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**Committee on  
Standards in  
Public Life**

**21 October 2016**

**REVIEW OF THE MPs' SCHEME OF BUSINESS COSTS AND EXPENSES AND  
IPSA'S PUBLICATION POLICY**

**SUBMISSION OF EVIDENCE BY THE COMMITTEE ON STANDARDS IN  
PUBLIC LIFE**

**Introduction**

1. This paper sets out the evidence from the Committee on Standards in Public Life to the current IPSA review into the review of the MPs' Scheme of Business Costs and Expenses and IPSA's publication policy.<sup>1</sup> The paper sets out the views of our independent members only; we have advised the political members of our Committee to abstain to avoid any perceived or real conflict of interest.<sup>2</sup>

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<sup>1</sup> The background to the Committee is set out at annex A.

<sup>2</sup> Currently Dame Margaret Beckett DBE MP and Dame Angela Watkinson DBE MP

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2. The Committee welcomes IPSA's first comprehensive review of the Scheme since 2011 and is pleased to note that the Scheme has, for the most part worked well since its introduction in 2010. It is vitally important that the Scheme can respond to concerns from either the public or MPs. The aim of our 2009 recommendations was to strike a fair balance between giving MPs adequate resources to do their jobs and providing value for money for the taxpayer, within a framework which is transparent, accountable and free from suspicion of abuse for personal advantage, and that remains our view.<sup>3</sup> We wanted to ensure MPs were properly supported to carry out their role on behalf of the public whilst also protecting the taxpayer's interest. We welcome IPSA's implementation of a scheme which has aimed to do that in the face of difficult challenges, and IPSA's robust application of the rules and commitment to transparency to help improve democratic accountability.

3. Our submission focuses on four areas which are most pertinent to this Committee, these are: the fundamental principles of the scheme; employment of connected parties and financial support to MPs' families; the boundary between parliamentary and party political activity; and finally questions about IPSA's publication policy. We address each of these in turn below. We have not commented on the review's other detailed questions but support IPSA's general approach of retaining a clear framework of rules supported by fundamental principles and removing existing, unnecessary detail.

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<sup>3</sup> CPSL report MPs' expenses and allowances, November 2009, Cm 7724 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/336903/MP\\_expenses\\_main\\_report.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/336903/MP_expenses_main_report.pdf) The then three political members of the Committee - Sir Oliver Heald, Baroness Maddock and Rt Hon Alun Michael decided not to take part in the 2009 inquiry because of concerns about a real or perceived conflict of interest.

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**Question 1: Do you agree with our new fundamental principles? Do you find them easy to understand? And do agree with our emphasis on value for money?**

4. As you note, IPSA's current principles were those proposed by the Committee in our 2009 report, *MPs' Expenses and Allowances*.<sup>4</sup> They were what the Committee believed were required by the Nolan Principles in the context of the scheme of MPs' expenses at that time. Like IPSA, we continue to believe that fundamental principles are important to the Scheme, underpinning the rules and guiding MPs when making claims. We understand that seven years on, there may be a case for revisiting those principles. Whilst we broadly support the draft fundamental principles, particularly principle 5 referencing the Principles of Public Life, the Committee was surprised to see the proposed omission of the current principle 4.

5. The current Principle 4 reads: '(a) The system should be open and transparent. (b) The system should be subject to independent audit and assurance'. This strikes the Committee as being simple and clear and that it would be a retrograde step to abandon both these statements; the public needs to know that the scheme is accountable and subject to independent audit and assurance. Abandoning the statements would also seem to be inconsistent with IPSA's claim that 'transparency lies at the heart of IPSA's approach to the regulation of MPs' business costs and expenses and is crucial to its effectiveness'.<sup>5</sup>

6. The new principle 7 - 'All expenditure by MPs should be published and accessible to the public' is a clear and welcome statement, but does not go far enough to emphasise

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[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/336903/MP\\_expenses\\_main\\_report.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/336903/MP_expenses_main_report.pdf)

<http://parliamentarystandards.org.uk/transparency/Current%20Consultations/Review%20of%20the%20MPs'%20Scheme%20of%20Business%20Costs%20and%20Expenses%20and%20IPSA's%20publication%20policy.pdf>, chapter 9, page 43

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that transparency is what lies at the heart of IPSA's approach. Transparency is critical to the scheme's effectiveness and public confidence in the scheme will be undermined if there is a sense that transparency is not at the core and underpins all aspects of how IPSA goes about its work. As you say, 'transparency is an important regulatory tool'. This has been confirmed by our recent report *Striking the Balance*, which looks at ethics for regulators and how regulators live up to public life.<sup>6</sup>

7. The Committee therefore regrets the lack of explicit reference to 'transparency' in the draft principles, notwithstanding IPSA's wish to ensure that the principles are expressed clearly, and strongly recommends that the previous principle 'The system should be open and transparent, and should be subject to independent audit and assurance' should be retained.

8. We agree that value for money should be an important criterion for any MP to use in considering what claims to make on public funds.

9. The Committee notes that the new draft principles exclude any mention of sanctions. We were surprised at this omission and recommend the retention of the existing principle 6: 'there should be clear, effective and proportionate sanctions for breaches of the rules, robustly enforced'. Even if the powers of IPSA itself are limited in this respect, IPSA does have the power to order repayment of expenses and sanctions can of course be imposed elsewhere. Given that there is perhaps a sense amongst the public that sanctions for breaches of the rules on expenses tend to be less severe for MPs than in other walks of life, we think it is important that there is an explicit reference to sanctions in the core principles.

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<sup>6</sup> *Striking the Balance, Upholding the Seven Principles of Public Life in Regulation*, Cm 9327, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/554817/Striking\\_the\\_Balance\\_web\\_-\\_v3\\_220916.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/554817/Striking_the_Balance_web_-_v3_220916.pdf)

**Question 10: Should we make any changes to the practice of employment by MPs of connected parties? If so, when should we introduce any new arrangements?**

10. We understand that IPSA will continue to honour the contracts of connected parties already in employment by MPs, and the consultation is only in respect of new staff.

11. In our 2009 report, the Committee highlighted the concern around the employment by MPs of members of their own families. Whilst the Committee received much evidence commending the dedication and hard work of many family members and about the advantages the arrangement may bring to constituents and to the family life of MPs, the Committee was of the view that it was not consistent with modern employment practice designed to ensure fairness in recruitment, management of staff and remuneration, and would always carry with it a suspicion of abuse. The Committee recommended that this practice should therefore be brought to an end and proposed transitional arrangements which would have allowed existing family members to remain in their posts for one more Parliament.

12. Nothing has changed to alter this view. Whilst we would not wish to disparage the commitment of family members and we note IPSA's safeguards around the practice of employing 'connected parties', and that the 2015 assurance review found no ground for concerns for the majority of connected parties, we still feel that the practice is out of step with modern employment practice and the perception of self gain, however unfairly, risks damaging public confidence.

13. Accordingly we maintain our long held position that the practice of employing connecting parties should be stopped. The Committee suggests that that the practice of MPs employing connected parties ends with this Parliament and new rules are introduced with the new Parliament in 2020 so that all existing and new MPs will be clear about the rules.

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**Question 12: Should we tighten our rules on what we do not consider parliamentary for funding purposes? If so, in which areas? Or should we give MPs more discretion when a matter is in doubt, relying on the fact that the claim will be published and MPs held to account?**

14. Our 2009 report commented on the potential for misuse of public funds for party political purposes.<sup>7</sup> We understand IPSA's concern that the distinction between paying for claims that are necessary for MPs in support of their parliamentary functions rather than party political activities may often be a fine one. The Committee's view then was that there should be robust independent audit to ensure that resources provided out of public funds are being used only for the purpose intended and not to support party political activities.

15. We think IPSA walks a difficult line well and would continue to make the case for clear rules underpinned with principles. We are not convinced that allowing complete discretion in this area is desirable or that publication of claims is sufficient to deter potential misuse of public funds. Whilst we understand the desirability of simplifying the rules, and to allow MPs some degree of discretion, we would suggest that if there are clear areas where IPSA is in disagreement with an MP about whether or not an activity is parliamentary, those areas should be added to the list of exclusions from what is considered parliamentary.

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[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/336903/MP\\_expenses\\_main\\_report.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/336903/MP_expenses_main_report.pdf), page 58.

## **Questions about IPSA's publication policy**

### **Question 30: What are your views on whether IPSA should publish the redacted images of all receipts, or just those which are requested by the public?**

16. The Committee welcomes IPSA's commitment to transparency and its review of its publication policy. We understand that the arguments are finely balanced between publishing redacted images of all receipts or just those requested by the public. We completely agree that the receipts should be available on request, but are mindful of the issues that may arise with the proactive publication of all receipts in addition to claims. This would go further than most other public bodies and if the redaction is not done carefully, this does risk some sensitive data being inadvertently published. It could be seen as a rather heavy-handed approach and may provoke an undesirable political backlash against the principle of transparency. On balance therefore, the Committee comes down on the side of publishing those receipts requested by the public.

### **Question 31: How frequently do you think we should publish information on MPs' claims and other aspects of their spending in future?**

17. The Committee recommends that data currently published annually, should be published more frequently where possible. When data is published too long after the event, it loses its impact; our view is that more immediate publication of data helps to encourage people not to breach standards and to abide by the rules as well as helping to maintain public confidence in the system.

### **Question 33: Are there any changes you think we should make to the publication of information about Northern Ireland MPs' travel claims?**

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18. The Committee understands the decision taken in 2010 to publish only the aggregate cost of travel claims by Northern Ireland MPs and equally that six years on it is reasonable to come back to the question as to whether there is scope to publish more detail on this category of travel claims. The Committee's view is that any further detail that may be published about Northern Ireland MPs' travel claims, should not in any way reveal, or even suggest, a pattern of travel which may lead to putting that individual at risk.

**Question 37: Is there any further information that we should be publishing about IPSA?**

19. The Committee welcomes the range of information that IPSA publishes as part of its publication scheme that is full and comprehensive. We have one suggested addition, which is to publish information that helps strengthen the value for money principle that the Business Scheme aims to reinforce. For example, it might not be readily apparent to the public the high cost of office hours flights and train travel between Westminster and the rest of the UK – publishing a typical/average cost might help put these costs in perspective. This small step might help to remove some mistaken assumptions about MPs particularly high travel costs.



## **Committee on Standards in Public Life: Background**

The Committee on Standards in Public Life is an advisory Non-Departmental Public Body (NDPB). The Committee was established in October 1994, by the then Prime Minister, with the following terms of reference:

“To examine current concerns about standards of conduct of all holders of public office, including arrangements relating to financial and commercial activities, and make recommendations as to any changes in present arrangements which might be required to ensure the highest standards of propriety in public life”.

The Principles of Selflessness, Objectivity, Integrity, Accountability, Openness, Honesty and Leadership remain the basis of the ethical standards expected of public office holders and continue as key criteria for assessing the quality of public life.

The Committee’s terms of reference were updated in 2013: “...the Committee’s remit to examine ‘standards of conduct of all holders of public office’ [encompasses] all those involved in the delivery of public services, not solely those appointed or elected to public office” (Hansard (HC) 5 February 2013, col. 7WS).

The Committee’s terms of reference were further clarified in a House of Lords written Parliamentary Question on 28th February 2013 to explain that the Committee’s remit means it “can examine issues relating to the ethical standards of the delivery of public services by private and voluntary sector organisations,

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paid for by public funds, even where those delivering the services have not been appointed or elected to public office” (Hansard Column WA347).

#### Current Membership

- Lord Paul Bew (Chair)
- Dame Margaret Beckett DBE MP
- Sheila Drew Smith OBE
- Jane Ramsey
- Monisha Shah
- Richard Thomas CBE
- Dame Angela Watkinson DBE MP

The Committee’s work is supported by a Research Advisory Board chaired by Professor Mark Philp, University of Warwick.

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