

MPs' outside interests

Written evidence

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**MPs' outside interests: CSPL Review**

**Introduction**

I am retired. I am submitting this as I strongly believe that an MP at any level is paid by the taxpayer to be working full time for his or her constituency and not working with outside interests for his or her own personal gain or benefit. A large majority of normal employees, those on other contracts or 'self employed' are not allowed to work for financial gain with anybody else. MPs should be no different.

1. What factors should be taken into account in determining the 'reasonable limits' on MPs' outside interests?

Any outside interest, which is paid or not performed for the direct benefit of all of their constituents, should not be allowed. MPs who produce paid journalistic articles should have half the benefit given directly to the relevant councils in their constituency by the organisation requesting the article.

2. How and whether outside interests for MPs could lead to actual or potential conflicts of interest. Does this apply differently for MPs, ministers and ex-ministers, Chairs of Select Committees and other MPs holding parliamentary roles?

Any outside interest can lead to actual or potential conflicts of interest. Consequently ministers and ex-ministers, Chairs of Select Committees and other MPs holding parliamentary roles should not be allowed to accept positions, which are related to their previous roles in any way for a period of five years, a normal parliamentary term. Help should be given to enable them to resume their previous job by the DWP Job Centres. This will have the added benefit of ex MPs learning what it is like for the average person in the current job market.

3. Whether there is sufficient transparency around MPs' outside interests, and how openness can be promoted.

Currently there is little transparency around MPs' outside interests, most members of the public only becoming aware if there is a high profile MP or a scandal. Openness can be promoted by mandating that Potential Parliamentary Candidates publicise all of their outside interests on all of their election literature and prominently display them on the first page of their websites. This display must be detailed enough so that the average person can understand the MPs' interest and what role they are performing. It would not be adequate to use catch all terms like consultant or advisor. Any MP's potential outside interest must be adequately publicised within their constituency and announced in Parliament before it materialises. Failure to do so should result in a by-election. Approval would need to be obtained from a majority of their constituents who respond to the declaration. If less than 5% of their constituents respond approval for the outside interest should be blocked.

4. Whether there needs to be new rules or guidance on MPs' outside interests, and how any new arrangements could be implemented.

My previous answers explain what new rules and guidance should be in place. To summarise:

- a. No paid outside interests allowed without a direct benefit to all of their constituents.
- b. Ex MPs not allowed to have outside interests related to their Parliamentary Roles for 5 years.
- c. All existing outside interests to be clearly and widely publicised at election time. Any potential new outside interests to be publicised and approved by constituents with a penalty of a by-election if the rules are not followed.

Ideally this would be implemented by primary legislation to ensure that it is adhered to, coming into effect within 1 year.

**REVIEW OF THE RULES ON MPs' OUTSIDE INTERESTS SUBMISSION TO THE COMMITTEE ON STANDARDS IN PUBLIC LIFE**

Background

1. I make this submission in a personal capacity though with a longstanding interest in the issue. I was the Member of Parliament for Reading West from 1997 to 2010.
2. In January 2002, I sponsored the private members bill in the name of my then colleague Peter Bradley, MP for The Wrekin, who introduced the Members of Parliament (Employment Disqualification) Bill. This 10 Minute Rule Bill sought to bar MPs from undertaking "remunerated employment likely to interfere with his performance of his Parliamentary duties" while allowing for some activities "commensurate with his duties" such as (occasional) journalism, public speaking, lecturing and policy research and development. (The Hansard record of the debate of 15 January 2002 is here).
3. In 2007 I reintroduced the Bradley Bill (Hansard, 16 May 2007, column 628) and have reproduced his submission, which I endorse entirely.
4. The arguments that both Peter and myself made at the time remain valid today. They were:

In principle

- a. MPs are remunerated on a full-time basis and, accordingly, should work full-time
- b. MPs should not enjoy terms of employment unavailable to their constituents

and in practice

- c. the circumstances in which MPs' outside interests were historically considered acceptable no longer apply
- d. given their now almost limitless workloads, MPs ought not to be able to find time for second jobs.

5. Neither Peter Bradley's nor my Bill made significant Parliamentary progress.

NOTE: Martin Salter's detailed submission is an endorsement of the evidence presented by Peter Bradley (which can be found at Submission 8).

Martin Salter

**Written submission to the  
Committee on Standards in Public Life Inquiry  
'MPs' Outside Interests'**

Professor Matthew Flinders, Professor of Politics, and Alexandra Meakin  
Sir Bernard Crick Centre for the Public Understanding of Politics,  
University of Sheffield

**Summary**

This submission is from Professor Matthew Flinders and Alexandra Meakin of the Sir Bernard Crick Centre for the Public Understanding of Politics at the University of Sheffield, and is based on our research in this area. Our main argument is that the tipping point between the desirability of outside interests among MPs, and the concern that such interests detract from MPs' capacity to carry out their parliamentary roles has moved in the two decades since the Committee was formed, and regulation may now be required.

1. The issue of MPs' outside interests is a thorny and complex issue. In this regard, it mirrors the debate concerning the politics of MPs' pay and in many ways the two issues (i.e. pay and outside interests) are intertwined but also relate to far broader debates concerning the professionalisation of politics, the lack of a job description for MPs, and the expectations of the public.
2. The main argument of this submission revolves around the notion of a 'tipping point' that exists somewhere between two poles. At one pole is the long-standing assumption that it is good for democracy that MPs should have experience of life outside politics, as it may help to prevent them from becoming disconnected from broader society. At the other extreme is a concern that MPs should not undertake roles beyond the House, which could detract from their capacity to undertake their parliamentary roles or might leave them open to undue external influence. The split between these two opinions was highlighted by the Committee in its first report, under the chairmanship of Lord Nolan, when it noted that, while the majority of correspondence it had received from the public argued that MPs should not have any paid outside interests, "most Members, journalists and business people from whom we heard took a different view" (Committee on Standards in Public Life, 1995, p 23). The Committee concluded that it was "desirable for the House of Commons to contain Members with a wide variety of continuing outside interests" (Committee on Standards in Public Life, 1995, p 23). In the two decades since the Committee was formed, the environment in which MPs are operating has been transformed.
3. In its 2009 report the Committee on Standards in Public Life implicitly highlighted the existence of a tipping point when it argued that 'MPs should not be prohibited from paid employment such as journalism outside the House, *providing any such activity remains in reasonable limits*. But it should be transparent and information about it should be drawn to voters' attention at election time' (italics added). But what does the notion of 'reasonable limits' actually mean? Where is the tipping point? In answering this question this submission encourages the Committee to consider the following issues.

4. The first issue relates to the **role of a contemporary MP**. As stated above, times have changed in such a way that arguably reduces the need for MPs to remain connected via some external 'outside interest' or second source of financial income. This is clearly a contested issue but modern MPs exist in a hyper-connected world in which they are constantly expected to engage with a broad range of professions and communities. The notion of a 'professional MP' somehow being disconnected or isolated from the broader society is therefore highly questionable but even if it were true it is possible to ask whether being, for example, a highly paid member of an elite profession is really the best route to social understanding. Added to this is the manner in which the role of an MP has altered and expanded in recent years, notably in relation to parliamentary and constituency duties and through the demands of social media. The absence of a job description for MPs, however, means that this changing role is carried out in different ways by different MPs: and no way for constituents to know how much time is being spent on parliamentary work, as compared to external paid interests.
5. A second issue is **public attitudes**. Social survey data produced by YouGov in February 2015 suggested that the public were overwhelmingly against its representatives holding 'second jobs'. Only 26% of people thought 'some MPs continuing to do second jobs like medicine, law or running a business keeps them in touch with ordinary people, and is better than having a House of Commons made up of just full-time politicians'.
6. The third issue is **scale**. The vast majority of MPs do not have significant external financial interests. 'The problem' – if a problem really exists – is that a process of parliamentary polarisation appears to be emerging whereby a small number of MPs are registering very significant sources of external income. This, in turn, risks bringing Parliament into disrepute due to concerns about whether those MPs are fully committed to their parliamentary role and whether their outside interests risk opening them to undue external influence.
7. The issue of outside interests and second jobs could be left within the 'too difficult' box and there are certainly no simple solutions to this complex challenge. We would argue, however, that transparency alone, has failed to ensure public confidence in MPs' outside interests. The Register of MPs' Interests is focused on a conflict of interests, rather than the capacity of MPs to carry out their parliamentary work.
8. Any restriction on additional employment by MPs must consider the dual responsibilities of MPs who also serve as ministers. This could be addressed at focusing instead on regulating external paid employment. This should involve the clarification of the notion of 'reasonableness' *vis-à-vis* outside interests, particularly addressing the amount of time and capacity utilised for these interests, as part of a coherent and proportionate set of policy options. This regulation should reflect the changing circumstances in which MPs are operating, and could help to address the current levels of anti-political and anti-politician sentiment within British society.

Professor Matthew Flinders  
Alexandra Meakin

## CSPL review on MPs' outside interests

SUBMISSION FROM TRANSPARENCY INTERNATIONAL UK

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### Introduction

In this submission, Transparency International UK (TI-UK) provides a response to the Committee on Standards in Public Life's (CSPL) short review on MPs' outside interests. Unfortunately, as a relatively small charity, we do not currently have the resources to respond in detail to your consultation. However, we do have some specific points regarding the following:

#### **Avoiding actual or perceived conflicts of interest**

The current rules regarding the outside employment of MPs are inadequate and give rise to the perception, and quite possibly the reality, of conflicts of interest. In our paper *Accountable Influence*, we highlight how during one year alone 73 MPs – over 10 per cent of the Commons – had some form of external advisory role between 2014 and 2015.<sup>1</sup> The cumulative take home pay from this work was around £3.4 million, equivalent to an average of £46,000 per MP. Whilst it is unclear whether these advisory roles related to Parliamentary affairs, there is obviously a significant risk that they could have been. This risk is recognised in the rules of conduct for the Scottish Parliament and National Assembly for Wales, which provide wording which we think could be a model for the House of Commons (see Annex below).

To help avoid any potential conflicts of interest, MPs should be prohibited from undertaking any paid advisory work relating to the affairs of Parliament.

#### **Ensuring transparency about MPs' outside interests**

Having accessible, intelligible, analysable and meaningful data on MPs' outside interests is essential to detecting and deterring conflicts of interests. However, at the moment this information is published in formats that do not allow the easy analysis of MPs' outside interests, and does not appear to provide information that matches the reporting requirements under the Code of Conduct for MPs.

The Commissioner and the Parliament's digital service should work together to ensure the Register of Members' Financial Interests is published online as machine-readable open data as soon as possible. This is already available for the House of Lords and should be a priority for the Commons. We understand work is still under way on this project however this needs to be made a priority to avoid further delay. We have previously recommended to the Parliamentary Commissioner for Standards that this should be in place by the end of the first quarter of 2017. However, at the time of writing we understand this has not happened.

We are happy to provide advice and assistance to those working on this project to help ensure that any data that is published meets users' needs.

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<sup>1</sup> Transparency International, *Accountable Influence: Bringing lobbying out of the shadows* (September 2015)  
<http://www.transparency.org.uk/publications/accountable-influence-bringing-lobbying-out-of-the-shadows/>

## Annex: rules on external advisory employment for members of the Scottish Parliament and National Assembly for Wales

### Section 5: lobbying and access to MSPs

“Members:...should not accept any paid work to provide services as a Parliamentary strategist, adviser or consultant, for example, advising on Parliamentary affairs or on how to influence the Parliament and its members. (This does not prohibit a member from being remunerated for activity, which may arise because of, or relate to, membership of the Parliament, such as journalism or broadcasting, involving political comment or involvement in representative or presentational work, such as participation in delegations, conferences or other events.)”<sup>2</sup>

### Guidance on lobbying and access to Assembly Members

“Members:...should not accept any paid work to provide services as a parliamentary strategist, adviser or consultant, for example advising on National Assembly for Wales affairs or on how to influence 104the National Assembly for Wales and its Members. (This does not prevent a Member from being remunerated for activity which may arise because of, or in relation to, membership of the Assembly, such as journalism or broadcasting, involving political comment or involvement in representative or presentational work, such as participation in delegations, conferences or other events”<sup>3</sup>

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<sup>2</sup> Scottish Parliament, *Code of Conduct for Members of the Scottish Parliament: 6th Edition, Revision 1* (June 2016)  
<http://www.parliament.scot/Parliamentaryprocedureandguidance/CCEdo6Revo12o16o5.pdf>

<sup>3</sup> National Assembly for Wales, *Code of Conduct for Assembly Members and Associated Documents* (May 2016) p.103  
[http://www.assembly.wales/en/memhome/code-conduct-mem/Documents/Standards%20Compendium\\_draft\\_October%202015\\_v2-FINAL.pdf](http://www.assembly.wales/en/memhome/code-conduct-mem/Documents/Standards%20Compendium_draft_October%202015_v2-FINAL.pdf)

## About Transparency International UK

Transparency International (TI) is the world's leading non-governmental anti-corruption organisation. With more than 100 chapters worldwide, TI has extensive global expertise and understanding of corruption.

Transparency International UK (TI-UK) is the UK chapter of TI. We raise awareness about corruption; advocate legal and regulatory reform at national and international levels; design practical tools for institutions, individuals and companies wishing to combat corruption; and act as a leading centre of anti-corruption expertise in the UK.

We work in the UK and overseas, challenging corruption within politics, public institutions, and the private sector, and campaign to prevent the UK acting as a safe haven for corrupt capital. On behalf of the global Transparency International movement, we work to reduce corruption in the high risk areas of Defence & Security and Pharmaceuticals & Healthcare.

We are independent, non-political, and base our advocacy on robust research.

## MPS' OUTSIDE INTERESTS: CPSL REVIEW

Submission by Unlock Democracy

### About Unlock Democracy

Unlock Democracy is the UK's leading campaign for democratic reform. A grassroots movement, we are owned and run by our members. We campaign for fair, open and honest elections, a stronger parliament and accountable government, and a written constitution. We want to bring power closer to the people and create a culture of informed political interest and engagement. For more information please see [www.unlockdemocracy.org.uk](http://www.unlockdemocracy.org.uk)

### Summary

Unlock Democracy welcomes this review of the rules and guidance around MPs' outside interests. We do not currently advocate banning MPs from taking up second jobs or engaging in other outside interests, however we are concerned by a vicious cycle of scandal, inquiry, recommendation, and inaction. We believe that this fuels the perception that it is possible to buy access and influence in the UK, which undermines trust in our political system.

Much stricter rules and guidance are required to ensure MPs are still able to carry out what should be their primary job - that is, representing their constituents in Parliament. What are currently considered 'reasonable limits' on outside interests does not go far enough to prevent unhealthy relationships developing between MPs and their corporate employers. There is a worrying scope for companies to be incentivised to hire MPs in a bid to secure undue influence over political decision-making, which is not addressed by existing standards. There is little recourse for constituents to take if they believe their MP is not properly conducting their role, and these combined issues damage public trust in politics.

The category of 'outside interests' is broad and encompass many activities: from being involved in parliamentary opinion polls and occasional media work; through to holding other political positions (such as being a councillor), paid directorships, and advisory roles at consultancies and private companies. Some of these roles benefit MPs' parliamentary work and their constituents and others do not.

Whatever 'reasonable bounds' may have been considered appropriate in the past, they have clearly been breached in recent years, and require serious revision. Loopholes in existing rules and guidance enable private companies to buy access and influence. While ACoBA continues to lack enforcement or sanction powers, and while there continues to be no comprehensive lobbying register to replace the existing consultant lobbying register, stricter rules on outside interests are required to prevent conflicts of interest arising, and organisations using this as a way to conduct lobbying undetected.

**What factors should be taken into account in determining the 'reasonable limits' on MPs' outside interests?**

1. Unlock Democracy is primarily concerned that companies are employing MPs as a way of buying access and influence in politics. When considering rules and guidance around outside interests, the following factors should be prioritised: the prevention of conflicts of interest arising; avoiding the creation of the public perception that an MP is not conducting their public duty as the result of dedicating their time to outside interests; and the extent to which the outside interest brings a positive benefit to the MPs work and the interests of their constituents.
2. As elected representatives of the people, it is vitally important that MPs dedicate the majority of their working week to this public service. Many MPs work very long hours, and dedicate plenty of time to representing their constituents. This is undermined the minority of MPs that see their role as representing constituents as a side job, and spend the majority of their time working outside of Parliament. If MPs are perceived to be shirking their responsibilities, or failing to give an adequate amount of time towards representing their constituents, this damages public trust in political institutions. In determining the rules around what constitutes 'reasonable limits' on outside interests, consideration therefore needs to be given to the impact on public perception of politicians, as well as the impact on the ability of MPs to serve their constituents.
3. Beyond this, it is entirely foreseeable that either an employer or an MP could seek out an arrangement in which financial gain results from the MP prioritising the private interest over those of their constituents. Conflicts of interest arise when an employer seeks to employ an MP in order to secure greater access to Parliament, and greater influence over legislative decision-making, but the current system makes no provisions for how to prevent these conflicts from arising. Robust rules must be put in place to prevent opportunities for rent-seeking behaviour to arise.
4. There are appropriate and existing forums through which organisations are able to advocate their views to government, however when MPs become beholden to external financial interests this distorts democratic processes. The current 'reasonable limits' are far too broad.

**How and whether outside interests for MPs could lead to actual or potential conflicts of interest. Does this apply differently for MPs, ministers and ex-ministers, Chairs of Select Committees and other MPs holding parliamentary roles?**

5. Unlock Democracy believes that outside interests for MPs can and do lead to conflicts of interest arising. At at glance, there are already high risk for conflicts of interest to arise; analysis by Unlock Democracy of the 2015 intake of MPs found that 1 in 5 had second jobs<sup>9</sup>. Research by Transparency International UK in September 2015 finding that £3.4 million was paid to 73 MPs for external advisory roles<sup>10</sup>.
6. These conflicts of interest have played out in high profile media cases. In 2015, for example, Jack Straw and Sir Malcolm Rifkind were caught by undercover investigators offering to use their influence on behalf of a Chinese company for a rate of £5,000 a day or more. Both individuals were cleared of misconduct, and there was found to be “no breach of the rules on paid lobbying” by the independent commissioner. It is deeply concerning that MPs offering to exert influence in exchange for financial benefit is not considered a breach of parliamentary standards.
7. This kind of behaviour by MPs damages public trust in our political institutions and undermines our democracy. It reinforces the perception that many politicians are more interested in making money that representing their constituents. Without serious reform, it is only a matter of time before more scandals take place.
8. There a real risk is posed to our democracy when MPs’ second jobs are perceived as another way of corporate interests buying access and influence. Public satisfaction with Parliament is already very low - the Hansard Society’s latest audit of political engagement (2017) found that only 30% of the public are satisfied with the way Parliament works<sup>11</sup>. The public feels that MPs listen to big business and party donors rather than their constituents and this is only reinforced by the plethora of corporate gifts and hospitality that some MPs receive. Ordinary people simply don’t believe that big corporations are giving away expensive tickets to events and expecting nothing in return.

**Whether there is sufficient transparency around MPs’ outside interests, and how openness can be promoted.**

9. Unlock Democracy welcomes the requirement for MPs to register income received from outside interests. However when taken as a whole, the transparency mechanisms that are in place to scrutinise and regulate potential conflicts of interest are weak.

<sup>9</sup> <http://www.unlockdemocracy.org/press-releases/2015/7/23/one-in-five-new-mps-has-second-job?rq=second%20jobs>

<sup>10</sup> <http://www.transparency.org.uk/publications/accountable-influence-bringing-lobbying-out-of-the-shadows/?redirect=true>

<sup>11</sup>

[https://assets.contentful.com/xkbace0jm9pp/1vNBTsOEiYciKEAqWAmEKi/c9cc36b98f60328c0327e313ab37ae0c/Audit\\_of\\_political\\_Engagement\\_14\\_2017\\_.pdf](https://assets.contentful.com/xkbace0jm9pp/1vNBTsOEiYciKEAqWAmEKi/c9cc36b98f60328c0327e313ab37ae0c/Audit_of_political_Engagement_14_2017_.pdf)

10. A number of changes could be made to the register of members' interests in order to make it more comprehensive and robust. CPSL should consider creating an interactive online database, in order to make it easier to review the historic interests of a given MP. The public could then search the database and group interests by organisation as well as by MP. This would improve transparency by making it easier for the public to assess how much any given organisation is spending in total on either hospitality or the employment of MPs.
11. There should also be greater clarity around the nature of the work undertaken by MPs, and the subject of meetings and events they are sponsored to attend. MPs are currently exempted from the statutory lobbying register. Unlock Democracy previously submitted evidence to the Public Administration Committee which highlights the serious flaws in the setup of the register<sup>12</sup>.
12. The public should be able to know whether and what policy matters are being discussed at hospitality events, and given MPs exemption from the lobbying register this information should be captured in the register of members' interests. Without this contextual information, it is not possible for the public to make an accurate judgement as to whether conflicts of interest are arising or could arise. Whether or not MPs are employed in a parliamentary advisory role, they should have to declare if matters of policy or parliamentary business are discussed with their employers, or at events they are sponsored to attend.
13. This is also crucially important given ACoBA does not have any enforcement powers, and therefore even if a conflict of interest is evident, ACoBA does not have the power to prevent the MP from taking up a second job, or receiving payment from an outside interest.

**Whether there needs to be new rules or guidance on MPs' outside interests, and how any new arrangements could be implemented.**

14. If we want a diverse Parliament that includes people from a wide range of backgrounds and people who have established careers before entering politics then there is a case for allowing some second jobs. There is tremendous value in having a GP continue to keep a hand in their medical practice and thus maintain their expertise, for example. The same cannot be said for all outside interests, such as political consultancy work. 'Reasonable bounds' should prevent MPs from taking up any role with organisations seeking to influence government policy, such as at political consulting firms or industry bodies, thereby directly placing themselves in a position where conflicts of interests are likely to arise.

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<sup>12</sup> <http://www.unlockdemocracy.org/policy/lobbying-register-response-to-pasc-report>

15. Being an MP is a full time commitment, and MPs are elected to represent their constituents, not to pursue lucrative second jobs. While many MPs combine voluntary work with their position as an MP, paid work where the MP benefits personally is a different matter.
16. Unlock Democracy advocates for the following rules or guidance to be considered:
- 17. i. Capping income from outside interests**  
Rules capping the total earnings an MP can attain from outside interests would provide flexibility to MPs to maintain or engage some outside interests, but would also remove the conflicts of interest that arise when employers seek to gain undue influence over parliamentary proceedings specifically by hiring a sitting MP. This could be done through monitoring tax returns and the register of members' interests.
- 18. ii. Capping time spent on outside interests**  
An alternative to capping earnings from outside interests would be to cap the amount of time MPs could spend on second jobs. This was advocated by Tommy Sheppard MP, a member of the standards committee.
19. A key example of what we would consider a breach of 'reasonable limits' was Editor position taken up by former Chancellor George Osborne at the London Evening Standard. This came in addition to Osborne's reported £650,000 of earnings for his 48 days per year role with BlackRock<sup>13</sup>, a firm he met with on numerous occasions while he was Chancellor. Osborne expressed no intention to stand down from his role as the MP for Tatton, and only at the announcement of the general election did he announce he would vacate his seat.
20. A reasonable person would not expect an MP to be able to adequately perform their public service duty while undertaking what is perceived to be a full time job - such as that of editing a daily newspaper.
21. This was reflected in polling conducted by Survation and 38 Degrees of residents in Tatton, of whom two thirds (62%) believed that Mr Osborne should choose between his role as an MP, and being an editor of a daily newspaper. The survey also showed that a majority of his constituents thought that being editor of a daily newspaper would have a negative effect on his ability to represent them as an MP<sup>14</sup>.
- 22. iii. Value to constituents and Parliament**  
Being an MP must not be viewed as work experience at the taxpayers expense in order to secure lucrative jobs in the long run. Some MPs argue

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<sup>13</sup> <http://www.bbc.co.uk/news/uk-politics-39213346>

<sup>14</sup> <http://survation.com/osborne-should-choose-between-being-mp-being-evening-standard-editor/>

that their second job makes them a better MP. This may be the case when an MP is working as a doctor, or as a member of the Army Reserves. But other MPs are using their parliamentary experience to obtain lucrative second jobs helping private organisations negotiate the legislative process. Some even have jobs as 'parliamentary advisors' to private companies.

23. If an MP takes a second job, the second job should bring some benefit to Parliament or the MP's constituents. Experience should flow into Parliament, not out. An MP's second job should not create the impression that they are working for private interests, rather than the interests of their constituents.

My responses to your consultation in to MP's second jobs are below:

1. What factors should be taken into account in determining the 'reasonable limits' on MPs' outside interests?

**Anything that the MP or their immediate family has an interest in that can be influenced by their work or decision making as an MP should be restricted. This should primarily concern whether the MP or their immediate family stands to make a gain in their personal interests based on their decision making as an MP.**

2. How and whether outside interests for MPs could lead to actual or potential conflicts of interest. Does this apply differently for MPs, ministers and ex-ministers, Chairs of Select Committees and other MPs holding parliamentary roles?

**I think that all MP's, ministers, Chairs of select Committees and anyone else capable of making or influencing decisions in Parliament should be banned from voting on matters in which they, or their immediate family, have a personal interest or from which they stand to gain/lose. For example MP's with interests in private health care companies should not be allowed to vote or make any decisions on awarding NHS contracts or whether the NHS should be privatised. Similarly MP's who are landlords should not be allowed to make decisions on legislation regarding rental property such as the vote on whether to make rental property fit for habitation. If MP's can't carry out their jobs within these restrictions then they should have to choose between their role as MP and their personal interests. MP's are paid well enough to not need a second job and all potential conflicts of interest should be avoided to ensure that Government can be seen to be fair and transparent.**

3. Whether there is sufficient transparency around MPs' outside interests, and how openness can be promoted.

**If outside interests have to be allowed then I think all outside interests of MP's should be published, along with any gains or losses they have made from those interests, so they can be scrutinised by the public and press etc. If the MP is operating fairly and transparently they should not have an issue with this.**

4. Whether there needs to be new rules or guidance on MPs' outside interests, and how any new arrangements could be implemented.

**I don't know enough to comment on how the new rules should be implemented but I think this needs to be done quickly given the current Brexit negotiations and the privatisation risks to the NHS.**

Kind regards

**Debra Moon**

## **SUBMISSION 100**

In my view, maintaining a profession or qualification (for example nurse, doctor, dentist and perhaps solicitor) is an important and valuable benefit to the knowledge of the house.

Vicky Ford MP

RT HON LORD MORRIS OF ABERAVON, KG, QC



1.5.17

Dear Nee Goddard,

What I am trying to find out is whether this particular inquiry is within the Committee's terms of reference.

It is the third time of asking.

I would be willing for all 3 of my letters to be considered, without ~~of~~ ~~the~~ necessity of agreeing to the Review.

Yours truly

P.S. I note date of 'short review' without comment now!

The Rt Hon the Lord Morris of Aberavon, KG, QC



6.7.17.

Dear Lord Bew,

I would be available

to supplement orally my secretary's  
E-MAIL of 3.7.17, until the House  
goes into recess, and again on the  
Autumn Resumption in Sept.

I firmly believe the subject  
is either a House of Commons matter,  
and which I would be willing to give  
advice, I would not wish to be precipitate,  
or a matter for the Executive.

My standpoint would be  
as an M.P. of 121 years, and the  
Senior Labour Party Counsellor (since  
1970.)

Yours faithfully,  
Lord Morris

## SUBMISSION 102

Dear Lord Bew,

**Re: Review of MP's Outside Interests**

I am writing regarding the above review.

I am a retired Local Government Officer (from Parish to County Council). I have worked extensively with local Councillors and have been responsible/involved in all aspects of Council work including Planning and Budgets. I was also involved in the initial setting up of the Care in the Community initiative. This has given me, I feel, a better understanding than most, of how Government works.

I can inform you that from my conversations with local people every single one is heartily sick and tired of the endless corruption and sleaze that is constantly being reported in the papers, but to which The Standards Committees do absolutely nothing about.

Older residents tell me that years ago MP's took on the role because they wanted to make a difference to their communities, but nowadays it's all about how much money they can fiddle from their expenses, on top of a very large salary for doing as little as possible, while being guaranteed an 18 carat gold pension at the end of it. Then of course there is the lobbying for money, cash for questions, and the list goes on and on.

What strikes me is that nothing has improved since your committee was established in 1994 to sort out the sleaze, and I can honestly say that having read your Seven Principles of Public Life, I can't see where any of them are being implemented by MP's today. What a sorry state of affairs.

Why was it agreed in the first place that MP's who are paid a full time salary, should be allowed to undertake other paid work outside the House of Commons? It's either because your Committee is made up of the MP's who are more than happy to be part of the gravy train or they do not have the gumption to implement the rules that already exist to stop it, for risk of being ostracised by the others

### **1. What factors 'reasonable limits' on MP's outside interests?**

Parliament's own website states that – The UK public elects MP's to represent their interests and concerns in the House of Commons. MP's split their time between working in Parliament itself, working in the constituency that elected them and working for their political party etc. etc. etc.

The list of their roles and responsibilities goes on and on. If they were doing a proper job of it they would have no spare time to take on outside interests, paid or otherwise. This of course means they are short changing the community that elected them.

Why are MP's allowed 'reasonable limits' at all? Why is their employment in this role not regulated as everyone else's employment? Allowing 'outside interests' in effect means they are paid a full time salary for part time hours. It's about time the public, who pays for all of this gets value for money and MP's working hours are regulated properly.

### **2. Outside interests could lead to potential conflicts of interests.**

Of course it does. The temptation is always there. This applies to everyone in public office both MP's and Officers.

I understand there are currently seven bodies in Parliament with responsibility for ensuring MP's do not break the rules. This is unbelievable. They are obviously not working, the public can see this only too clearly.

The unedifying spectacle of George Osborne taking on six different jobs for example (not to mention his collusion with David Cameron for Uber against our own iconic Black Taxis). Members of the public view this as payback for services rendered while in office. While his whole demeanour throughout mocks any criticism made against him. The public view this as unacceptable behaviour from an MP let alone a Chancellor and Prime Minister. While those who already have the power to stop it are reluctant to rock the boat.

We also see MP's who have vested interests in certain areas allowed to sit on committees and vote to sway decisions in their favour. Pressure being put on other MP's (Uber) to vote in a certain way. The list goes on.

### **3. Sufficient Transparency around outside interests**

Your own regulations state 'Such activities should be transparent and information about it should be drawn to voters' attention at election time'.

I have never seen any such declaration as part of any election of any MP, how have I missed it, I am an avid reader of election material. I personally would not vote for someone to be my MP who undertook outside interests as I want a full time MP.

Self-regulation never works, there are too many people with vested monetary interests making sure the rules stay as flexible as possible.

All MP's when first elected, should produce written evidence from Companies House etc., together with evidence of any international holdings and overseas income. They should also list membership to any organisation not only for themselves but for their families too.

These documents should form part of their Declaration of Interest, and be a legal requirement. It should be made clear that anyone found to be breaking these rules would face legal consequences.

#### **4. New rules or guidance on outside interests**

There should be new **rules** (guidance is optional and is not followed or is 'misinterpreted'), and there should be **a legal requirement to follow them**. They should be clear and unambiguous. All MP's no matter what capacity they are in should be clear on the consequences of deceiving the public (police involvement).

**Those MP's/Officers who are charged with implementing the rules should be clear in their role and be prepared to implement those rules without fear or favour.**

I am sure that there are lots of very dedicated MP's who put in 60 hours of work a week, but they are now outnumbered by those who view this job as a means to an end.

What is very depressing is that we all know this review will go the way of all the others, with more 'recommendations' that are ignored.

The gravy train will continue, but the public will not tolerate it. They have shown what they can do with Brexit. The public are very angry. MP's need to reform or the public will change them too.

I am sorry to sound so negative, I hope I am proven wrong and radical changes are made.

Yours sincerely



Irene Sullivan (Mrs)

## **SUBMISSION 103**

### **MPs' outside interests: CSPL Review**

All levels of government and the public sector need better management. I suggest ISO 9001.

Richard Ebley



## ***Rules for MPs***

***Submission of pupils' views  
to the Committee on Standards in Public Life***

***for their consultation on MPs' outside interests***



### **Introduction**

1. This report is a formal submission to the Committee on Standards in Public Life for their consultation on MPs' outside interests.
2. The report is from Pupils 2 Parliament, a project to enable school pupils to consider and feed in their views to parliamentary, national government and national body public consultations and inquiries. The project has been approved by the Clerks of both Houses of Parliament to use the term 'Parliament' in its title.



3. Pupils 2 Parliament aims to bring the particular viewpoint of children and young people to those conducting inquiries and consultations - plus the uniquely fresh and often challenging analysis that children and young people bring to decisions and policies.
4. The project also gives school pupils the chance to learn about and consider key decisions being made by parliament, national government and public bodies, and genuinely to participate in democracy by feeding their views into real national decisionmaking.
5. Children have a very strong sense of fairness, and bring this to their consideration of what are fair standards to apply to MPs' outside interests.
6. Pupils' views are independently gathered through discussions with groups of pupils led by someone from Pupils 2 Parliament, with a member of school staff taking notes of the pupils' views. We use information from the relevant consultation or inquiry document or terms of reference to explain the issues. We specialise in putting the issues and questions even-handedly, without leading pupils in any way or suggesting any responses. All views come spontaneously from pupils, with no adult prompt on what they should say.
7. The information we gave to pupils about this consultation came from the terms of reference for the Review on the Government website. We have addressed a range of issues with pupils, relating to the four key themes in the Committee's terms of reference.
8. This report contains all pupil views given, without selection, comment or addition. The views in this report are entirely pupils' own views, and nothing but pupils' views.
9. Views in the report came from a focus group of 22 pupils aged 9 and 10 from Colley Lane Primary Academy, Halesowen, West Midlands, one of the schools regularly involved in the Pupils 2 Parliament project.



#### **What do pupils think about MPs doing some outside work?**

10. We started by asking the pupil group for their views and reactions to the idea of Members of Parliament doing other work outside their work for Parliament. We asked this before any discussion about the key issues, so that we could get the pupils' first reactions about MPs' outside interests, based on their own strong sense of fairness as children.
11. Those who thought MPs should be allowed to do some work outside being an MP thought they should have the same rights as anyone else who works, that they may need a second job to fall back on if they stopped being an MP, and that some may need to earn extra money for their families.
12. Those who thought MPs should not be allowed to do any work outside being an MP thought they "should stick to their MP job only", that MPs have to take important



decisions and doing other jobs may interfere with their work as an MP, stress them out, or make them miss parliamentary meetings. They may miss or forget important things as an MP because they are focusing on their second job. Being an MP is special, well paid, and a privilege.

13. Pupils immediately proposed three general principles about MPs' outside work. These were:

**First principle:** outside work should not interfere with being an MP, nor affect the decisions an MP makes as an MP

**Second principle:** outside jobs should not take too much time away from working as an MP

**Third principle:** MPs should not bring opinions from any second job into their work as an MP.



#### **What are the main areas of concern about MPs doing outside work?**

14. We asked the pupils about each item in a list of five possible concerns about MPs outside interests, taken from the Committee's 2009 report *"MPs' Expenses and Allowances, supporting Parliament, safeguarding the taxpayer"*.
15. We asked them to vote on whether they thought each one was an important worry. Here is the list of concerns, in order of how worrying pupils thought they are. The number in brackets after each one is the number of pupils who saw that as an important worry:

**MPs' outside interests taking time away from doing their jobs as MPs [20]**

**People may not know what they do as well as being MPs [17]**

**There could be conflicts of interest [13]**

**If MPs do a voluntary job outside Parliament that they don't get paid for [10]**

**MPs getting paid for doing something else when they already get paid to be MPs [0]**

16. In our discussions, pupils said more about each of these concerns. Their biggest worry was that MPs' outside interests, whether paid or unpaid ones, might take up so much of their time that they couldn't do their main job as MPs properly. Pupils were not at all concerned about whether or not MPs got paid for any outside work they did, but were very concerned at how much of their time MPs might spend on outside interests rather than on their main responsibility as elected MPs. The worry was about taking time off Parliamentary duties, not about MPs earning extra money.



17. This was also why pupils were most worried about MPs doing unpaid voluntary jobs outside Parliament. If you do something you are getting paid for, there are limits to how much time you will spend on that work. You will basically only do what you are paid to do, and no more. But voluntary work is something you do because you are committed to it, and because you think it is very important, and you will therefore want to do a lot of it. Something you do because you love doing it, rather than because someone is paying you to do it, may easily be something you want to keep doing and become more and more committed to doing. Voluntary work risks taking up more and more of your time. If you are an MP, you may easily end up getting more committed to your voluntary work than to your MP work, and so not spend the enough time being a Member of Parliament.

18. Like the Committee, a majority of our pupil group thought that it was worrying that people might not know what outside interests their MPs had. People needed to know this, and the pupils therefore agreed with the Committee's own concern about people knowing about MPs' outside interests (that is, about what the Committee's terms of reference call 'transparency' and 'openness').

19. The majority of pupils were concerned about the possibility of conflicts of interest between MPs' parliamentary work and things they did outside Parliament. But this was not such a worry as outside interests taking MPs' time away from Parliament, and there could be rules about conflicts of interest to make these less of a worry.



#### **The pupil vote on whether MPs should be allowed to do any outside work**

20. After the pupils had discussed the issues and thought about each of the five main possible concerns from the Committee's report, we asked the pupils to vote on whether they were now for, or against, MPs being allowed to do any outside work.

21. **Pupils voted, by 14 votes to 8, in favour of MPs being allowed to do some outside work.**



#### **What rules should there be to make sure that any outside work MPs do stays *reasonable*?**

22. Pupils proposed these twelve future rules to keep any outside work MPs do at a reasonable level:

1. **MPs should only be allowed one outside job in addition to being an MP**
2. **The work hours of any second job should not interfere with the times they are needed for parliamentary work**
3. **No second job should get in the way of the main job of being an MP**
4. **If a second job does start getting in the way of their work as an MP, the MP should cut down on the hours they spend on their second job**
5. **MPs shouldn't accept any bribes through their second job**



6. **An MP with a second job shouldn't have a second holiday allowance through that job – only the holiday time they get as an MP**
7. **MPs should spend more hours on their MP work than they do on any second job**
8. **MPs should not be paid more for a second job than they are paid for being an MP**
9. **Their work hours on their second job should have finished before the usual sitting times of the House of Commons**
10. **No MP should lie or make excuses to cover up what they are doing in their second job**
11. **MPs should tell if they have a second job, and what that job is**
12. **MPs should spend more days on MP work than on any second job.**

23. Three extra ideas were proposed. One was that it is ok for MPs to be allowed to carry on doing jobs they were already doing outside Parliament before they were elected, but they should not take promotions and more responsibility in those jobs while they are MPs. A second was that MPs' outside earnings could be pooled and shared between all MPs, rather like tips being shared between staff. The third was that MPs should share any outside earnings they made between their own family and contributions to charity to help other people.



**What rules should there be to stop MPs doing anything that causes a conflict of interest?**

24. Pupils put forward four main guidelines for avoiding the dangers of MPs having conflicts of interest.
25. Firstly, MPs should not vote in the way that suits any outside interests they have, nor just for what they want for themselves, but for what they believe is right for everybody, and what they believe others than themselves would want them to vote for, having listened to other people.
26. Secondly, just before any vote in Parliament, any MP with an outside interest or association with what the vote is about should have to say so.
27. Thirdly, there should be a punishment for MPs who are found to be voting in favour of their own outside interests rather than the interests of their party or the people who elected them. Some pupils thought that an MP with a conflict of interests who was found to be voting in favour of their own outside interests should be issued with a warning about conflicts. A few thought that they should be sacked as MPs.
28. Finally came the general principle pupils had already proposed in relation to second jobs – which one pupil summarised as “your MP job comes first, your second job comes second”.



**What rules should there be about what outside interests (apart from paid jobs) MPs should be able to have outside their work for Parliament?**

29. Pupils again told us they thought that there was a danger that someone might find themselves doing more and more voluntary work they were really committed to and believed to be important for the community, and so it might grow to get in the way of their work as an MP. Anyone doing voluntary work tends to get called on to do more. Anyone doing voluntary work which is helping someone finds it hard not to give more help when it is needed, and so it is hard for an MP not to let voluntary work interfere with MP work.
30. Again, therefore, the general rule should be that any MP's outside voluntary work should not get in the way of their work as an MP.
31. Some thought that to avoid getting their time taken away from working as an MP, MPs with a strong commitment to particular charities should think about making donations to those charities, rather than working for them, for the time they are MPs.
32. Anyone who does do unpaid voluntary work alongside being an MP should make sure that their voluntary work times and shifts are outside their MP work times.
33. One final point made was the warning though that even if an MP does once allow important voluntary work to take over their time at the expense of their MP work, we mustn't assume that they will do that again. They may well sort the conflict out for themselves.



**Should all these rules be the same or different for MPs who used to be Ministers or Select Committee Chairs?**

34. One of the terms of reference for this consultation asks whether because of conflicts of interest there should be different approaches for MPs who are Ministers, MPs who used to be Ministers, and MPs who do other special jobs in Parliament like being Chairs of Select Committees.
35. We explained these different sorts of roles to the group, and asked them whether the rules about conflicts of interest and outside interests should be the same, or different, for MPs who are, or used to be, Ministers or Select Committee Chairs.
36. **The pupils voted, by 12 to 8, that the rules should be the same** for MPs generally, and for MPs who are or were Ministers or Chairs of Select Committees. All MPs should be expected to follow exactly the same fair rules, without there needing to be extra rules for MPs with particular senior jobs inside Parliament or the Government.



**The pupils' final vote on the Committee's recommendation in its 2009 report on MPs' Expenses and Allowances**

37. At the end of all the pupils' discussions, we asked the group to vote on the proposal on MPs' outside interests that the Committee is now reviewing. This is Recommendation 34 in the Committee's 2009 report on *"MPs' Allowances and Expenses"*. (We put to the pupils the latest version of this, in the terms of reference for the Committee's current review, rather than the wording in the list of the original recommendations in the 2009 report):

*"MPs should not be prohibited from paid employment such as journalism outside the House, provided any activity remains in reasonable limits. But it should be transparent and information about it should be drawn to voters' attention at election time."*

38. **The pupils voted by 18 to 4 in favour of the policy recommendation.**

39. We think it important that the Committee should take this vote into account, representing as it does the independent fairness assessment of a group of school children.



40. I am grateful to the Head and staff of Colley Lane Primary Academy for letting me carry out this discussion with their pupils, to the member of staff who took notes of all the pupils' votes and views, and above all to the pupils themselves who gave their fresh thinking, views and ideas for this report.

Dr Roger Morgan OBE  
*Pupils 2 Parliament*

23<sup>rd</sup> July 2017



I hope that this short submission will be of use to the Committee's inquiry into MPs' outside interests. The numbers are those of the four questions set by the Committee.

1 and 2: **I believe that MPs in general should answer only to their local party members and to constituents for their outside interests.** The only necessities are that MPs should be comprehensive and totally transparent in declaring those outside interests, the rewards they receive from them and the effort they devote to them, and that they should face rapid and effective sanctions for any wilful or reckless failure. I believe that the present rules of the House of Commons are adequate for the first purpose. One can never be certain whether any sanctions regime is adequate in any walk of life, because one can never be certain how many wrongdoers are actually detected.

In my experience, the scale of an MP's outside interests is largely irrelevant to party members or to constituents. Far more important is the nature of the outside interest itself. Party members and constituents will take offence when an MP puts himself under any obligation at all, however small and transient, to a person or interest group they dislike. They may also object to certain kinds of reward for MPs from outside interests (especially luxury holidays disguised as fact-finding trips). They will not be nearly as concerned with the effort he devotes to a special interest which they like unless it is perceived to interfere with his duties to them ("we never see

him here, he's always off saving the panda") or the reward he receives from it, unless they think he is fleecing a worthy cause.

Again assuming that MPs' outside interests are fully and accurately recorded, there are plenty of opportunities for their opponents, and for the media and pressure groups, to hold MPs to account for them.

There are so many factors which might influence party members' and constituents' judgment of their MPs that I think it pointless to set any kind of limit on outside interests, either by value or by hours worked for them. The latter would make it far too easy for an MP to lie. The former would unfairly penalize successful authors, journalists, actors, and celebrities in general who are lucky enough to command substantial earnings outside the House for relatively little effort (indeed none at all for MPs earning royalties and repeat fees for previous work). One would not wish to penalize JK Rowling should she choose to seek membership of the House.

I think that MPs who become chairs of specialist Select Committees should divest themselves of any outside interest which might be thought by a reasonable person to have a motive for influencing the activities of the Committee.

MPs who become ministers are required to give up their outside interests or park them in a blind trust. I have some doubts whether a blind trust is a sufficient safeguard against a corrupt minister. If he knows what interests he has parked in the blind trust and knows that he will regain control of them on leaving office, that might influence his decisions. But I have no alternative to propose.

I know that some MPs in recent times have refused junior ministerial office because they would lose their outside earnings. That is a matter of concern, since it diminishes the supply of ministerial talent. The remedy is not to cap outside earnings but to increase the rewards, non-financial as well as monetary, of ministerial life. There are too many junior ministers already with nothing worthwhile to do.

I believe that the regime for approving ministers' appointments after leaving office should be drastically strengthened. Ex-ministers should be legally bound for a good length of time to refuse any appointments thought undesirable by ACOBA or any successor body. For Prime Ministers and possibly for Privy Counsellors this obligation should be lifelong.

3. I believe that the present Register of MPs' interests gives enough information for interested parties, especially local party members and constituents, to make a judgment on outside interests.

4. As noted already, I see no need for further rules or guidance on MPs' outside interests: they should simply declare them openly and answer any critics.

Richard Heller



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**Response to the Committee on Standards in Public Life's review of MPs' outside interests**

1. The Independent Parliamentary Standards Authority (IPSA) regulates MPs' business costs and expenses and ensures that MPs are appropriately resourced to carry out their parliamentary duties. Our remit also includes the determination of MPs' pay and pensions.
2. In 2012 and 2013, we conducted extensive research on the issues concerning MPs' pay and pensions and carried out two public consultations. We considered the issue of MPs' outside earnings as part of those consultations. It is an issue which is often raised by the public when considering MPs' remuneration. We have, therefore, taken this opportunity to respond to the CSPL review as it may be helpful to take into account our earlier findings.
3. We have not dealt with each question in detail but have addressed matters relevant to our remit and where we consider we can provide some insight.

MPs' outside interests

4. When looking at MPs' outside interests and earnings, the scope for what these could include is broad. Many MPs also earn salaries as Ministers, or Chairs of Committees in the House of Commons. Some continue to work occasionally in the professions that they were in before they became MPs. Some write articles for the media. Others receive income from property or personal investments. The CSPL may therefore need to consider whether a definition of a 'reasonable limit' includes all or only some of those potential sources of income, or whether it should instead be based on the number of hours worked, or sums earned. Any definition is unlikely to be straightforward.
5. The definition of a reasonable limit also depends on the problem that the CSPL is trying to address. In practice, people have various concerns about MPs having outside earnings. Some take the view that MPs cannot do their jobs properly if they have other employment. Others consider that there may be a risk of conflicts of interest with any other paid employment. And a third group may believe that a backbench MP's salary should be sufficient without their needing more money.
6. During IPSA's consultations on MPs' pay, we found that the first of these concerns was most common: in other words, that MPs should focus just on being MPs. Yet this immediately led to the question of whether there is an agreed definition an MP's role. We concluded that there is not, and that any attempt to clarify the elements of an MP's role is a matter for Parliament. MPs conduct their work in many ways, depending on the nature of their constituency, how they

balance the twin demands of Westminster and their constituencies, whether they are employed by the Government, and so on. In effect, every MP's job is conducted differently, depending on their personal circumstances.

7. Moreover, in the consultation we conducted on MPs' pay in 2012, some respondents argued that other employers do not prohibit their staff from taking on additional work in their own time, and that other citizens were therefore free to do extra work as long as it did not interfere with their paid duties. The Rt Hon Jack Straw MP also noted that "There is no evidence that those MPs who do have outside earnings (including those with substantial earnings) are any less full time than MPs who do not have such earnings." He also stated that it was possible for outside activities to be undertaken in non-working time.
8. It was also argued that activities such as appearing on political news programmes, writing articles, or completing political surveys, form part of engaging in political debate and discourse and that this is what we would expect of MPs. Equally, MPs who continue to work in professions such as medicine or the law, or who retain some involvement in the business world, may be able to use their expertise to good effect in their parliamentary activities.
9. In the consultations we have held, members of the public have nonetheless generally argued that MPs are paid to be full-time members of Parliament and that they should therefore do the job full-time. Many also regarded MPs' salaries as being sufficient for a full-time position, and might therefore expect that their MP should work full-time as an MP. All responses to our consultations on MPs' pay are available on our website at [\[IPSA's Review of MPs' Pay and Pensions\]](#).
10. At IPSA, we also looked at MPs' outside earnings as part of our consideration of whether there should be a differential basis to MPs' pay, including to reflect MPs' outside earnings. In response, the 1922 Committee of backbench Conservative MPs suggested that any such arrangement would be punitive and out of step with usual practice in other walks of life. The Speaker of the House of Commons also suggested that, under the Parliamentary Standards Act 2009, it would not be possible for IPSA to introduce differential levels of pay, other than for Chairs of Select Committees and Members of the Panel of Chairs. We concluded, in the light of these arguments, that we should not pay MPs differentially, but the same salary regardless of their outside earnings.

#### Conflicts of interest

11. We did not consider potential conflicts of interest during our consultation, as IPSA has no remit to determine what MPs should do outside their parliamentary work; nor do we have any remit with regard to MPs' conduct. These are matters for the Parliamentary Commissioner and the Parliamentary Committee on Standards.

### Transparency

12. As regards transparency, the Register of MPs' Financial Interests contains information about MPs' outside earnings. The CSPL's review provides an opportunity to consider whether that register could be more accessible and easier to search, so that the public are better informed.
13. IPSA's approach to publishing details of MPs' expenditure on parliamentary activities may provide a comparison. We publish MPs' claims in two-monthly intervals, covering claims from four and five months previously. We also publish MPs' aggregate expenditure once a year, each November. This covers spending and a range of other information from the previous financial year. It is all available and searchable on our website at [www.theipsa.org.uk](http://www.theipsa.org.uk). We continue to look at ways that we could make this data more accessible and easier to analyse.

**Independent Parliamentary Standards Authority**

**13 September 2017**

## MPs' outside interests

### Written evidence submitted by Dr Abby Innes, European Institute, LSE

1. I am an Assistant Professor of Political Economy at the London School of Economics. I have researched party, state and corporate relationships in Central Europe for twenty years but currently hold a British Academy Fellowship to research these ties in the UK. This research is on going.
2. This is a short submission on each of the four questions raised by the Committee with an introduction on the changing context of UK policy-making.

### Introduction

3.
  - **Compared to other established democracies British MPs operate with uniquely close ties to business.**

These ties are an established norm in UK parliamentary life. They have been encouraged even as MPs' salaries have improved. The standard argument for them is that they keep MPs embedded in the country's economic realities. Data on individual connections is declared in the *Register of Members Financial Interests* but the resulting trends are only revealed piecemeal through investigative journalism. A 2008 report written by Deputy Leader of the Commons, Helen Goodman, found that second jobs were held by 66 per cent of Conservative MPs, 37 per cent of Liberal Democrats and 19 per cent of Labour MPs (Labour was in government, with more than 100 of their MPs engaged in additional (paid) roles as members of the executive).<sup>15</sup> In 2007, 30 per cent of Conservative MPS were listed as company directors and 40 per cent were engaged as paid consultants.

Data from 2004 found that 46 per cent of the top 50 publicly traded UK firms had a British MP as a director or shareholder, by far the highest for all 47 developed economies included in the study. The next highest ranked OECD country was Italy, at 16 per cent. In the Nordics only 2.5 per cent of top 50 firms had any institutional connection with an MP or minister.<sup>16</sup> In 2012 *the Guardian* found that 68 UK peers and MPs were directors or carried controlling interests in firms connected to tax havens.<sup>17</sup>

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<sup>15</sup>Andrew Grice, 'MPs face ban from lucrative second jobs'. 23<sup>rd</sup> July, 2008. *The Independent*, <http://www.independent.co.uk/news/uk/politics/mps-face-ban-from-lucrative-second-jobs-875768.html>. For a wider overview see Stuart Wilks-Heeg, Andrew Blick and Stephen Crone, "MPs' pay has risen sharply since the 1970s – but it is outside earnings that should really concern us", *Democratic Audit*, 9 December 2013, Available at <http://www.democraticaudit.com/?p=1994>

<sup>16</sup> Mara Faccio, "Politically Connected Firms", 13 July 2004, Available online: [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=444960](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=444960) Accessed 20 February 2014.

<sup>17</sup> Martin Williams and Rajeev Sayal, The full list of peers and MPs with directorships or controlling interests in companies linked to tax havens, *The Guardian*, 20<sup>th</sup> September 2012, Available at <https://www.theguardian.com/news/datablog/2012/sep/20/peers-mps-directors-companies-linked-tax-havens>

4.

- **Thirty years of pro-business reforms to the UK state mean that conflict of interests and corruption risks for MPs have increased dramatically. They are now uniquely high among the established democracies.**

The norm around MPs' business ties have continued despite the transformation of the UK state through 'supply-side' reforms. Agenda-setting and policy design has increasingly been outsourced to professional consultancies, third-sector agencies, law and accountancy firms and corporate sponsored think tanks. The administrative, policy-making and agenda-revising throughputs of the state have seen greater business involvement via senior civil service recruitment, special advisors and non-executive directors drawn directly from the corporate sector. Finally, the state's core outputs in terms of welfare and regulation have been ever more outsourced to the private sector. The UK machinery of state is now porous to private business interests to a degree that is exceptional among the established democracies.

5.

- **The regulatory framework has not kept pace with the intensification of corruption opportunities and risks.**

MPs' business ties and interactions are still governed by the principle of 'self-regulation.' The result is a regulatory deficit in which neither the transparency of MPs' business relationships nor the regulations that govern them have kept pace with the opportunities for conduct that breach the Nolan Principles.

6.

- **Rates of corruption are increasing across established democracies and this is damaging voters' faith in their political systems and in democracy as such.**

This rising public distrust encourages populist politics in which 'purifier' parties and strategies promise to retrieve the state from a 'corrupt political elite'. The most recent (2013) Transparency International *Global Government Barometer* showed the following attitudes for the UK:

- 65% of people believe corruption has increased in the last 2 years
- 67% of people believe political parties to be corrupt or extremely corrupt;
- 55% believe the UK's political system to be corrupt or extremely corrupt;
- 90% believe that the UK Government is run by a few big entities acting in their own interests

These poor results reflect the UK's ongoing combination of exceptional business access in policy-making and its weak regulation. This needs to be remedied as a matter of urgency. In research into corruption 'corporate state capture' is understood as the most serious stage of corruption whereby private interests subvert legitimate channels of influence to shape the rules of the legislative and institutional game through private payments to public officials.<sup>18</sup> The regulatory framework is such that the UK state is now straightforwardly open to abuse and policy capture.

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<sup>18</sup> J. S. Hellman, G. Jones and D. Kaufmann, "Seize the State, Seize the Day: State Capture: Corruption, and Influence in Transition," *Policy Research Working Paper 2444*, (World Bank, 2000): 2-3.

It is not adequate to believe that the UK has 'entrepreneurial government' and foreign governments have 'corruption' but UK government controls against corruption are notably stronger for its international aid than for any arena of the domestic policy-making environment.

### The Committee's four themes

7. *What factors should be taken into account in determining the 'reasonable limits' on MPs' outside interests?*

- **MPs should be barred from undertaking any paid work that relates to the affairs of parliament. This prohibition should include any advisory or consultancy work and the holding of business positions, whether as board members, shareholders or owners.**

'Reasonable limits' should preclude the possibility of the abuse of public authority for private gain. The UK context of pervasive business access in policy-making puts the onus on the regulation of Members' outside interests.

8. *How and whether outside interests for MPs could lead to actual or potential conflicts of interest. Does this apply differently for MPs, ministers and ex-ministers, Chairs of Select Committees and other MPs holding parliamentary roles?*

- **Outside interests, either through direct or indirect business interests or consultation can now realistically lead to conflicts of interest in any Government department.**

By way of example: an Education Minister now operates in a policy making environment in which business actors ranging from IT companies, estates and construction services companies, law firms, PR companies, hedge funds, educational businesses and pension funds carry a direct interest in education policy-making and service delivery. Following the negative verdict of the NAO on the financial accounts of the DfE, which has declared them 'unsafe and unsound' for the second year running, said Minister currently operates in conditions of the lowest possible financial transparency. Even in an arena as formerly non-financial as education therefore, the risks of conflicts of interest for a Minister, Select Committee Chair, member or backbench MP thus range from opportunities for advisory and consultancy work, direct business involvement through an outside business role and vulnerability to an active lobby, all the way through to anticipated gains from future employment in related markets. Consequently any possibility of private financial gain needs to be prohibited both while the MP is employed by the public but also via a significant strengthening of the rules on post-parliamentary appointments.

The Advisory Committee on Business Appointments (ACOBA) is toothless: its powers are limited to the encouragement of 'self-regulation'. Research into UK corruption risks around political-business appointments has consistently judged ACOBA unfit for purpose.<sup>19</sup>

There is nevertheless a growing tendency for Departmental spokesmen to brush off public disquiet at revolving door appointments (in and out) with the phrase '*perceived*

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<sup>19</sup> See Stuart Wilks-Heeg's summary, 'Revolving Door Politics and Corruption', in David Whyte's *How Corrupt is Britain?* (Pluto Press, 2015)

conflict of interest'. The fact that the conflict is seen does not make it less of a conflict.

9. *Whether there is sufficient transparency around MPs' outside interests, and how openness can be promoted.*

- **The quality and accessibility of MPs' Financial Declarations remains poor.**

Short of a ban on paid activity, the quality of information presented in MPs' Financial Declarations needs to be significantly improved. As things stand a researcher must go through each individual entry from official parliamentary registers and manually sum the results. The lack of automated totals and tracking options makes this exercise time-consuming and only dubiously accurate. The variation in 'gross' and 'net' statements between MPs makes robust long-term or comparative analysis close to impossible. *Ad hoc* and obscurely presented information about financial interests is unacceptable in the light of the high opportunities for financial abuse on the one hand and the available accounting software on the other: it implies deliberate obfuscation. If the Committee compares the Electoral Commission Register of Donations to Political Parties it would be struck by the relative transparency and user-friendliness of this data.

Data transparency on MPs' financial interests should operate on a maximalist rather than minimalist principle if MPs' outside interests persist.

- **MPs in breach of the rules around declarations should be answerable for offences of fraud and false accounting under the criminal law of the UK applying to all citizens, in line with *Transparency International* guidelines.**

The UK parliament is covered by ten distinct oversight bodies. Unhelpfully for the public trying to get a perspective on their activities, these committees mostly have variations on the same name: for example, the Independent Parliamentary Standards Authority, the Parliamentary Commissioner for Standards, the Committee on Standards and Privileges, the Committee for Privileges and Conduct and the Committee on Standards in Public life... Any rationalisation of this structure would be positive: fewer bodies with greater statutory powers of enforcement and sanction would be beneficial.

10. *Whether there needs to be new rules or guidance on MPs' outside interests, and how any new arrangements could be implemented.*

- **Outside paid work for MPs that relates to the legislative affairs of parliament should be prohibited. This should be enforced through the suspension of MPs in breach of this rule.**
- **Self-regulation is inappropriate to the governance of a state in which private businesses receive one third of public spending and is systematically engaged in policy-making and delivery.**
- **So long as the orthodoxy around government remains that of maximal inclusion of the business sector then MPs must be barred from private gain in the exercise of that partnership.**

- **Current public concerns about corruption in UK politics are well-founded: the public is significantly under-informed about the real scope for abuses within the current system.**

## **Conclusion**

The full scope for financial abuses within the UK policy-making environment should be comprehended. UK party-governments now stand in the role of brokers between the private business sector and the exceptional authority and resources of the state. Self-regulation is no longer appropriate in these circumstances.

The Committee may note that the Czech Republic is ranked 105<sup>th</sup> out of 138 states for the abuse of public funds for private gain<sup>20</sup> and 92<sup>nd</sup> for trust in its politicians. The Czech regulatory environment one of 'self-regulation' in government and its control of corruption history over the last twenty five years is characterised by strong rhetorical pronouncements, regular new initiatives in 'soft' regulation and a chronic failure to enact effective rules.

The UK operates with higher degrees of institutionalised business influence than the Czech Republic but successive Governments have followed the same pattern of self-regulation, rhetorical bluster around anti-corruption measures and real terms regulatory inaction and deliberate inertia. This is imprudent, at best.

In 2011 the CPSL carried out its fifth inquiry into party funding but its key findings, most notably the cap on private and corporate donations continue to be ignored. In 2010 the new government promised the end of non-transparent lobbying activity: the UK's Association of Professional Political Consultants estimates the new lobby register captures 1 per cent of those engaging in lobbying activity because it only applies to the top seam of ministers and permanent secretaries and bypasses SPADS, NEDS, MPs and local councillors, the staff of regulatory bodies, private companies providing public services and the major part of the civil service.<sup>21</sup> As at 31 March 2015, there were 69 non-executive board members across 17 central Government Departments, 94 per cent of whom were drawn from the private sector, with significant powers over strategy, management and civil service progression: many of these NEDs have open conflicts of interest in terms of their private business interests and networks and their Departmental activity.

We should be clear: successive UK governments have institutionalised a degree of weakly regulated and non-transparent business access to the top of government and to public resources for which businesses in the most corrupt countries in Europe pay, privately. As a matter of urgency the UK Parliament must recognise that it has been lulled into a complacency regarding MPs' business relationships that is inappropriate to their powers and duties and deplored by the electorate.

*4<sup>th</sup> September 2017*

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<sup>20</sup> World Economic Forum Global Competitiveness Report 2016-2017

<sup>21</sup> Suzanne Mulcahy, 'Lobbying Europe: Hidden Influence, Privileged Access', Transparency International (Berlin: Transparency International, 2015), 31

**Westminster Group Chief Whip, Scottish National Party**



HOUSE OF COMMONS

LONDON SW1A 0AA

April 2018

Dear Lord Bew,

Thank you for the opportunity for the SNP Westminster group to contribute to the Review of MPs' Outside Interests.

There have previously been no controls or regulation of MPs undertaking outside jobs other than a general requirement to register income received from outside sources and to declare a conflict of interest. We would support strengthening the current provisions to the extent that not only should Members declare a conflict of interest, but they should resolve it. This could help deal with cases we have seen in both this Parliament, and in Scotland, of some Members failing to properly declare interests when required.

It would be consistent to establish a system of regulation of MPs' paid external employment. This should deal with earnings from outside employment which involve an MP entering into a contractual arrangement with another employer to provide work in return for payment. This would not apply income from other sources such as interest on savings, dividends from shareholdings, sales of assets, gifts, or, as one member of the Committee of Standards and Practices raised with concern, proceeds from leisure activity such as gambling.

We would suggest the following five principles:

- (i) Recognition of MP as principal and full time job**  
SNP Members sign Group Standing Orders which includes a commitment to "treat the position as a full-time commitment with an attendance and work rate commensurate with that status." The Chief Whip is responsible for advising the Group if the performance of any member is inconsistent with this standard. It may be that all parties should be asked whether they make it explicit in their rules that being a Member of Parliament is a full time job and incumbents are expected to treat it as such.
- (ii) Prohibition on external jobs creating a conflict of interest**  
In order that MPs are best able to discharge the duties as defined in the code, we should agree that some types of paid external employment in areas which would create a conflict of interest are simply not permitted. This could include working for organisations that seek to influence government policy such as trades unions and industry bodies; work for campaigning organisations and pressure groups who are seeking to influence government; and work for agencies working in the field of public affairs or government relations who try to influence government on behalf of their clients.



#### **Regulation of permitted external employment**

It follows that some paid external employment would be permitted but the rules should seek to regulate and limit the extent to which this is allowed. For instance, we have many doctors in the House, and should they wish to cover for their former colleagues at times of need, that is entirely noble. There should be a requirement that Members must not engage in any external employment which would hinder their ability to perform their role as an MP. For example, it would not be possible to enter into a contractual arrangement with another employer which required the Member to be absent from the House when Parliament is sitting.

**(iv) Limits on external employment.**

There should be consideration of setting a ceiling on the amount of outside employment an MP can undertake. For example, it could be a requirement that Members should not have external employment in excess of an average of 10 hours per week or 500 hours per year. It may also be advisable that any such work is not carried out while the House is sitting.

**(v) Active support for defined professions**

We welcome the experience of Members from a wide range of careers and stages in these careers. Members should not be disadvantaged should they wish – or be obliged – to return to their former job at the end of their term of office. In some cases, this will require the maintenance of professional registration or a certain level of competence which can only be achieved by paid external employment whilst being an MP. This should be positively recognised and we should examine whether it might be possible to a procedure be drawn up with relevant professional associations to define the minimum level of work required, and again that this is accommodated outwith sitting periods of the House.

These proposals could be developed and implemented by the Commissioner for Standards and incorporated in, or appended to, the Code of Conduct, or it could be that a different or new external process be established.

Yours sincerely,

PATRICK GRADY MP  
SNP CHIEF WHIP