

Response to the Committee on Standards in Public Life Review of MPs' Expenses

from
Lynne Jones MP

I would like to comment on some of the issues and questions to be addressed as laid down in Section 1.15 of the consultation document.

As a general principle, MPs should be able to appoint a body accountable to them which is the main forum through which MPs can collectively make recommendations to a truly independent body which decides on remuneration and allowances for MPs. The independent body should have appropriate experience and expertise but should also have lay representation. After ensuring appropriate consultation (including with individual MPs), the recommendations of the independent body should be binding.

The recommendations of the Baker Review seem to me to be a reasonable basis for assessing MPs' pay, so as to ensure that it is not necessary to periodic "catch-up" reviews.

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1. Second homes

I do not agree there is any need for a substantial uplift in parliamentary salaries to deal with the problems that have been experienced with Additional Costs Allowance, recently redesignated as Personal Additional Accommodation Expenditure (PAAE) but there are grounds for a small increase to cover the additional personal expenditure that is common to all members who are not able to commute between parliament and their constituency on a daily basis and for whom it is necessary to have a second home either in London or in their constituency. I have in mind ongoing repairs and maintenance, once the Member has set up their first "second" home following their election as an MP (see below).

Rules should be laid down as to which of the two homes (in London or in or very near to the constituency) are the main and second home based on factors such as the time spent in each averaged over the year and the location of close family members eg where children attend school or where a partner works. It would not be fair to insist that the constituency home was always the main home eg in the case of someone based in London prior to their election to parliament. Equally, it would not be appropriate to be able to claim for the costs of a family home based in London when a second

constituency home could be acquired at a lower price. It would be reasonable to expect that a second home would usually be smaller than the main home. Any home purchased with the benefit of any parliamentary allowance should be subject to capital gains tax, irrespective of its designation as main or second home at the time of sale..

Recalling the difficulties I experienced after my election in 1992 in trying to establish a base in London that would be a comfortable place for me to stay whilst working in Westminster and also have sufficient facilities to enable my young family to stay with me from time to time, I think care needs to be taken to ensure that the new arrangements are fair to new members. On the other hand, it is unacceptable for longstanding members to still be able to claim the maximum allowances. I would therefore advocate that the interim measures that limit claims for the PAAE should largely be continued for existing members. Members should be able to claim the following costs for their designated second home:

- Capped mortgage interest or rent;
- Unavoidable charges such as service charges, ground rent and Council Tax;
- Utility bill such as gas, electricity, water and telecommunications charges (broadband charges to enable use of the parliamentary intranet should be organised centrally as is possible at present.

Reasonable additional costs (eg to cope with fair wear and tear) should be incorporated into a small flat rate allowance or addition to the salary (in the latter case it would be taxable but would also be pensionable). There should be no subsistence allowance or payments for food, though the additional costs of eating out due to late night working could be taken into account in the level of the additional costs allowance or salary increase. This would not be payable to new members in their first term. (They should instead benefit from special arrangements as detailed below.) This allowance would be payable as of right.

Such an arrangement would be fair, would prevent “trading up” to maximise expenses claims and would also have the benefit of being much simpler to administer, once the initial parameters (see below) were set.

For **new members only**, there should be a setting up allowance payable over 2 or 3 years for the furnishing, equipping and refurbishing to a reasonable standard of any unfurnished accommodation as well as reasonable costs in connection with the acquisition of such accommodation. This allowance should be updated in advance of a general election. It should be lower in the case of part furnished rented accommodation and minimal for fully furnished accommodation. The permitted capped rent would necessarily be higher in such circumstances. Payments for temporary accommodation based on the actual costs incurred but limited to say, the cost of the equivalent of a three star hotel, should be permitted for up to 6 months, extendable in exceptional circumstances.

There should be a cap on the capital value and (thus associated interest only repayments) or rental costs of the second home and this should reflect the cost of acquiring accommodation within reasonable travelling distance of Westminster or in or near the constituency and of a reasonable size (not larger than 3 bedrooms) except in *exceptional* circumstances (such as the household being large or having a member with a disability) which would need to be considered on their merits. For established members, the cap on the payment of mortgage interest should be updated (up or down) in line with changes in interest rates. The cap on allowable rental costs should be changed in line with general changes in rents in the area the property is located. Members would be permitted to designate a more expensive property as their second home but would be required to meet the difference in costs from their own resources.

If a Member subsequently wishes to change the location of the second home, this should be permissible but the cap on the mortgage interest or rent payable would be that associated with the first property and other charges would have to be reasonable having regard to those associated with the first property. There would be no payment of moving or setting up costs.

In this way, though new members would benefit from the reimbursement of the full costs associated with the acquisition of a reasonable second home at the prevailing rates, costs rechargeable should, over time, reduce considerably for established members, particularly those who have purchased their second home with a mortgage. The arrangements would also prevent large windfall gains from increases in the value of property and what gains were made would then be properly shared between the member and the taxpayer through the application of capital gains tax .

2.. Office costs

As far as I am aware, the present arrangements are largely acceptable but for care needed in paying for office expenditure in a property owned by the MP. Costs of food and drink etc for staff consumption should not be allowable.

3. Travel

Recent changes limiting the constituency mileage dependent on the physical size of the constituency are welcome and should be further refined. There should be a limit on the number of journeys between the constituency and Westminster to reflect the parliamentary calendar with an allowance of one journey per week plus say a maximum of an additional, say 10 journeys, to take non-regular event/exceptional circumstances into account.

4. Employment of staff

I have never personally employed a relative, though, due to the nature of the work, can envisage there are circumstances when it is reasonable to do so. However, all posts should be openly advertised with detail of the location of the workplace and the salary scale which should be in line with published

guidance rates for the job described in the advertisement. Records should be kept to justify any decision to employ a family member.

5. Communications expenditure

I did not support the creation of the Communications' Allowance and I believe it has largely been used to promote the work of individual MPs rather than as a means of genuinely communicating with constituents. On the other hand, the "rules" regarding the use of House stationary were and are over-restrictive eg preventing pro-active communications with constituents about important issues of direct relevance to them and their community. Apart from discretion for a small amount of personal and office use, my understanding is that House stationary is only permitted for responsive communications with constituents. This should change to allow pro-active use of the parliamentary post but within a total limit, not out of line with the current limit. This was, quite rightly, imposed after suspicion of widespread flouting of the rules.

6. Outside Remuneration

This should be allowed but limited (eg to no more than any parliamentary salary receivable) and the remuneration received and the hours of work involved should be published.

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