



House of Commons  
Members Estimate Committee

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# Review of Members' Allowances: Threshold for receipts

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First Report of  
Session 2007–08

**HC 415**

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## Members Estimate Committee

The Members Estimate Committee has the same Members as the House of Commons Commission:

Rt Hon Michael Martin MP, Speaker  
Rt Hon Harriet Harman MP, Leader of the House  
Rt Hon Theresa May MP, Shadow Leader of the House  
Sir Stuart Bell MP  
Nick Harvey MP  
Rt Hon David Maclean MP

The Committee is appointed under Standing Order No 152D (*House of Commons Members Estimate Committee*):

**152D.**—(1) There shall be a committee of this House, called the House of Commons Members Estimate Committee.

(2) The members of the committee shall be those Members who are at any time members of the House of Commons Commission pursuant to section 1 of the House of Commons (Administration) Act 1978; the Speaker shall be chairman of committee; and three shall be the quorum of the committee.

(3) The functions of the committee shall be—

- (a) to codify and keep under review the provisions of the resolutions of this House relating to expenditure charged to the Estimate for House of Commons: Members;
- (b) to modify those provisions from time to time as the committee may think necessary or desirable in the interests of clarity, consistency, accountability and effective administration, and conformity with current circumstances;
- (c) to provide advice, when requested by the Speaker, on the application of those provisions in individual cases;
- (d) to carry out the responsibilities conferred on the Speaker by the resolution of the House of 5th July 2001 relating to Members' Allowances, Insurance, &c., except the responsibility of appointing the Advisory Panel provided for in paragraph (5)(1) of that Resolution.

(4) Paragraph (3)(b) above does not empower the committee—

- (a) to create a new form of charge on the Estimate for House of Commons: Members; or
- (b) to increase any rate of charge or payment determined by resolution of this House.

(5) The committee shall report to the House from time to time, and in any case not less than once a year, the provisions of the resolutions of this House relating to expenditure charged to the Estimate for House of Commons: Members, as codified and modified pursuant to paragraph (3) of this order.

(6) The committee shall have power to sit notwithstanding any adjournment of the House.

### Committee staff

The staff of the Committee are Andrew Kennon, Jenny McCullough and Louise Sargent.

# First Report

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1. The Members Estimate Committee has made progress in the review of Members' allowances.<sup>1</sup> In our report published on 26 February the Committee announced that the threshold of £250 for invoices and receipts should be reduced from the start of the next financial year.<sup>2</sup> In this second report the Committee states what the new threshold will be from 1 April 2008.

2. Three options have been considered for a new threshold: £100, £50 and £25. We have also taken into account the implications for the current petty cash arrangements. In reaching these decisions the Committee has taken into account views expressed by Members, correspondence from members of the public and the advice of the Department of Resources.

3. We have heard from Members from all sides of the House that they already submit receipts with their claims. Members have also spoken of their experience in previous jobs outside the House which suggest that in other occupations all receipts would be submitted with claims or certainly for all claims over £25. We will be looking at practice in other organisations as part of our overall review.

4. We have considered whether the threshold should be zero but ruled it out for practical reasons. Members working both in the constituency and at the House and travelling between the two do incur small costs which are normally paid in cash and for which receipts are not given.

5. The amount of petty cash which can be drawn each month, mainly for minor office costs, is currently £250. This shall be reduced to £50 a month from 1 April 2008. Members will keep a petty cash book recording what items petty cash is spent on, which may be subject to audit. Claims for office items costing more than £25 would need to be accompanied by a receipt.

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<sup>1</sup> The House referred 11 recommendations from the Senior Salaries Review Body on 24 January 2008. On 4 February, the Members Estimate Committee announced a root and branch review of allowances following the Fourth Report of the Standards and Privileges Committee on the conduct of Derek Conway MP, HC280.

<sup>2</sup> First Special Report HC 368.

6. The question of food while working away from home will be considered in the context of the root and branch review of allowances and is not covered by this report.

7. The new low threshold for claims needs to be under-pinned by a more robust regime for audit. The Committee is determined to establish audit controls which command public confidence. Building on the recommendations of the SSRB and the Members Estimate Audit Committee, we are looking at options for a better system of assurance. Members have told us that they expect there to be a more rigorous system for checking the money has been spent on the purpose intended. Some have suggested that there should be a system of random spot checks on a percentage of Members' claims. Meetings will be held with the National Audit Office, private firms of accountants, HM Revenue & Customs and the Audit Commission to establish what is the most practical and effective arrangement. In the issues paper we have undertaken to publish by the end of March, we will set out some possibilities to achieve a more rigorous audit regime.

8. The Committee has considered the implications for the Department of Resources of a lower threshold. Since many Members already do submit receipts for items below the threshold, the increase in work will not be as great as might be expected. Reducing the threshold may lead to Members submitting claims on a more regular basis. We understand there may need to be some modest increase in House staff but that a receipts threshold of £25, £50 or £100 per item is administratively feasible, and can be implemented in April 2008.

**9. The Members Estimate Committee has therefore instructed the Department of Resources that, with effect from 1 April 2008, no claim against allowances of £25 or more per item will be reimbursed unless it is accompanied by a receipt.**

10. The Committee will publish at the end of March a further report setting out all the issues being considered in this root and branch review and seeking comments on them. Our emerging conclusions will be produced in May before a final report in time for a decision by the House in July.