



**SDLP SUBMISSION TO:
THE COMMITTEE ON STANDARDS IN
PUBLIC LIFE
Review of MPs' Expenses
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SDLP submission to the Committee on Standards in Public Life;
Review of MPs' expenses

The SDLP believes there should be total transparency, clarity and accountability surrounding MPs' expenses. This is public money for public roles and therefore must be entirely justifiable.

The issue of MPs' expenses and salaries should not be placed in the hand of members and should be presided over by an independent regulatory authority.

The controversy surrounding the corporate handling of the expenses issue should not be permitted to distract from the responsibility all MPs individually and collectively have for their own expenses claims.

The SDLP back calls for the early disclosure of expenses and fully supports the planned full publication procedure already agreed.

It is essential that all concerned learn lessons from this expenses scandal and that necessary, appropriate and well thought through changes are made to the political system in order to rebuild public trust.

We believe that the present situation arose because a flexible and potentially abusable expenses system was allowed to evolve as an alternative to a robust and equitable salary arrangement.

It is necessary to ensure simplification to the current expenses process. However, It is vitally important that politics does not become the preserve of a wealthy ruling class or political dynasties and that the whole population are enabled to participate in the political process, either through exercising their right to vote or by standing for election. In this regard it is important that pay levels for MPs are set at a level that is sufficient to both make representing a constituency affordable to those who do not have independent wealth and to attract skilled individuals to the job.

An MP's basic salary level should be in keeping with comparable levels in the senior civil service or in the private sector. This should be determined by independent review and the proposed independent regulatory authority.

Similarly any MP's additional personal expenses should be reformed to align with the expenses allowable to civil servants on a similar salary scale.

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?

MPs can only successfully carry out their duties when they command public trust. It is absolutely necessary, in order to restore this trust that the system of remuneration for MPs is overhauled to ensure total transparency, clarity and accountability. Full disclosure of MPs' expenses is the key element in this process.

To ensure that public trust in their politicians is restored, any new system must provide significantly stronger guidance for MPs on employment of staff and the termination in its current application of the second homes allowance in order to remove any ability to exploit the expenses system.

Additionally and crucially in the context of politics in Northern Ireland an agreed solution must be put in place to provide a timely solution to the issue of dual or multiple mandates.

This could be facilitated by an all-party agreement on a definitive timetable for ending dual mandates. Unfortunately SDLP proposals to achieve this in the Northern Ireland Assembly were voted down by other parties who favoured a "flexible approach."

2. Is it right that the House of Commons should be in a position to determine the nature and size of its own expenses scheme? If not, what are the alternatives? Who should be responsible for approving the content of the Green Book which sets out the basic rules?

The necessary overhaul of the system of MPs' expenses and salaries should not be placed directly in the hands of members but instead should be presided over by an independent regulatory authority whose recommendations are accepted by Parliament.

Following this overhaul, the Green book on MPs' expenses should continue to be maintained by the independent regulatory authority. Formal input to the authority which might be made by the Speaker, the Leader of the House or any other Parliamentary authority must be on open record.

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?

We have become acutely aware over the past few weeks as to the scale of the exploitation of the current expenses system by some members. Therefore it is apparent that MPs themselves and the Fees Office have not been making correct judgements as to reasonable entitlements and that this process must be placed with an independent authority.

The former ACA, now PAAE has covered too broad a range of reimbursable expenses for a single allowance. We would prefer an accommodation allowance to be used solely for the cost of hotel stays, rent or mortgage interest up to an appropriate limit. We would also favour a direct payment system for such accommodation expenses rather than the less reliable and unseemly reimbursement method insisted upon to date and obviously abused by some. The experience of the operation of the MPs' travel card is a fairly good precedent. Similarly we would suggest a Travel Office style service to help MPs arrange accommodation and have standing deals with hotels etc.

We would also envisage a much smaller additional allowance to help with any legitimate incidental expenses incurred due to second homes or dislocation costs from attendance on Parliamentary business which are not deemed to be covered by MPs salary after review.

Such changes would help to prevent the misapplication of allowances for excessive and eccentric purposes that have emerged to date. It would also help to ensure that the paying authority was only meeting bills which are current and real.

Additionally, while some flexibility may have to be provided there must not be flexibility which allows for the practice of "flipping" the designation of second homes.

4. Are the arrangements for policing the expenses system adequate? If not, how should they be reinforced? Is there adequate independent involvement? Are the new arrangements for internal and external audit introduced at the beginning of this financial year adequate?

Clearly these arrangements have not been adequate, nor have they been consistently enforced or observed. Given the scale of some of the exploitation of the current system it is essential that new, carefully considered arrangements are put in place in a timely manner and that this new system is overseen by an independent authority.

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 tax payer?

Members of Parliament should act solely in terms of public interest and therefore there should be no financial advantage to be gained through the claiming of personal expenses. Members must be free from the perception of personal profit from the taxpayers' subscription to property costs.

There are a variety of personal or family circumstances which could make it legitimate for an MP to favour a purchase option in respect of their second home within limits and subject to conditions. A reformed accommodation allowance could be used to support a variable purchasing cost such as mortgage interest. However MPs and taxpayers must be free from the impression that such a facility can be used to play the property market for personal profit at the taxpayers' expense.

Therefore the independent authority should stipulate on a case by case basis a co-ownership stake in such properties for parliamentary funds. This would mean that when any such property is sold public funds would receive their duly proportionate share of any profit involved as well as repayment of any other subventions from parliamentary funds towards purchase, for example stamp duty, legal fees etc.

Such case by case stipulation by the authority should allow for the proper registration and recognition of personal investment by MPs or their partners, which may be significant. This system should apply to existing properties held by MPs to free them and the public from the impression of "cleaning-up" before the

clean-up. Any predicament of negative equity must also be appreciated if we are to reflect the principle that people are to be neither unduly out of pocket or unduly “in pocket.”

Cabinet regulations requiring Ministers to live in London must be synchronized between the independent authority and the Cabinet Office to prevent confusion or any possible abuse occurring in the system.

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?

The principle of reimbursable expenses is that someone should not be out of pocket because if costs necessarily and directly incurred due to the nature and circumstances of their employment. However, it is at least equally important to ensure that a publicly funded expenses regime does not put people “in pocket” through excessive, open or unverified allowances.

It is necessary to simplify the current expenses system. Politicians and the public need to be free from the appearance of a “claim, claim, claim!” expenses culture. More direct payment to third parties and reduced reimbursement claims would help. Again we would offer the example of the management of MPs’ travel expenses through the travel card and travel office.

A case is now being made that costs so constantly incurred by way of personal outgoings and accommodation choices should be factored into salary levels rather than being redeemable as expenses. We have previously resiled from the idea that large pay rises should be the answer to the expenses issue. Those who have always held that such payments should not be seen as personal income may not like having to accept their value as personal income rather than a reimbursed valid expense. There is also the danger that such a complete switch could be perceived as reward for all due to abuse by some.

Salary levels could be reviewed to take account of more incidental and occasional expenses such as “subsistence” but we would see problems with trying to fully factor main accommodation costs into salaries. We see a case for a streamlined well targeted accommodation allowance as indicated at question 3.

Other costs to support the work of an MP, staff, travel, office costs and communications must be funded in their own terms and totally separately from members' salaries. Again the more these allowances can be directed, rather than claimed by members, and managed by an independent authority the better.

In the context of improved transparency details of allowances per MP should include totals for tax and national insurance within staff costs, rates for offices, Vat on significant items etc.

7. Where reimbursement is made in respect of expenses such as the cost of running an office, should this payment continue to be made as an additional personal expenses allowance to MPs? Or could the payment be made directly by the House authorities or in some other way? Is there a case for more centralised procurement through the House of Commons authorities? If so in which areas might such procurement take place?

A significant staff allowance is needed to support MPs in both their parliamentary and constituency duties. Online communications have added to the demands on MPs and the staff capacity they need. Staff should be appointed and directed by the MPs but essentially employed by the House of Commons. We are also satisfied with the system and support available regarding payroll services, contracts, job descriptions, indicative salaries etc and believe robust input and tight supervision on staffing matters must continue to be provided and further enhanced by the House of Commons.

In respect of office costs it would be helpful to reduce the degree to which they are funded by reimbursing MPs rather than direct payment on behalf of the Commons. A lot of public misunderstanding arises from the appearance of personal expenses allowances for such legitimate and regular costs. Rent, rates and utility bills should be payable directly, thereby improving the operation and the image of the system.

Other regular and incidental costs will also have to be redeemable. Where central procurement could help in terms of cost and transparency it should be considered. The provision of ICT equipment is a good working example. There would still need to be some provision for customised or local procurement of certain items but this should take place on the basis of advance approval in respect of the items and the means of procurement.

The SDLP is also supportive of suggestions that a future stage of reform should be undertaken and include consideration of state funding of political parties which could involve some correlation with parliamentary allowances.

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?

The SDLP agrees with calls to abolish the food allowance or subsistence rate of the PAAE in conjunction with salary levels being adjusted sensibly to cover subsistence costs, a distinct accommodation allowance and a separate smaller allowance for any other legitimate incidentals that might be approved.

We have also previously indicated that we favour direct payment rather than reimbursement for accommodation costs. Furthermore we have made the case for a support service to help with accommodation arrangements such as hotels and additionally managed procurement options for hotel rooms should be explored.

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

The system should allow very little flexibility to avoid the impression of members playing the system or playing the property market. Obviously legitimate moves of address have to be allowed but not 'flipping' with designations switching around between constituency and London addresses.

In the case of ministers who are required to be in London more and may have to relocate family or where issues arise with grace and favour accommodation co-ordination will be required between the Cabinet Office and the House authorities. Both should have responsibility for approving any change of designated address in respect of individual Ministers.

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

Family members should not be ineligible for employment in support of an MP. However any such employment must be clearly and specifically declared and should not extend to more than one relative. It must also be clear, to the satisfaction of the independent authority, that the person appointed has relevant qualifications or experience for the job, is definitely doing the job and is not remunerated unduly.

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

The proposed simplification of the system would mean MPs are not required to submit as many claims for reimbursable expenditure. However where such claims do arise they should be for items approved in advance and for which receipts are submitted.

There should be a limited monthly petty cash allowance under office costs so that receipts are not absolutely and continuously required for tea, milk, newspapers etc.

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?

As we believe there should be total transparency, clarity and accountability surrounding MPs' expenses we believe early disclosure of expenses is required and fully support the planned full publication procedure agreed by parliament. The figures provided should also indicate the amounts committed for tax, national insurance VAT etc. It should also be clear what monies have been paid directly to third parties and what have been paid as reimbursement of personal expenditure.

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 or guidance on these activities?

In order to ensure they are providing proper representation for their constituents, we believe where possible MPs should not have a second job and subsequent second income. There may be professional or other factors which prevent members automatically surrendering their extra-parliamentary role. If they do retain such other employment or income this must be fully declared within indicative bands. There could be a case for a bespoke super-tax rate for high non-parliamentary income or for means testing aspects of the PAAE.

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

In the context of public misgivings about the apparent or assumed conduct of MPs, proper use of the communications allowance could help to reassure the public about the role relevance and purpose of their member.

The SDLP believes the communications allowance should remain in place. Correct and proper usage of the communication allowance is essential in allowing members to relate the work they undertake to their constituents, through both traditional and new media. This process will ensure politics becomes increasingly more open and transparent and provides the public increased opportunity to communicate with their elected representative.

However, this allowance should be subject to a proportionality scale and be allocated on a pro-rata basis in terms of constituency population size. Therefore, members with a larger electorate would have a greater entitlement than a colleague from a region with a smaller electorate and/or area.

The SDLP agree that it should not be used for joint communications with other members or members of other bodies. And that consideration should also be given to more standardisation of the allowance in terms of indicative periods for constituency reports etc.