

**Response to the Inquiry by  
the Committee on Members'  
Expenses into the  
Parliamentary Standards Act  
2009**

**Committee on  
Standards in  
Public Life**

**September 2011**

1. The Committee on Standards in Public Life welcomes this opportunity to give evidence to the Committee on Members' Expenses inquiry into the Parliamentary Standards Act 2009.
2. By passing the 2009 Act Parliament decided that responsibility for operating and determining any future changes to the expenses regime should be given to an independent body. We regard it as crucial that the operation of, and any future decisions about, the structure and level of expenses payments will not be taken by those with an interest in the outcome.
3. MPs need to be properly supported to carry out their important job. It is clear that there have been a number of difficulties with the introduction of the new scheme and that Independent Parliamentary Standards Authority (IPSA) has yet to gain the full confidence of all MPs. It appears that most of the difficulties that have arisen have resulted from the way in which the scheme was being implemented and administered rather than with its underlying principles. It is important that the two do not get confused.
4. When our report<sup>1</sup> on MPs Expenses was published in 2009 we indicated that despite the welcome creation of IPSA, we were concerned that aspects of the Act had been rushed. We made a number of recommendations which were subsequently enacted in the Constitutional Reform and Governance Act 2010. In addition we have commented publicly on consultations undertaken by IPSA and we also commented on the new arrangements in our Annual Report in September 2010.
5. We have the following points to make on the issues the Members Expenses Committee is examining.

#### Public confidence in Parliament

6. As mentioned above, Parliament's decision to remove MPs' role in setting their own expenses regime and creating IPSA was in our view important in fostering public confidence in Parliament.
7. It is also important that
  - Everyone in Parliament should be committed to the importance of embedding the Seven Principles of Public Life. In particular it is essential that there is accountability, integrity and leadership both collectively and individually.
  - IPSA should be seen to implement the new regime to the highest professional standards and with demonstrable independence of Parliament.
  - The House should be ready to impose robust sanctions on any MPs whose behaviour is found to be below the standards expected.

#### Employment of family members

8. We recommended in our report that new MPs should not be able to use their expenses to employ family members at public expense as such arrangements are at odds with good employment practice in the public and private sectors. Existing MPs who already did so should be allowed to continue for one more Parliament. We were disappointed that IPSA chose not to implement this recommendation, though they have limited MPs to the employment of one family member. This practice would be regarded as highly unusual in other sectors. We

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<sup>1</sup> Committee on Standards in Public Life, Twelfth Report MPs' Expenses and Allowances, Supporting Parliament, Safeguarding the Taxpayer Cm 7724

continue to be concerned about the potential for abuse – perceived or otherwise – which this creates, with the possibility of further damage to Parliament’s reputation.

#### Value for money for taxpayers

9. In our view the new arrangements ought to provide better value for money to the taxpayer than the previous scheme because they control public funds more effectively. This was confirmed by the NAO in its recent value for money scrutiny.
10. We have been concerned by reports that some MPs have been inhibited from claiming expenses to which they are properly entitled. If this continues to be a problem, it should be addressed. MPs should not be prevented from obtaining the support they need.
11. In our report we made a recommendation that a commercial agency should be employed with the task of finding and maintaining rented accommodation for new MPs, similar to a scheme in place in the Ministry of Defence. As far as we know, IPSA has not explored this option in any detail. It remains in our view a worthy and serious analysis to see if it could help simplify the arrangements for MPs, remove some of the difficulties with the detailed rules on accommodation and potentially provide better value for money.

#### Accountability

12. The new system is much more transparent and accountable than its predecessor.
13. In our report we recommended that rejected claims should be published in the same way as accepted ones. We continue to believe that it was right, initially, to do so. But we also believe that there could be advantage in reviewing that requirement in the light of experience. Our understanding is that the Scottish Parliament also published rejected expenses claims initially but has since stopped doing so without any loss of public confidence.
14. IPSA is accountable for the decisions it takes - both to the general public and to Parliament through the Speaker’s Committee on IPSA. It is important that this form of accountability continues to be robust.

#### Ability of members to fulfil their duties

15. The administration of an expenses system is not an end in itself. The purpose and primary function of the expenses scheme is to support Members of Parliament effectively in carrying out their duties.
16. In its recent value for money scrutiny of IPSA the NAO commented that

“IPSA had done well to create a functioning expenses scheme which safeguards public money and has made a significant contribution to increasing public confidence. However, as an expenses system needs to manage an inherent tension between preventing misuse of money and enabling an organisation’s core business to be done well, IPSA has failed to give sufficient regard to the impact the Scheme was having on the ability of MPs to do their job, or to the costs falling upon them.”
17. Following its most recent consultation on the Scheme, IPSA made a number of changes including more help for MPs with families and widening the number of MPs who are able to claim rented accommodation. It is possible that there may still be some further way to go in achieving the balance referred to by the NAO.
18. As part of this, it is our view that it is a proper function of a regulator to be prepared to give advice on the implications of the regulations for which they are responsible, and that they ought to be able to do so without prejudicing the fact that ultimately it is an MP’s own responsibility to ensure the legitimacy of their claims.

### MPs' pay and pensions

19. IPSA was given responsibility for determining and setting the level of any increase in MPs' pay in May and will shortly be given responsibility for pensions as well. Despite the potential for controversy in both these areas we very much hope that IPSA will be allowed to make independent determinations without further outside interference, and that both Parliament and the public will accept these when they are made.

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