**From:** SOLEY, Lord
**Sent:** 11 May 2009 15:38
**To:** 'standards.evidence@gtnet.gov.uk'
**Subject:** Attn: the Secretary of the Committee

Dear Sir/Madam,
I am attaching two items. Firstly the written evidence I gave to Sir John Baker and secondly an article I wrote early last year. Both overlap to a considerable degree but to save re-writing I am sending both. The article refers to the number of MP's which is not directly relevant to the current situation but again, I have left it in to complete the picture.

I hope this is useful and I would be very happy to give further evidence if that would be helpful. There is a long and painful history to this and my efforts to achieve change when I was chairman of the PLP only met with very limited success.

Your faithfully,
Lord Soley of Hammersmith

<<MP's pay.doc>> <<Sir John Baker.doc>>

# RE-EVALUATING MP'S

MP's are getting a bad press right now so it is a good time to re-evaluate their worth to society.

I spent 26 years in the Commons and I have no doubt that MP's across the party's are hard working, committed and honest. The actions of a few have damaged their general credibility. The general failure to reform the whole financial structure which rewards and compensates MP's for the work they do has however been an underlying cause of continuing public concern

Like many MP's I entered Parliament and took a cut in salary. I think that is still the case for many MP's today. There is an historical link between the problem of expenses and MP's salary. In the 1960's MP's pay was ridiculously low and there were hardly any expenses available. The then Prime Minister Harold Wilson increased the expenses because increasing pay at a time of pay restraint was a gift to a hostile press. The failure to address the issue of relatively low pay therefore became confused with expenses. That confusion has never been clarified and that is why fundamental reform is long overdue.

MP's take a high level of responsibility and work ridiculously, long hours – too long for their own or society's good. So what is the answer? The first step should be to get a proper evaluation by a reputable independent body on what the pay ought to be. My guess is that it is very unlikely to be less than £120,000. Why? Because any job that involves you in decisions ranging from war or peace through to the welfare of constituents has to be at a level not less than senior professional people.

The Top Salaries Review Body is normally the organisation called in to decide these questions. One option therefore is to give the TSRB the authority to review MP's pay annually and to apply their conclusion without reference to Parliament. They could also be responsible for deciding the amount and format of the expenses.

One of the disadvantages of using the TSRB is that they do not have detailed knowledge of the delicate balance between the independence of MP's, the Party structure inherent in any modern democracy and the MP's overriding responsibility to Parliament and their constituents. The

one body that does have considerable knowledge of this is the Electoral Commission.
The Electoral Commission has established itself as a reputable body and is well placed to bring in consultants to review pay and expenses. Those consultants could be the TSRB acting under the instructions of the Electoral Commission or it could be a commercial company with the appropriate expertise.

If, as I believe, any independent body would conclude that an MP's job is worth a far higher reward than it gets at present and as it does require two homes or long lets or hotel expenses then the answer is to set the pay at a level that reflects the responsibility of the job but gets rid of the second homes allowance which has always been an accident waiting to happen. A salary of £120,000 pa or more would mean the second homes allowance goes. An MP could then choose to use their additional salary to buy a second home if they so wished. Alternatively they could rent or use hotels as some already do.

MP's then need a very flexible allowance probably not very dissimilar to what it is available at present but without any of the restrictions as to how it may be used. The quid pro quo for greater flexibility is total transparency and everything over £25 receipted. Why do MP's need total flexibility on the use of the allowance? The answer to that lies in the nature of an MP's job. MP's are not like employees in a company called Parliament. They are and should be independent in the way they choose to work and they should only answer to their constituents who are the people who ultimately decide whether they should be allowed to continue.
Accountability should be exercised by transparency now agreed under the FofI and by media vigilance. It should not be decided by Parliamentary officials.
Let me give an example of why that should be so. When I was involved in the politics of Northern Ireland but not operating in an official capacity i.e., not on the select Committee and not on the front Bench I had to go to Dublin. I was not allowed to clam the expense. On another occasion I was refused permission to go and see an early example of wave power being developed in Inverness because the issue was not before Parliament.
MP's must be allowed to use their allowance as they see fit and it is the duty of the electorate and the media to ask the questions about how it is used. If we take that duty away from the people and give it to paid officials then we emasculate the democratic process.

There is one other reform which could do more to ease the pressure on MP’s and restore there rightful position as the voice of the nation. Many of them will be deeply anxious about this proposal but it would be a very valuable reform. It is to reduce the number of MP’s to about 450 from the present 657(?).

Why is this so important? It is that MP’s are currently treated like big councillors and big social workers and they will remain in that role until councillors take back the local authority role and MP’s no longer have to spend so much of their time on local issues that are rightfully the duty of councillors. Because MP’s are reliant on small electorates often arranged along local authority boundaries they are driven to take any case that presents at the advice service. When I used to ask constituents why they came to see me about council matters they inevitable answered that they thought they “would go to the top”. In other words they saw MP’s as powerful councillors thus undermining the role of the elected councillors. This reform alone would result in a far greater reform of Parliament than the changes to the voting system. It would put MP’s back in the driving seat for national and international policy and allow councillors to get on with the job of running local authorities – and making them more accountable

7.4.08

Dear Sir John,

Review of MPs' pay and pensions

I am writing as the former Chairman of the Parliamentary Labour Party (1997-2001). In that capacity I gave evidence to the SSRB on a previous review.

I wish to focus my comments on the key issue of what type of body can and should review MPs' pay, expenses and pensions and what type of process we need to get the desired outcome.

The 'desired outcome' should be a structure that removes pay, pensions and expenses from the Parliamentary process. As you rightly point out in your own comments, Parliament is sovereign and could therefore take control again if it so wished. I do not believe a majority of MPs are likely to want to do that if we are successful in establishing independent machinery.

Part of the problem surrounding this issue is that MPs' expenses have historically been seen as a way of subsidising necessary but unusual costs of a job which does not compare easily with other forms of employment.

I know your terms of reference do not cover expenses but they inevitably intrude on salary. The main example of this is the way we pay the second homes allowance. There is an important difference between MPs' need to be away from their primary home and that of most other employees. Other employees go home and are not expected to work. The MP goes home to be active in their constituency – there is no expectation of going home for a break!

In an ideal world I would recommend a very significant increase in pay and the abolition of the second homes allowance. MPs are seriously underpaid for the level of responsibility they take, from coping with

individual problems of constituents to issues of war and peace. They are also working seriously long hours. The public however would not take kindly to such a proposal at the present time.

This is why we need a structure to determine MPs' income in a way that can rebuild the system over time and is seen to be totally independent of MPs. What should that structure be?

We have, as you point out, tried making comparisons with other professional groups and we have tried references to the SSRB. The latter in my view is more successful than the former.

Any organisation that reviews MPs' income needs to have a good understanding of the complex but constitutionally very important relationship between: the needs of an MP as an individual elected by their constituents; the MP and Parliament; and the MP and Party. MPs are more independently minded than the media give them credit for, but the pressure they put on their own party leadership including government is often within the party machinery. Inevitably that is largely behind closed doors so it is little understood outside Parliament where the view tends to be that the pressure is entirely the other way round. In fact it is in both directions.

The SSRB is very good at listening to the case for pay increases and for coming up with comparisons but it is less successful at understanding (and is not designed to) the subtleties of the political relationship between MP, party and Parliament.

The Electoral Commission is rather better at that and is making very good progress at understanding it further. So perhaps the model should be that the Electoral Commission be given responsibility as the independent body we all seek. They should be able to call in either the SSRB or some other independent consultant to do the more detailed work on what the pay level should be given the job responsibility. The role of the Electoral Commission would be to define the terms and parameters of the work to be carried out by the consultants. There are many organisations and companies that can assess pay and responsibility but that needs to be mediated by an organisation with the understanding of the constitutional role referred to above.

In summary, the Electoral Commission should be given the responsibility to determine pay, pensions and expenses but to have the

resources to bring in any additional advice or guidance they might need. Parliament having given the Electoral Commission the power to decide and apply its decisions would have no further part in the process.

I should add that I have discussed this with Sam Younger, Chairman of the Electoral Commission. He understands and is not unsympathetic to what I am trying to achieve, but in all fairness his immediate reaction was that "I need this like a hole in the head!" I think any other organisation would respond in exactly the same way! At the end of the day somebody has to take it on board. In my view, the only alternative to the Electoral Commission doing it is a specially constituted body but that would have to involve people with the knowledge of the constitutional complexity of an MP's role.

I also believe that any new body would be well advised to bring reforms in over a period of time.

I would be very happy to discuss this further with you if that would be helpful. I will also be sending this to Sam Younger and to the Rt.Hon. Geoff Hoon MP, Government Chief Whip with whom I have had a similar discussion.

I an convinced that there would be considerable support for the structure I am describing although there may need to be further discussion on whether the independent body should be the Electoral Commission or a free standing and specially constituted organisation.

I hope this is helpful.

Yours sincerely,

Lord Soley of Hammersmith.