

Committee on Standards in Public Life
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Richard Lloyd OBE
Chair, Independent Parliamentary Standards Authority

By email: consultation@theipsa.org.uk



**Committee on
Standards in
Public Life**

Friday 13 December 2024

Dear Richard,

**SUPPORTING TRUST IN DEMOCRACY IN THE NEW PARLIAMENT: CONSULTATION
ON PROPOSED CHANGES TO HOW IPSA REGULATES AND PUBLISHES MPS'
FUNDING**

Thank you for your recent letter drawing attention to IPSA's consultation on proposed changes to how it regulates and publishes MPs' funding, which I welcome.¹

The Committee on Standards in Public Life has of course held a long-standing interest in parliamentary standards. In 2009, the Committee published a report on MPs' expenses and allowances, which made proposals for reforming the then regime for meeting the costs incurred by MPs as the result of performing the roles for which they are elected.² This included recommendations about the scope, powers and governance arrangements of IPSA.³ The aim of that report was to help restore public trust in the MPs' expenses system, and in turn democracy, which I note is a key and welcomed objective of this consultation.

I welcome IPSA's proposed principles-based regulatory approach. CSPL has said since its establishment in 1994 that all standards systems should be based on "clear, broadly expressed principles, which are aspirational, rooted in the core purposes of an organisation or profession, and easy to communicate and understand".⁴

¹ <https://www.gov.uk/government/publications/letter-from-richard-lloyd-obe-chair-ipsa-to-chair-cspl>

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https://assets.publishing.service.gov.uk/media/5a7dd58bed915d2acb6ee6a9/MP_expenses_main_report.pdf

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https://assets.publishing.service.gov.uk/media/5a7dd58bed915d2acb6ee6a9/MP_expenses_main_report.pdf

⁴ <https://assets.publishing.service.gov.uk/media/5a7ba86ce5274a7318b9014d/8519.pdf>

The Seven Principles of Public Life (commonly known as the Nolan Principles) – selflessness, integrity, objectivity, accountability, openness, honesty and leadership – have served as a bedrock for public standards since then, articulating the expectations of the public of those who serve them.⁵ They apply to all those who are elected or appointed to public office, including MPs, and to private providers of public services. It is the individual responsibility of MPs to “make judgements about how to run their financial affairs” in accordance with these principles.⁶

However, principles alone are not enough to guide good behaviour. Rules, usually set out in Codes of Conduct, which contextualise and expand on the practical implications of an organisation’s principles, must continue to play a part in your regulatory approach.⁷ I agree it is important that IPSA maintains that there are certain “red lines” that, if breached, the public would not condone.⁸

I would welcome upfront and specific reference in your proposed principles to the Nolan Principles, which could be used to help “set expectations of behaviour...and support MPs to take relevant considerations into account when making decisions” about their parliamentary affairs.⁹

On the question of whether your proposed principles are the right ones, you may find it helpful to note the fundamental principles we set out in 2009 on MPs expenses (set out in **Annex A**). Particularly the principle that “MPs should always behave with probity and integrity when making claims on public resources” and “be held...as personally responsible and accountable for expenses incurred and claims made”.¹⁰

I agree that “transparency is an essential part of supporting trust in democracy”.¹¹ Transparency matters, not just for transparency’s sake, but to enable effective scrutiny and accountability. We have said regularly in our reports that the way information is published

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<https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2>

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https://assets.ctfassets.net/nc7h1cs4q6ic/7hcl2Enb2YBZWECi3sCmJU/86ebec04664b08e40547d835fc014986/Consultation_Supporting_trust_in_democracy.pdf

⁷ <https://assets.publishing.service.gov.uk/media/5a7ba86ce5274a7318b9014d/8519.pdf>

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https://assets.ctfassets.net/nc7h1cs4q6ic/7hcl2Enb2YBZWECi3sCmJU/86ebec04664b08e40547d835fc014986/Consultation_Supporting_trust_in_democracy.pdf

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https://assets.ctfassets.net/nc7h1cs4q6ic/7hcl2Enb2YBZWECi3sCmJU/86ebec04664b08e40547d835fc014986/Consultation_Supporting_trust_in_democracy.pdf

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https://assets.publishing.service.gov.uk/media/5a7dd58bed915d2acb6ee6a9/MP_expenses_main_report.pdf

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https://assets.ctfassets.net/nc7h1cs4q6ic/7hcl2Enb2YBZWECi3sCmJU/86ebec04664b08e40547d835fc014986/Consultation_Supporting_trust_in_democracy.pdf

matters.¹² Information about MPs' staffing and business costs should be published in a way that facilitates meaningful transparency, for example published more regularly, and in an accessible, searchable database.

MPs will also need sufficient advice and guidance on how to apply these regulatory principles in practice. Since its creation IPSA has met this challenge head on. This consultation should enable you to ensure that MPs understand the context of the principles, and increase their understanding of the personal responsibility that MPs hold to live up to the principles that underpin their position.

We look forward to seeing the outcome of this consultation.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'DC' or similar initials, followed by a long horizontal stroke.

Doug Chalmers, CB DSO OBE
Chair, Committee on Standards in Public Life

FUNDAMENTAL PRINCIPLES ON MPS' EXPENSES AND ALLOWANCES

1. CSPL said in 2009 that “the new system for regulating the reimbursement of MPs’ expenses must be based upon clearly articulated principles. Some MPs have sought to justify inappropriate behaviour by claiming that it is ‘within the rules’. But rules cannot cover every eventuality, and firm principles are required to guide their interpretation”.
2. The Seven Principles of Public Life were established in 1995 by this Committee, under the chairmanship of Lord Nolan, to guide the actions of people in public life and ensure that their behaviour was compatible with acceptable ethical standards. Members of Parliament, above all others, need to abide by the Seven Principles. CSPL said in 2009 that “had there not been a collective failure to implement [the Seven Principles] consistently in the House of Commons, this report would not need to have been written. The Seven Principles need some elaboration in this context.”
3. CSPL said in 2009 that the principles underlying the system for MPs’ expenses should be the following:
 - Members of Parliament should always behave with probity and integrity when making claims on public resources. MPs should be held, and regard themselves, as personally responsible and accountable for expenses incurred, and claims made, and for adherence to these principles as well as to the rules.
 - Members of Parliament have the right to be reimbursed for unavoidable costs where they are incurred wholly, exclusively, and necessarily in the performance of their parliamentary duties, but not otherwise.
 - Members of Parliament should not exploit the system for personal financial advantage, nor to confer an undue advantage on a political organisation.
 - The system should be open and transparent, and should be subject to independent audit and assurance.
 - The details of the expenses scheme for Members of Parliament should be determined independently of Parliament.
 - There should be clear, effective and proportionate sanctions for breaches of the rules, robustly enforced.
 - The presumption should be that in matters relating to expenses, MPs should be treated in the same manner as other citizens. If the arrangements depart from those which would normally be expected elsewhere, those departures need to be explicitly justified.

- The scheme should provide value for the taxpayer. Value for money should not necessarily be judged by reference to financial costs alone.
 - Arrangements should be flexible enough to take account of the diverse working patterns and demands placed upon individual MPs, and should not unduly deter representation from all sections of society.
 - The system should be clear and understandable. If it is difficult to explain an element of the system in terms which the general public will regard as reasonable, that is a powerful argument against it.
4. CSPL said in 2009 that it intends the above principles to be “used by the new independent regulator to guide any future changes to the regime”. CSPL recommended in the report that: “MPs should always act in accordance with the Seven Principles of Public Life. Any future changes to MPs’ expenses should be underpinned by the elaboration of those principles set out in this chapter”.