House of Commons
Committee on Standards

Response to the IPSA Consultation: MPs’ Pay and Pensions

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Report, together with formal minutes

Ordered by the House of Commons
to be printed 15 October 2013
The Committee on Standards

The Committee on Standards is appointed by the House of Commons to oversee the work of the Parliamentary Commissioner for Standards; to examine the arrangements proposed by the Commissioner for the compilation, maintenance and accessibility of the Register of Members’ Interests and any other registers of interest established by the House; to review from time to time the form and content of those registers; to consider any specific complaints made in relation to the registering or declaring of interests referred to it by the Commissioner; to consider any matter relating to the conduct of Members, including specific complaints in relation to alleged breaches in the Code of Conduct which have been drawn to the Committee’s attention by the Commissioner; and to recommend any modifications to the Code of Conduct as may from time to time appear to be necessary.

Current membership

Rt hon Kevin Barron MP (Labour, Rother Valley) (Chair)
Sir Paul Beresford MP (Conservative, Mole Valley)
Mr Robert Buckland MP (Conservative, South Swindon)
Rt hon Tom Clarke MP (Labour, Coatbridge, Chryston and Bellshill)
Mr Christopher Chope MP (Conservative, Christchurch)
Mr Geoffrey Cox MP (Conservative, Torridge and West Devon)
Sharon Darcy (Lay Member)
Mr Peter Jinman (Lay Member)
Fiona O’Donnell MP (Labour, East Lothian)
Mr Walter Rader (Lay Member)
Heather Wheeler MP (Conservative, South Derbyshire)
Dr Alan Whitehead MP (Labour, Southampton Test)

The following were also Members of the Committee during the Parliament:
Annette Brooke MP (Liberal Democrat, Mid Dorset and North Poole)

Powers

The constitution and powers of the Committee are set out in Standing Order No. 149. In particular, the Committee has power to order the attendance of any Member of Parliament before the committee and to require that specific documents or records in the possession of a Member relating to its inquiries, or to the inquiries of the Commissioner, be laid before the Committee. The Committee has power to refuse to allow its public proceedings to be broadcast. The Law Officers, if they are Members of Parliament, may attend and take part in the Committee’s proceedings, but may not vote.

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at: www.parliament.uk/standards.

Committee staff

The current staff of the Committee are Eve Samson (Clerk), Danielle Nash (Second Clerk) and Miss Christine McGrane (Committee Assistant).

Contacts

All correspondence should be addressed to The Clerk of the Committee on Standards, Journal Office, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 6615.
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Report

1. The Independent Parliamentary Standards Authority (IPSA) published a consultation, *MPs’ Pay and Pensions: A New Package*, in July 2013. It is not a statutory duty of the Committee to comment on proposals relating to MPs’ pay and pensions. However, it is within our remit to comment on proposed changes to the expenses scheme, on which we are a statutory consultee. We have accordingly responded to question 9 of IPSA’s consultation which relates to ‘completing the modernisation of expenses’ and have also commented on the proposal for an Annual Report from Members. Our response is annexed to this Report.

2. This Report is made solely to inform Members of these matters. It does not require any action by the House.

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1  Independent Parliamentary Standards Authority, *MPs’ Pay and Pensions: A New Package*, July 2013
2  Parliamentary Standards Act 2009, section 4A (7)
3  *Ibid.*, section 27 (2)
Annex: Response to the IPSA Consultation: MPs’ Pay and Pensions

“Completing the Modernisation of Expenses”

We note that in Chapter 7 of its paper on MPs’ Pay and Pensions IPSA says:

Since May 2010, when the MP’s scheme of business costs and expenses was introduced, we have always made a clear distinction between MPs’ remuneration and the costs incurred in undertaking their parliamentary functions. However, there are some business costs and expenses that we currently reimburse, which those in other professional jobs would expect to pay for themselves.¹

As far as we are aware, earlier consultations on pay and pensions did not clearly indicate that IPSA would consider the scheme of business costs and expenses in this part of its work, although there was some reference to benefits such as salary sacrifice childcare vouchers. We recognise that although there will need to be a further consultation on revisions to the scheme costs and expenses, decisions in principle will be made as a result of this consultation. Accordingly we have commented on IPSA’s proposals in some detail.

We note that IPSA does not need to take a final decision on these proposals as part of its work on pay, since it is clear that it does not consider that “the value of these types of expenses should be added to salary as an allowance”.² If IPSA decides it does wish to change allowances along the lines indicated in the consultation document, in our view it would be desirable for it to do more work to establish an evidence-base for the proposals.

Comparisons with other professions

We are surprised by the suggestion that some of the costs identified in Chapter 7 are of a kind “which those in other professional jobs would expect to pay for themselves”.³ It is important to distinguish between different types of circumstance. There are what might be termed “normal” professional duties, which may well include occasionally working long hours to complete a particular task or project; they are under the control of the professional concerned. There is ample evidence that MPs routinely work 60 or 70 hours a week, and there is no suggestion that there should be remuneration based on the number of hours worked.⁴

There are other circumstances in which there may be extra payment either by way of salary supplement or expenses, such as circumstances in which a worker is obliged to work particular unsocial hours, or to work away from the primary work place.

¹ MPs’ Pay and Pensions: A New Package, July 2013, para 150
² Ibid., para 151
³ Ibid., para 150
⁴ Hansard Society, A Year in the Life: from member of public to Member of Parliament, June 2011, p 5
The IPSA paper provides no evidence to support the blanket assertion that professionals whose work entails regular unsocial hours or residence away from home or a primary workplace for part of the week would not be reimbursed for the costs incurred. Practices vary widely within and between professions. In some professions there is indeed no reimbursement for unsocial hours and the associated costs of those hours but salaries may be supplemented to compensate. The police have a wide range of expenses and allowances. Some duty solicitors’ payment depends on the time which they work, while others are paid a salary to compensate unsocial working hours. Junior doctors for example, are paid a salary supplement of between 20 and 50 per cent for working unsocial hours or working more than 40 hours a week.\(^5\) In the Civil Service some Private Office posts have an additional flat rate allowance to reflect the attendance requirements.

We do not consider that IPSA has made a case for changing the boundary of the existing scheme of business costs and expenses.

**Hotel and taxi costs**

We are particularly concerned about the possible impact of the proposed changes in the arrangements for allowable taxi and hotel costs for those who live in the London area. We note that IPSA’s London area is based on “one clear criterion: whether part of the constituency is within 20 miles of Parliament”.\(^6\) Six constituencies with a tiny part of the footprint within 20 miles of parliament are excluded, but the effect of IPSA’s definition is that the London area runs into semi-rural locations such as Hertfordshire and Surrey. We also note that although the London Area Living Payment (LALP) provides “London weightings” for inner London and wider London MPs,\(^7\) IPSA considers “the LALP is a contribution to the cost of living and commuting within the London Area; it is not intended to cover the whole cost faced by a London Area MP as opposed to one who lives outside of London”.\(^8\)

The proposal to allow taxis to be claimable only after 11 pm and hotels to be bookable only after 1 am\(^9\) will have the greatest impact on Members for constituencies within the Greater London area, although the proposals for taxis may affect MPs with accommodation within the inner London area, but some distance from Westminster.

We find it hard to believe that employers in other sectors would expect their employees to wait until 1 am before booking a hotel if it was necessary for them to work beyond the point at which it was possible or sensible to return home and to travel to work in time to start as normal in the morning.

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\(^7\) MPs with constituencies in Greater London receive £3,760 pa, and MPs whose constituencies are not within Greater London but fall within the London area receive £5,090.


\(^9\) *Ibid.*, This will not apply to Members who normally stay in hotels when in London, and are entitled to do so under the IPSA scheme
The current proposal would return the rules on claims for taxis and hotels to those in the original scheme of business costs and expenses. In 2011 IPSA changed the system since:

8.36. IPSA is aware that some MPs, particularly those in the outer reaches of the London Area, have found the late sittings rule problematic. Evidence suggests that MPs may experience difficulties making last minute bookings for hotels, and they have argued that the unpredictability of their schedules makes it tricky to put arrangements in place in advance. Other MPs have expressed a desire to return home at night but have said that the rules, which as previously drafted only allowed them to claim a taxi if the House sat after 11pm, restricted their ability to get home. Several MPs said they were sleeping in their offices as a direct result of IPSA’s rule.

8.37. Several members of the public have criticised MPs’ late working and argued that Parliament should be reformed to follow a more traditional working day. It is neither IPSA’s role nor within its power to reform the workings of Parliament; it is within IPSA’s remit to ensure that in the matter of expenses it supports MPs to fulfil their parliamentary duties when that means their working late within Parliament. For this reason, IPSA has given MPs the discretion to claim expenses for a taxi home or a hotel room if they are required to work late at the House. All MPs will now have flexibility to claim for a taxi or a hotel if they work late and they deem it necessary to incur such expenses. This policy applies to situation where there is a late sitting of the House or other circumstances MPs are undertaking Parliamentary functions.

8.38. This policy change will both better support MPs in their parliamentary duties and make the Scheme more workable in practice when MPs are required to make arrangements at short notice. The onus remains on the MP to make responsible, value for money judgements when incurring taxi or hotel expenses that they intend to claim from IPSA, and all expenses will be published in the normal fashion.10

Given the extent of the “London area” we do not believe that it is reasonable to make the proposed changes to the current arrangements without more evidence on the likely availability of and timeliness of public transport to MPs’ accommodation.

We are also concerned about the effects of such rules on Members’ ability to perform their duties effectively. We note that many committees begin work at 8:55 am, and Members are expected to attend regardless of the hour at which they ended their work the night before.11

**Food when the House sits after 7:30 pm**

Currently Members are able to claim £15 for a meal if the House sits after 7:30 pm.12 We have no wish to return to the system in which Members were allowed to make blanket claims for food each month, nor do we suggest that there should be some food allowance

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11 The exception is if the House sits beyond the time at which it would have met the beginning of the subsequent sitting. This is now extremely rare.

regardless of the hour at which the House rises. Nonetheless we note that subsistence payments for food are commonly given to those who are working away from their normal workplace, whether or not they are required to work un-social hours. If such expenses are not met by the employer, then the employee is able to claim tax relief on subsistence costs of travel between workplaces.\textsuperscript{13} The rules for MPs are already considerably less generous than this.

We also note that when there is whipped business, Members must be within easy reach of the division lobbies. Once again, we consider there needs to be a stronger evidence base before it can be asserted that these are costs which other professionals would expect to meet for themselves, unless they had been dealt with through a salary supplement rather than expenses.

\textbf{Hospitality}

There is no explicit reference in the scheme to hospitality. If the proposals relate to the tea and coffee which are now allowed as office costs expenses, we note that this is something IPSA itself introduced, and appears to be \textit{de minimis}.

As a Standards body we would question a regime under which lobbyists and others seeking access to Members may provide them with hospitality as part of their working expenses, while the Member can reciprocate such hospitality only by bearing the expense him or herself, even if that reciprocation is limited to a cup of tea or coffee in the office.

\textbf{Home contents insurance and television licence/installation in a residential property}

We note that these expenses are allowable only in connection to a Member’s second home. The issue is that since that Members in this position have to have a second home to perform their role are these core costs for which they should be reimbursed?

It is not clear what is meant by the reference to “home contents insurance (for personal possessions)”. The Committee on Standards and Privileges in the past censured a Member who arranged all-risks insurance for an expensive and portable personal possession on publicly funded insurance; our predecessors considered that was an unacceptable use of public money, and we agree. But Members live away from their main home in order to carry out their parliamentary duties, and provided they do not exceed the cap on accommodation expenses it seems reasonable for the extra insurance costs inherent in such arrangements to be supported.

Since MPs’ work involves being informed and available at virtually any hour, we consider access to media and the internet when residing away from home is a legitimate business expense.

\textsuperscript{13} “Tax relief for travel and subsistence”, HM Revenue and Customs, Available at: www.hmrc.gov.uk/incometax/relief-travel.htm
**Annual Reports**

We agree wholeheartedly with IPSA’s view “that greater transparency and better information about MPs’ activities are crucial requirements for building confidence in Parliament”. While mandating an Annual Report from each Member may be an effective way to do this, the proposal is not without difficulty.

We note between 2000 and 2008 Members were able to use first the Incidental Expenses Provision and then the Communications Allowance to communicate with their constituents (through newsletters and other similar media) on parliamentary rather than political matters. Some MPs used this funding for Annual Reports. The Eighth Report from the Committee on Standards in Public Life. *MPs’ expenses and allowances,* summarises the background:

8.5 The communications allowance was introduced in April 2007, after discussion engendered by two reports about the promotion of democracy and public engagement. During the parliamentary debate on introducing the allowance, the then Leader of the House, the Rt Hon Jack Straw MP, quoted a recommendation from one of the reports that MPs:

> “Should be required and resourced to produce annual reports, hold AGMs and make more use of innovative engagement techniques […] What is lacking is the existence of formal, resourced and high-profile methods by which all MPs can listen and respond to the concerns of their constituents between elections.”

8.6 A further factor behind its introduction was concern about excessive use of House of Commons stationery and prepaid envelopes. Previously, prepaid envelopes had been available on demand and without limit. They were used by some MPs to send circulars to all their constituents. The creation of the communications allowance was accompanied by a new cap on the level of expenditure on postage and stationery. The current cap is £7,000 a year.

During the period when it was permissible to use public funds for such parliamentary communications the Committee on Standards and Privileges frequently considered complaints about reports from Members. It often came to the conclusion that such publications were used for political rather than parliamentary purposes. Given that almost all Members are elected as party representatives, this boundary is not straight-forward. The Committee found against Members on the grounds of inappropriate use of photographs, size of logo, and even the use of an excerpt from Hansard.
The cases were so frequent that Sir Philip Mawer, the then Parliamentary Commissioner for Standards, proposed guidelines on funded communications to ensure they were not issued immediately before elections to the European Parliament, local government or devolved legislatures and that they did not unduly promote the Member’s party.20

**CSPL Recommendation on the Communications Allowance**

In its Report on MPs’ expenses and allowances, the Committee on Standards in Public Life (CSPL) summarised the issues over the allowance as:

- The extent to which it has become a matter of party political controversy.
- The use that is made of it in practice and whether that reflects the original intention.
- The difficulties of policing it.
- The extent to which it gives a potentially unfair advantage at the time of elections to incumbent MPs whose opponents have not been able to use public funds to communicate with the electorate.21

The CSPL concluded:

8.20. The Committee believes that effective engagement between an MP and his or her constituents is of the utmost importance, particularly in the wake of recent events. The Committee’s survey research shows that the public expect MPs to keep in touch with what they think is important and to explain their actions and decisions.

8.21. However, with some commendable exceptions, the evidence that the communications allowance has really succeeded in promoting more effective engagement is very limited, even allowing for the relatively short time since its introduction. There is much more evidence of it being used in ways that are essentially party political or have more to do with self-promotion. It is also difficult to police.

8.22. For these reasons, the Committee has concluded that the allowance should be abolished.

8.23. MPs who wish to communicate proactively with their constituents—for example, to inform them about issues affecting the amenity or safety of residents, or to elicit their views on local issues—should be allowed to continue to do so, including through the use of websites. But they should fund this from their office budget, where the cost would have to compete with other demands rather than being seen as a free good. The rules about the nature of materials that are publicly funded should continue to apply to communications material published in the future. The independent regulator should ensure those rules are properly enforced.

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20 HC (2007–08) 646

21 Committee on Standards in Public Life, MPs’ expenses and allowances: Supporting parliament, safeguarding the taxpayer, Cm 7724, November 2009, para 8.7
8.24. Abolition of the allowance is consistent with the recommendations of the Langlands and Jones reviews, both of which came to the conclusion that a separate communications allowance was not warranted, but that the office costs allowance should include some amount to allow for communications.

**Recommendation 23**

The communications allowance should be abolished. MPs should continue to be able to communicate proactively with their constituents, but the cost should be met from within the reformed administrative and office expenditure allowance. The current cap on postage and stationery, and the rules regarding proactive communications, should remain in place.22

We understand it was IPSA itself which removed funding for proactive communication through newsletters. Some Members already produce their own Annual Report detailing their parliamentary and political activity, using funding from political donations and advertising from their constituency business to enable them to do so.

**Other sources: They work for you.com**

Interested members of the public can track their Member’s work via this website. When it was first introduced, it ranked Members—for example, in order of number of Questions tabled. The site was subsequently changed and the following is one of its FAQs:

**Why should I read in more depth than just the numbers?**

A few people have asked why we publish statistics on how often MPs use alliterative phrases, such as “she sells seashells”. It has even been mentioned in the House of Commons.

Simply put, we realise that data such as the number of debates spoken in means little in terms of an MP’s actual performance. MPs do lots of useful things which we don’t count yet, and some which we never could. Even when we do, a count doesn’t measure the quality of an MP’s contribution.

After reading media reports like this one in The Times (cached article)23, and hearing from real MP’s researchers who have admitted to tabling questions to increase their boss’s rankings, we became concerned about the use of these statistics.

We’ve done two things. We’ve added the silly statistic, to catch your attention. And we’ve removed the absolute rankings. Instead of saying an MP is exactly 5th for giving out verbiage in the chamber, we now just say that they are “well above average”.

Our advice — when you’re judging your MP, read some of their speeches, check out their website, even go to a local meeting and ask them a question. Use

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22 Committee on Standards in Public Life, *MPs’ expenses and allowances: Supporting parliament, safeguarding the taxpayer*, Cm 7724, November 2009, paras 8.20-8.24

TheyWorkForYou as a gateway, rather than a simple place to find a number measuring competence.\(^{24}\)

As the account above indicates, there a number of issues which would need to be resolved if Annual Reports were to be introduced:

- What mechanism would there be for mandating such annual reports? As the consultation paper notes, this is not within IPSA’s powers.
- IPSA wishes such Annual Reports to be in a uniform style: what information would be useful in promoting public understanding?
- There is no financial provision for such Annual Reports. If they are web only, the cost may be small, but that raises issues of social exclusion. While the ONS suggests that in 2012 80% of households had Internet access, over 5.2 million households did not. If hardcopy reports were allowed, how would they be funded?
- If the aim is to improve public understanding of MPs’ work, and that work inevitably involves both Parliamentary and political aspects, what political references should be permissible?

Experience shows that such reports are likely to provoke complaints about the boundary between political and parliamentary material. We consider setting the boundary between what is parliamentary and what is political to be one of our key roles, and would expect it would fall to the Parliamentary Commissioner for Standards and to this committee to consider complaints about the propriety of publicly funded Annual Reports, even if that funding came from IPSA. If reports were pre-screened for propriety as used to be the case there would need to be some additional support to deal with the resulting 650 publications per year.

**Existing publicly funded information on MPs’ work**

As IPSA acknowledges, the House already publishes a great deal of information about MPs’ work. For example, Sessional Returns detail membership of and attendance at select and general committee meetings.\(^{25}\) By using the “find” command it is possible to see what Committees Members served on, their level of attendance, the reports issued or legislation considered by those committees etc. It is also quite easy to search Hansard online to find all an MP’s contributions to debate.

In addition to this information, Parliament has a programme of activities designed to promote public understanding and engagement, as set out in the most recent House of Commons Commission Annual Report.

**Engaging with the public**

The Parliamentary Outreach Service delivers over 400 outreach sessions a year throughout the United Kingdom. A new regional outreach model has been

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\(^{25}\) House of Commons, First Report of Session 2010–12, Sessional Returns, HC 1
launched, with a focus on extending reach through local partnerships and networks. An especially important part of our engagement work involves young people.

The Education Service hosted some 47,000 visitors during 2012/13, and over 1,300 teachers and trainees participated in professional development and teacher training sessions. In 2012/13 some 496 schools (35%) on Parliament’s education programme were eligible to receive its transport subsidy, which translates to over 17,000 students. Inevitably it is not possible for all schools to be able to visit Westminster, and many activities and services are designed to support those further afield. Over 800 students participated in five regional events across the UK, targeting areas where participation in Parliament’s education and outreach work has been low. The Education Service also sends promotional material to every school in the country, outlining the ways in which they can get involved.

The Engagement with Universities programme, which started in 2011/12, has quickly become established as a core element of outreach work. The Open Lecture series has featured a variety of parliamentary speakers and 97 sessions have been delivered at universities. The parliamentary studies module was piloted at Sheffield University and a competition has been held to identify twelve further institutions to teach the module from September 2013.26

Part of the outreach effort is providing training and training materials for civil society organisations so that they themselves can spread awareness of how Parliament works. It is not strictly within our remit, but we would welcome dialogue between the House authorities and IPSA as to how public understanding of Members’ work can be enhanced, and how the mechanisms already used by Parliament can be improved.

The Committee on Standards welcomes the clarity of IPSA’s material, and the opportunity to respond to the consultation.

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26 House of Commons Commission, Thirty-fifth report of the Commission, Annual report of the Administration Estimate Audit Committee, HC 595, p 29
Formal Minutes

Tuesday 15 October 2013

Members present:

Mr Kevin Barron, in the Chair

Sir Paul Beresford  Sir Nick Harvey
Mr Robert Buckland  Mr Peter Jinman
Mr Tom Clarke  Fiona O’Donnell
Mr Christopher Chope  Mr Walter Rader
Mr Geoffrey Cox  Heather Wheeler
Sharon Darcy  Dr Alan Whitehead

Response to the IPSA Consultation: MPs’ Pay and Pensions

The Committee considered this matter.

Draft Report (Response to the IPSA Consultation: MPs’ Pay and Pensions), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 and 2 read and agreed to.

Annex agreed to.

Resolved, That the Report be the Second Report of the Committee to the House.

None of the lay members present wished to submit an opinion on the Report (Standing Order No. 149 (9)).

Ordered, That the Chair make the Report to the House.

[Adjourned till Tuesday 22 October at 9.30 am]