



**Evidence from Rt. Hon. Margaret M. Beckett MP to the
Committee on Standards in Public Life**

Our ref: ED09/16.07/001
22nd July 2009

I note that, in examining expenses reimbursed to MPs, the committee will take evidence on the context of that reimbursement – overall pay and conditions.

Pay

An independent body which uses public and private sector comparators makes recommendations on pay. Those recommendations are frequently amended by the government of the day – most notoriously in 1983, - the year in which the system of reimbursement for the costs of a second home came into being in its present form.

(The pay award independently recommended in 1983 was finally honoured in full only 8 years later).

MPs are often attacked for deciding their own pay. In fact they have repeatedly voted not to do so, but every government has hitherto refused to sacrifice their freedom to reject, reduce or phase the pay award recommended.

Second Home Costs

Why, it has been asked, should MPs be reimbursed at all for the expenses of maintaining a second home? They receive a professional salary, which is well above the average wage, - why should they not meet these costs entirely from their pay – as, - it is said – others do? Anyone who has, for example, to replace a boiler must meet those costs from salary.

So too must an MP – but they have only been expected to do so once – not twice, because they need fully to maintain two homes.

Others who face work-related expenses commonly have them met from work-related funds. And few, if any, who receive similar salaries – housing association middle managers, for example, - would be assumed to be able to meet the double costs MPs face, without reimbursement.



Other Costs

Moreover, there are other costs, uniquely associated with political life, which others are unlikely ever to face, which are not and never will be met from public funds, and which further affect the capacity of MPs to meet the substantial costs of a second home from salary alone.

By the time they have been elected, almost every MP will have incurred quite substantial debts. No political party, as far as I am aware, meets these costs – of travel, accommodation or conference fees and costs – for their candidates. Obviously this makes first establishing a second home especially difficult.

But such costs continue to arise throughout political life, usually, again, without being supported or reimbursed. Political campaigns, by-elections, public functions or conferences, prizes, sponsorships and donations incur costs, not just in hundreds but, probably, totalling thousands of pounds, from the MP's own pocket.

Other Options for Accommodation

Comparison is sometimes made with student lodging or with those in military service who may, if serving in London, live in a rented property, provided for two or three years.

Students are usually without dependents and their studies, and residence, are likely to be of limited duration. Nor do they work the hours - or have the constituency or parliamentary responsibilities - which face every MP.

Military or civil service postings are also likely to be of limited duration. It is hard to think of any group for which the professional and family concerns will resemble those for MPs.

Are all MPs Being Given an Unfair Advantage?

There seems to be an assumption not only that there is a housing pattern, which is typical for all MPs, but that 'the taxpayer' has paid for all the costs of their second home. First, there will probably always be considerable costs over and above what can be claimed which the MP must meet from salary.

Second, the position will, in any event, often be much more complex. For example, I had a job, and hence a house in London (in which I had substantial equity), before I became an MP.



When I lost my first seat, that property was rented out and I began to work, and to purchase a second home, outside London. In neither case has the major contribution come from public funds.

If it is decided that, in future, the extra costs of maintaining a second home will only be met for rented property then, first, the comparable costs to the taxpayer may be higher – the reason for allowing mortgage interest payments in the first place.

Second, people in such a position would face an artificial penalty if they are expected to sell out of the property market, in order to rent, or if they are otherwise precluded from receiving help with the costs of a second home, which they now need to occupy.

It is quite possible to envisage the absurd situation where someone has a perfectly good property which they may need again if they lose their seat, but which they are required to rent out to cover their costs, in order to occupy a rented property officially provided elsewhere in the same locality.

Grace And Favour Residences

It is wholly understandable that the committee would wish to avoid a “double benefit” for Ministers (point 17, page 20). I presume this to be a reference to grace and favour residences?

Contrary to what is often assumed or reported, such residences do not come free of charge. A tax charge is levied on salary, as well as council tax and other costs.

Occupying Ministers, therefore, have three sets of housing costs, two of which must be met from salary, if they are to be prevented from claiming reimbursement for their second home, to which, again, they will someday need to return.

Resettlement Grants

Such grants were introduced because of the particular insecurity and uncertainty of a political career – both job and home in jeopardy every four or five years at most, and probably loss of contact with the previous job or profession.

Today it is argued that such uncertainty is much more commonplace and the grant now unjustified.

Those who take this view often seem to assume that to be a former MP is an advantage in the employment market.



The opposite may be the case. When I lost my seat in 1979, I was one of only two ex-MPs (the other a former member of the Cabinet), who gained employment in under six months. Quite a few colleagues never worked again.

I believe similar problems followed electoral defeat for many Conservatives in 1997.

Employing Family Members

There can be no justification for payment to family members who are not properly employed. But should such a step actually be banned, even where there is a proper contract and job description, and no dispute that work is properly and legitimately performed?

For example, I am aware of a colleague with a family member who could not be better qualified to work in an MP's office. Does it make sense to be forced to employ someone else less well qualified?

(A young person starting on their career could not, and should not, be asked to work without proper remuneration, or to lose pension and national insurance contributions that would affect their later employment record).

Some years ago, I encountered one of the best organisers and managers I have ever met, whose judgement of people is extremely shrewd and whose advice I have often found invaluable. We later married.

To me, it makes no sense to replace him with someone less effective and who will be less devoted to my interests.

Moreover, as in all places of work, relationships are formed or develop in Parliament. Are members to be required to sack such partners, to be discouraged or prevented from regularizing such a relationship, - or just to lie about it? All are unattractive options.

Nor is it clear what degree of relationship would be held to constitute an employment bar.



Summary

No one disputes that steps must be taken to tackle abuses in the present operation of Parliament. The effect, especially the cumulative effect, of a number of the ideas which have been proposed could, however, be to require even greater sacrifice of families and family life, - a sacrifice fewer people may, in time, feel able or prepared to make.

We stand at risk of placing heavy obstacles in the way of people without personal wealth or patronage entering public life – the words baby and bathwater spring to mind.

RT. HON. MARGARET BECKETT MP
July 2009