subsistence rate seems reasonable, but only on the basis of providing actual dates of being in London.

### **I reject the following suggestions: -**

#### **1. The suggestion of scrapping Second Home Allowance in favour of a pay rise**

There is talk that the Second Home Allowance may be scrapped and that instead, MPs be given a substantial pay rise. This is appalling and must be rejected. First of all, this would send a terrible message to the general public who already have little or no confidence in the system. But secondly, this would in effect introduce different classes of MPs, and would hugely penalise MPs who live outside London and don't have homes with paid off mortgages. London MPs and other MPs who don't have to pay rent or a mortgage on a second home would in effect be paid a much larger salary, whereas others would then have to meet the costs of their second home from their own salary, which is unfair on MPs and their families. It is vitally important that second home costs and allowances are kept separate from salary. As well as being patently and grossly inequitable and illogical, it would increase rather than decrease the current sense that ACA is used to line Members' pockets. So any such a move would bring the house into further disrepute and must be rejected.

## **2. The suggestion that MPs only need accommodation for the nights they are in London**

This is simply unworkable. Living in two places, which the job requires, means for the vast majority needing a permanent base. It is necessary to have clothes, toiletries etc in the second home, it would not be reasonable to expect MPs to travel down each week with 3-5 days worth of suits, toiletries etc.

In addition, those of us with families at times have our partners/children coming to stay with us. I don't think anyone would begrudge MPs that, considering just how family unfriendly the job is by necessity. Occasionally this includes staying in London for the weekend, and the family joining the MP, instead of the MP returning to the constituency to see their family. There are also sometimes events in London that the MP would wish to attend as part of their job.

### **Suggestions for reform of IEP**

#### **1. Members being taxed on new IEP purchases**

It is currently completely unfair that MPs are tax liable for new office expenses. It is quite ridiculous that every time an MP buys a desk, a chair or a computer for a member of their staff so as to enable them to do their job, that they have to pay top rate tax on it. This means that if an MP spends £100 on a desk and chair for a member of staff, the MP has to pay at year end, £40 from his or her own salary. This tax can be quite considerable for MPs in their first couple of years when setting up an office, but is always unfair and completely inappropriate. It makes personal budgeting very difficult and has an effect on one's personal/family income.

Although this can be claimed back over 4 years, it still can have a notable impact at financial year end which as well as being unfair can be quite problematic. This kind of expenditure is not, in any way, a benefit in kind, nor contributions to a small business. So MPs should not be liable to tax spent on legitimate office expenses or they and their families are being penalised.

As has already been stated, could a solution be that any such purchase is done centrally, by the House, on request from an MP? Or it is possible to change IEP so that MPs are not liable for tax, as is currently the case with ACA purchases?

#### **2. New MPs – Office start-up costs**

At the moment, there is no acknowledgement in the system of the situation that new MPs who win seats from other parties find themselves in. Such new MPs are unlikely to have a constituency office and following election need, quickly, to find and fund a constituency office, including buying furniture, setting up phone lines and covering the costs of decoration and refurbishment. There is nothing in the IEP budget to cover this

which puts such new MPs at a considerable disadvantage. Existing MPs get exactly the same budget despite having an established office and not incurring such inevitable start up costs. This is inequitable and makes life very difficult for new MPs who, as well as having to get used to the job, also have to recruit and employ staff and set up two offices.

So the suggestion is to provide all new MPs with a ring fenced budget that they can spend on refurbishment and set-up costs. Receipts/bills would have to be provided and claims made in the normal way up to the maximum.

### **3. Office Moving Costs**

From time to time, MPs will move their constituency offices, sometimes because they have to. I have had to move office twice since election and have had to incur considerable costs in doing so including decoration, transferring of IT equipment, phone lines etc. This has taken up such a notable proportion of my annual IEP budget which means that I cannot do other things I had intended to do which will affect the service I am able to offer constituents. I still need to refurbish the office to create a private surgery room so I can offer an appropriate space for dealing with constituents, at the moment no such room exists. However I simply cannot afford this with my annual IEP already allocated, something that I am sure is the case with most MPs as the IEP budget as it is low considering what it is supposed to cover. So to then have to find the unavoidable costs of moving from this is impossible. In my case, the fact is that I need at least £6,000 to cover the considerable costs of the move and refurbishment, money I don't have.

So I am proposing an additional allowance for MPs when they move offices. This budget could be ring fenced e.g. an allowance per office move for which all receipts would need to be provided. It could be on the basis of one allowance per parliament (even if they move more than once, as I have had to this parliament already!).

Very few existing premises are exactly as they need to be to provide an appropriate constituency office, so some refurbishment is likely to be essential as well as decorating costs. So it is commonsensical and appropriate that there should be an additional allowance to cover this.

I believe that these two measures should be introduced to allow MPs to set up constituency offices that enable us to best serve our constituents. At the moment, we have our Westminster office decorated automatically and can even order any art to decorate the walls, and yet don't have the provision to meet unavoidable costs for redecoration or refurbishment for our local offices which is much more important in assisting us doing our job.

### **Communications Allowance**

This is an important and valuable allowance to enable MPs which, if used properly, can really assist the difficult task of reaching out to constituents and making MPs, Parliament and politics more relevant to people. Without this allowance, we would return to the

confusion of IEP with some of it used for communications purposes. It would be most regrettable for MPs only to communicate with their constituents in a party political way rather than in a community spirited way. I, for example, use some of this money to do an annual report which is a vitally important way of telling all my constituents what I have been doing on their behalf.

The key thing is to monitor proper usage of this, which seems to happen very well now and to disallow things that do not abide by the rules. But it would be a huge mistake to return to the blurring of IEP which we then have to use for such communications, annual reports etc, which are very important.

### **General Suggestion**

#### **Rename allowances ‘budgets’**

The term “allowances” is now discredited and the use of the word “expenses” is mistaken. Already, there is a perception amongst the public, perpetuated by the media, that MPs ‘expenses’ allow us to claim for just about anything, including for buying meals and drinks, and that somehow we benefit financially from claiming these expenses. I have seen in the press it described that MPs “pocket” the entire sums of totalled allowances plus salary. The biggest absurdity perpetuated by this presentation that we somehow benefit financially, personally, from the salaries deservedly paid to and earned by our hard working staff.

The term ‘expenses’ suggests things can be claimed the way people working for private companies can, which is not the case. Allowance suggests that everyone may or at least can take the whole allowance regardless of whether they need it or not.

I think the new different amounts of money provided for MPs to do their jobs should be renamed ‘budgets’ i.e. Office budget, London Living Budget and Staff Payment Budget. Budget suggests a certain sum that can be claimed and has to be properly accounted for. This, I believe would assist with people moving away from thinking that the money MPs spend on legitimate office, second home and staff costs were somehow financially beneficial to MPs.

### **Conclusion**

I am pleased there is a serious review of MPs allowances. This is necessary if we are to restore public confidence in the system.

All I ask as an MP is that I am enabled to live in London during the week to enable me to do my job without it costing me and my family or making life difficult.

So we need a new, workable and accountable system that does that: introduces a separation between all allowances and salary and makes it clear to the public that what MPs cost the taxpayer is reasonable and justifiable in doing their job.

Yours sincerely

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