



## Committee on Standards in Public Life's Review of Members' Allowances

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On 23 March 2009, the Committee on Standards in Public Life (CSPL) announced that it would undertake a wide-ranging review of Members' allowances later in the year. Following this announcement, the Prime Minister asked the Committee to undertake its review earlier than it had indicated.

On 31 March, the CSPL announced that it would bring forward its inquiry. The inquiry was formally launched on 23 April 2009 and is expected to report in October 2009.

This note briefly reviews the background to the CSPL inquiry and notes the people from whom it received oral evidence. The note also records the indications that the political parties have given about how they are likely to respond to the CSPL's report.

On 16 October 2009, the CSPL announced that it would publish its review on 4 November 2009.

The CSPL's report, MPs' expenses and allowances – Supporting Parliament, safeguarding the taxpayer, was published on 4 November 2009. Sir Christopher Kelly, the CSPL's chairman, launched the report at 10am. The report contained 60 recommendations.

The majority of the recommendations would be addressed by the Independent Parliamentary Standards Authority. However, since the report was published, there has been discussion on whether legislation was required to implement a number of the recommendations. On 10 December 2009, the Government announced that legislation would be brought forward to implement ten recommendations; a further three recommendations may require legislation at a later date.

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## 1 Background to the Review

The Committee on Standards in Public Life (CSPL) is an independent public body which advises government on ethical standards across the whole of public life in the UK. The Committee is free to choose subjects of inquiry, but only after consultation with the Cabinet Secretary, on behalf of the Prime Minister (to whom the Committee reports).<sup>1</sup>

In February 2008, just after the launch of the Members Estimate Committee's (MEC) review of Members' allowances, the CSPL was urged to undertake its own inquiry into Members' allowances. Although the CSPL did not rule out an inquiry at that time, the Chairman's expectation was that "we will want to be clearer about the nature and possible outcome of the various Parliamentary and political Party initiatives announced over the last few days before making a decision".<sup>2</sup>

The CSPL welcomed many aspects of the MEC's *Review of Allowances*. However, the House did not approve the MEC's Review in its entirety, and it was suggested that the CSPL would undertake an inquiry of its own. On 21 July 2008, the *Daily Telegraph* reported that the CSPL "plans to open its own investigation into MPs' perks", as changes agreed by the House on 16 July "did not go far enough for the committee chaired by Sir Christopher Kelly".<sup>3</sup>

But on 28 July 2008, the CSPL issued a press notice, in which it announced that it had decided to postpone a decision on whether to conduct a review of MPs' pay and allowances until 2009.<sup>4</sup>

In February 2009, the BBC reported that after a discussion with the Leader of the House of Commons, the CSPL had decided not to investigate Members' allowances.<sup>5</sup>

Then, on 23 March 2009, the CSPL announced that it would "be undertaking a wide-ranging review of MPs' allowances later this year". Sir Christopher Kelly said that "We intend to start the inquiry towards the end of year and will report early in the life of the new Parliament".<sup>6</sup>

Press articles about the CSPL's decision also reported that the Prime Minister had asked the Committee to consider whether Members should have second jobs.<sup>7</sup>

Before the Committee announced its inquiry on 23 March 2009, it wrote to Sir Gus O'Donnell, the Cabinet Secretary (on 3 March), "to consult as is customary over our proposal to carry out an inquiry into MPs' Allowances".<sup>8</sup>

The CSPL published a letter from the Prime Minister, in response to its letter to Sir Gus O'Donnell on 23 March, the day it announced its inquiry.<sup>9</sup> The Prime Minister noted that the

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<sup>1</sup> Public Administration Select Committee, *Ethics and Standards: The Regulation of Conduct in Public Life*, Volume II, 29 April 2007, HC 121 II 2006-07, Memorandum from the Committee on Standards in Public Life, Ev 104

<sup>2</sup> Committee on Standards in Public Life News release, *MPs' Pay and Allowances – Correspondence between Dr Tony Wright MP and Sir Christopher Kelly KCB*, 7 February 2008

<sup>3</sup> James Kirkup, "MPs face official expenses inquiry", *Daily Telegraph*, 21 July 2008

<sup>4</sup> Committee on Standards in Public Life press notice PN216, *MPs' pay and allowances*, 28 July 2008

<sup>5</sup> BBC News, *MPs' expenses probe is ruled out*, 4 February 2009,

<sup>6</sup> Committee on Standards in Public Life press notice, *Committee on Standards in Public Life to look at MPs' allowances*, 23 March 2009 [*last viewed 24 March 2009*]

<sup>7</sup> For example, Andrew Porter, "MPS face public inquiry into their expenses", *Daily Telegraph*, 24 May 2009

<sup>8</sup> Committee on Standards in Public Life, *Letter from Sir Christopher Kelly, Chairman to Sir Gus O'Donnell, Cabinet Secretary*, 3 March 2009

<sup>9</sup> The Prime Minister, *Review of Support and Remuneration for MPs*, 23 March 2009

SSRB had already been asked to review Members' pensions before welcoming the CSPL's planned inquiry:

Notwithstanding all this work, I would welcome a review of MPs' support and remuneration, including outside interests, carried out by the Committee on Standards in Public Life as it offers the opportunity to consider the full picture. For example, you will have greater freedom to consider issues such as the impact of MPs holding second jobs and their roles outside of Parliament.<sup>10</sup>

The Prime Minister wrote to the Committee again on 30 March 2009, after it had announced its inquiry. He wrote:

Thank you for agreeing to conduct a review. In doing so, I fully recognise that you have a number of competing priorities but I would be grateful if you could look to both start and conclude the Review earlier than previously indicated to allow us to make progress on this issue as soon as practical.

It will of course be for you as an independent Committee to consider how you wish to proceed. However, I wish to reiterate what I said in my letter to you of 23 March, that I would welcome your consideration of MPs' allowances. I am keen you should not feel bound in your discussions but free to consider a wide set of issues including:

- the case for ending the distinction between inner and outer London MPs and moving outer London MPs onto a set London allowance; and
- how to compensate non-London MPs for the fact that they inevitably have to spend time at Parliament away from their home. Your consideration might include the possibility of moving away from the existing additional cost allowance to a simpler, overnight allowance that is independently determined.

In each case you might consider the international experience on these issues to bring the UK in line with best international practice. You may also wish to consult the Senior Salaries Review Body.<sup>11</sup>

On 31 March 2009, following another weekend of press reports about Members' allowances and the further letter from the Prime Minister, the CSPL issued another press notice, stating that it would bring forward its inquiry. Sir Christopher Kelly, the chairman of the CSPL, said:

"It is now obvious that this piece of work needs to start as soon as possible. We will defer work on our current inquiry into local and London government to begin work immediately on an independent, wide-ranging review of MPs' allowances.

"The situation has changed quite dramatically over the last few months and I am pleased that there is now such widespread political consensus on the need for reform. I hope that this will translate into full acceptance of our recommendations by all the main political parties – challenging though they are likely to be.

"The issues involved are complex. We will be meeting with party leaders and intend to publish an Issues and Questions Paper within the next few weeks. We will ask for written submissions from all interested parties and hold a number of public hearings. All evidence submitted to the inquiry will be published.

"This is not something which can be done with a quick fix; we want to do a thorough piece of work. Our firm intention is to publish our report towards the end of the year."<sup>12</sup>

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<sup>10</sup> *Ibid*

<sup>11</sup> The Prime Minister, *MPs' Allowances*, 30 March 2009

On 3 April 2009, the CSPL announced that the three members of the Committee nominated by the political parties would not take part in its review of Members' allowances.<sup>13</sup>

## 2 Progress of the Review

On 23 April 2009, the CSPL launched its review of MPs' expenses and published an *Issues and Questions* paper.<sup>14</sup> At the launch of the inquiry, the CSPL chairman, said:

"This will be a cool, hard and independent look at the way in which our MPs are supported to do their jobs. We want to hear all the arguments before coming forward with a package of recommendations later this year.

"The stakes are high; the issue of MPs' expenses has been the single most damaging issue for public trust in politicians since 'cash for questions' led to the first Nolan report fifteen years ago. It is not healthy for democracy and must be disheartening for the large number of MPs who perform their duties with diligence and integrity. There must be reform and it must be done properly.

"This is not something that should be left to politicians to sort out for themselves. If public confidence is to be restored there needs to be an independent inquiry by people with no political agenda of their own, which can look hard at all the evidence and that is open to anyone who wants to contribute.

"Fundamentally important questions need to be addressed; for example, whether it is right in principle for MPs to determine both the level and nature of their own allowances and how best to ensure that MPs are not able to gain personal financial advantage from expenses claims designed to help them carry out their parliamentary duties. I am keen to hear what people think.

"The Committee is under no illusion about the urgency and complexity of this issue. There will be some difficult choices and arguments to balance. But I am determined that we carry out an open, thorough and impartial look and are able to recommend a workable new system that the public can trust.

"I am not interested in producing a menu of options from which politicians can pick and choose. Our task is to produce a comprehensive set of recommendations that all political parties commit to accepting in full."<sup>15</sup>

On 27 April 2009, between announcing his own proposals for reform and the House debating them (see section 6 of the Library Research Paper on *Members' allowances*<sup>16</sup>), the Prime Minister wrote again to the CSPL. He asked the Committee to bring forward proposals on Personal Additional Accommodation Expenditure "as soon as possible and preferably before the summer recess". He wrote:

The Government remains determined to move to an allowance system that is fair, transparent and less costly than the current system.

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<sup>12</sup> Committee on Standards in Public Life press notice, [Committee on Standards in Public Life to Bring Forward Review of MPs' Allowances](#), 31 March 2009,

<sup>13</sup> Committee on Standards in Public Life, [Statement on the involvement of the three members of the Committee nominated by the three main political parties in the review of MPs' Pay and Allowances](#), 3 April 2009,

<sup>14</sup> Committee on Standards in Public Life, [Review of MPs' expenses: Issues and Questions](#), April 2009

<sup>15</sup> Committee on Standards in Public Life press notice, [Committee on Standards in Public Life calls for evidence on MPs' Expenses Inquiry](#), 23 April 2009

<sup>16</sup> House of Commons Library Research Paper, [Members' Allowances](#), RP 09/60, 25 June 2009

You will be aware that, in order to achieve this, the Government will put forward measures to the House this Thursday. These include ending claims for a second home from outer London; reducing the requirement for receipts claims from above £25 to zero; making staff appointed by MPs direct employees of the House of Commons and declaring in full where MPs have a second source of income from second jobs. We have also ended claims for Ministers living in official residences.

You will also be aware that a consensus has not been reached on the future of the Personal Additional Accommodation Expenditure for MPs. But we are agreed on the need for swift reform. Therefore I would ask the Committee on Standards in Public Life to come forward with its proposals on this issue as soon as possible and preferably before the summer recess, taking into account MPs' attendance at Westminster, the need for transparency and accountability and the desire to reduce the existing limits on the allowances which MPs may claim, producing overall cost savings.

I continue to highly value the role of the Committee on Standards in Public Life and look forward to your report on all aspects of MPs allowances.<sup>17</sup>

Sir Christopher Kelly, replied to the Prime Minister on the same day. He wrote:

Thank you for your letter of 27 April. My Committee and I fully understand the imperative to move quickly to restore public confidence in the system for reimbursing MPs' expenses.

You will be aware that we published our consultation paper last week. We have asked for written comments by 5 June 2009 as we are keen to give everyone that wants to do so, the opportunity to have their say. We will also be holding a series of public hearings in June and July. Expenditure on accommodation is but one part – though a fairly major one – of a more complex system. We would be concerned about addressing it in isolation and remain eager to hear all proposals for reform.

As you know the issues are not simple; the Committee takes the view that the process of hearing all the arguments and making recommendations based on evidence is key if we are to put forward a workable and credible package of changes. We aim to complete our review as early as we can consistent with doing a thorough job.<sup>18</sup>

## 2.1 Oral evidence sessions

The CSPL began taking oral evidence on 16 June 2009. Press reports the day before indicated that the inquiry could be completed in October. For example, the *Independent* reported that “A fundamental review of the House of Commons allowances system could report to MPs as early as October, the chairman of the Committee on Standards in Public Life Sir Christopher Kelly said yesterday”.<sup>19</sup>

It held the following oral evidence sessions and open meetings (the hearings were held in London, unless stated otherwise):

16 June 2009      Professor Anthony King, Professor of Government, Essex University  
Rt Hon Harriet Harman MP, Leader of the House of Commons  
Alan Duncan MP, Shadow Leader of the House Commons  
David Heath MP, Liberal Democrat Shadow Leader of the House of Commons

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<sup>17</sup> BBC News, [Expenses letters: full texts](#), 27 April 2009

<sup>18</sup> Committee on Standards in Public Life, [Review of MPs' Expenses](#) [Letter from Sir Christopher Kelly to Gordon Brown], 27 April 2009

<sup>19</sup> Andrew Woodcock, “Expenses inquiry to report early”, *Independent*, 15 June 2009

- 23 June 2009 Peter Osborne, Journalist  
Peter Facey, Director and Alexandra Runswick, Deputy Director, Unlock Democracy  
Matthew Elliott, Chief Executive and Mark Wallace, Campaign Director, Taxpayers' Alliance  
Nick Harvey MP  
Sir Stuart Bell MP  
Andrew Tyrie MP  
Rt Hon Ann Widdecombe MP
- 29 June 2009 Sir Philip Mawer, Former Parliamentary Commissioner for Standards  
Sir George Young MP, Chairman of the Committee on Standards in Privileges  
Mr Elfyn Llwyd, Parliamentary Leader of Plaid Cymru  
Tony Wright, MP for Cannock Chase  
Angus Robertson MP, Scottish National Party  
Elizabeth Filkin, Former Parliamentary Commissioner for Standards
- 30 June 2009 Lorely Burt – Chairman of the Liberal Democrat Parliamentary Party  
Peter Riddell, Journalist and Chairman of the Hansard Society  
Dr Ruth Fox, Director of the Hansard Society  
Dan Whittle, Chair of Unite Parliamentary branch  
Kevin Flack, Branch Secretary of Unite Parliamentary branch  
Amy Normand, Liberal Democrat Staff Chair  
Sian Norris-Copson, Chair of Members and Peers Staff Association  
Heather Brooke, Freedom for Information Campaigner  
Mr Tom Steinberg, My Society – Theyworkforyou.com
- 1 July 2009 (in Belfast)  
David Gordon – Journalist, Belfast Telegraph  
Dawn Purvis MLA  
Danny Kennedy MLA  
Alex Maskey MLA  
Alban Maginness MLA and Alex Atwood MLA
- 7 July 2009 Mr Bill Cockburn CBE TD, Chairman of the Senior Salaries Review Body  
Mr Tony Lloyd MP, Chair of the Parliamentary Labour Party  
Mr Roger Gale MP and Mrs Suzy Gale  
Mr Amyas Morse, Comptroller & Auditor General, National Audit Office  
Dave Hartnett CB, Permanent Secretary for Tax, HM Revenue and Customs
- 8 July 2009 Richard Reeves, Director, Demos  
Chandrashekhar Krishnan, Executive Director, Transparency International UK  
John Drysdale, Chairman, Transparency International UK  
Charles Cotton, Reward and Employment Conditions Adviser, Chartered Institute of Personnel and Development  
Philippa Foster Back, OBE, Director, Institute of Business Ethics  
John Chaplin, Director, Employment Taxes, KPMG  
The RT Hon John Gummer MP  
Gregory Campbell MP  
Andrew Mitchell MP
- 13 July 2009 Julia Drown, Former MP

Hugo Summerson, Former MP  
Elizabeth Peacock, Vice- Chairman, Former Members of Parliament Association  
Gary Lewitt, Director Service Personnel Policy Service Conditions, Ministry of Defence  
Carol Smith, Assistant Head, Service Personnel Policy Service Conditions, Ministry of Defence  
Oonagh Gay, Honorary Senior Research Associate at the Constitution Unit, University College of London  
Barry Winetrobe, Parliamentary and Constitutional Consultant, Constitution Unit, University College of London  
Dawn Oliver, Emeritus Professor of Constitutional Law, UCL  
Patricia Leopold – Head of the School of Law, University of Reading  
Don Touhig MP, Chair of the Committee on Members' Allowances  
Michael Jack MP, Member of the Committee on Members' Allowances  
Fiona Mactaggart MP, Co-Chair PLP Women's Committee  
Natascha Engel MP, PLP Women's Committee  
Sally Keeble MP, PLP Women's Committee  
Barry Quirk, Chief Executive, London Borough of Lewisham and former chair of SOLACE  
Dr Bob Chilton, Chair, Standards Board for England  
Paul Hoey, Head of Strategic Relations, Standards Board for England  
John Ransford, Chief Executive of the Local Government Association

16 July 2009 Benedict Brogan, Chief Political Commentator, Daily Telegraph  
Scottish Parliament Corporate Body  
Huw Williams, Head of Officeholder Services and Allowances Policy, The Scottish Parliament  
Stewart Gilfillan – Director of Corporate Affairs, The Scottish Parliament  
The Rt Hon Jack Straw, Lord Chancellor and Secretary of State for Justice  
John Lyon CB, Parliamentary Commissioner for Standards

Transcripts of the oral evidence received by the CSPL are available on its website at:

[http://www.public-standards.gov.uk/OurWork/MPs\\_\\_Expenses\\_\\_\\_Hearings.html](http://www.public-standards.gov.uk/OurWork/MPs__Expenses___Hearings.html)

## **2.2 Written evidence**

The CSPL has received “Over 700 submissions were received from individuals and organisations”. Written submissions are available on the Committee’s website:

[http://www.public-standards.gov.uk/OurWork/MPs\\_\\_Expenses\\_\\_\\_Evidence.html](http://www.public-standards.gov.uk/OurWork/MPs__Expenses___Evidence.html)

The CSPL made these written submissions available on its website in the middle of August and their publication was covered by the press.<sup>20</sup>

## **3 Anticipated responses to the CSPL Review**

### **3.1 Other developments**

Following the announcement of the CSPL’s inquiry, the Prime Minister announced proposals for reforming parliamentary allowances. On 30 April 2009, the House agreed a resolution which called for decisions to be deferred until the CSPL reported. It also agreed to implement some changes to the allowances regime before the CSPL reported.

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<sup>20</sup> See press coverage of the Committee on Standards and Public Life on 19 and 20 August 2009

On 19 May 2009, following publication in the *Daily Telegraph* of details of allowance claims made by Members, the Members Estimate Committee and the party leaders met. They agreed changes to the rules on claiming Personal Additional Accommodation Expenditure and to establish an independent body to oversee Members' allowances.

The *Parliamentary Standards Bill*, which established this body, was introduced in the House of Commons on 23 June and received Royal Assent on 21 July 2009.

Throughout this period, statements were made about how the political parties intended to respond to the CSPL's final report.

### 3.2 Response to the review

On 18 May 2009, in response to a statement from the Speaker (Speaker Martin) on Members' allowances, David Heath, the Liberal Democrats' spokesman on House of Commons matters, indicated that the House should accept the results of the Committee on Standards in Public Life's inquiry whatever they were:

... Is it not therefore necessary, and can you assist us in this, Mr. Speaker, for this House to resolve to accept unequivocally the results of Sir Christopher Kelly's decisions—

**Mr. Speaker:** Order. I must stop the hon. Gentleman. I cannot give an assurance as to whether the proposals of any organisation will be accepted by this House. This House must make that acceptance.

**Mr. Heath** *rose*—

**Mr. Speaker:** Let me finish. I think that I must clarify a certain situation. I said it in the statement—Sir Christopher Kelly will not report until the autumn and therefore steps have to be taken within this House.

**Mr. Heath:** Further to that point of order, Mr. Speaker. What I was asking was that the House be given an opportunity to resolve to accept the recommendations of that independent committee, to resolve to remove the remaining barriers to transparency so that everything can be revealed as soon as possible, and to accept that those right hon. and hon. Members who put us into this position by resisting reform cannot possibly be the right people to lead us out of the mire.

**Mr. Speaker:** I say to the hon. Gentleman that until resolutions are put forward—I hope that they come forward in the meeting that I have proposed—for which the Leader of the House will have responsibility, and only then, will the House be able to proceed. He mentioned transparency, and, yes, as I have stated, I have heard leaders of the parties and others talk about many issues, some of which were brought up on 3 July by the Committee that I chair. What I can say about that point is that anything about transparency can be on the agenda at the meeting that will take place within 48 hours and can hopefully be translated into a resolution that this House can consider.<sup>21</sup>

Two days later, when Harriet Harman announced the outcome of the meeting of party leaders, convened by the Speaker, and the Prime Minister's proposals for a parliamentary standards authority, Peter Bone asked:

... Many hon. Members have made submissions to Sir Christopher Kelly. Will the Government accept his recommendations, whatever they are?

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<sup>21</sup> HC Deb 18 May 2009 cc1206-1207

**Ms Harman:** At the meeting that the Speaker convened yesterday, the view of the party leaders was that it would be best for the House and all concerned if we could agree with as much as possible of what Sir Christopher Kelly proposes. I think that the Leader of the Opposition said on television that we want to agree with 99.9 per cent. of what Sir Christopher Kelly suggests. That is not to seek to allow for wriggle room. It is in the right spirit and all our interests if we all give evidence to Sir Christopher Kelly—the deadline is 5 June. It is important for hon. Members to give evidence for him to consider. A great deal of responsibility rests on him because we want, cross party, to adopt what he recommends, which will then be put into practice by the new statutory authority. He is like the software, and the hardware will be established by statute in the new authority.<sup>22</sup>

On 10 June 2009, during a statement on proposals for constitutional renewal, the Prime Minister, reported that all the political parties had agreed to accept the CSPL's recommendations subject to tests of "increased transparency, accountability and reduced costs for the taxpayer":

All parties have committed themselves to accept the further recommendations of the independent Kelly committee, once they are received later this year, provided these proposals meet the tests of increased transparency, accountability and reduced costs for the taxpayer. Those steps to sort out the expenses crisis are necessary, but I think we all know that they are not sufficient. We need to go further.<sup>23</sup>

He also commented on how the conclusions of the CSPL inquiry would feed into the work of the (then) anticipated Independent Parliamentary Standards Authority:

The proposed new authority would take over the role of the Fees Office in authorising Members' claims, oversee the new allowance system, following proposals from the Committee on Standards in Public Life, maintain the Register of Members' Interests, and disallow claims, require repayment and apply firm and appropriate sanctions in cases of financial irregularity. I welcome the cross-party support for these proposals, which will be contained in the Bill that we will introduce very soon. I believe that the whole House will also wish to agree that, as part of this process, the new regulator should scrutinise efficiency and value for money in Parliament's expenditure, and ensure, as suggested to Sir Christopher Kelly, that Parliament costs less.<sup>24</sup>

On 23 June 2009, Harriet Harman made a statement to the House before the *Parliamentary Standards Bill* was introduced. David Heath asked her "to confirm yet again that the Government will accept the recommendations of the Kelly inquiry, whatever they may be". She responded in the following way:

The hon. Gentleman asked whether there will be acceptance of the report of the Committee on Standards in Public Life under the chairmanship of Sir Christopher Kelly. The hope is that we do not once again have to trawl through all the issues we went through last July and this January. There is the expectation that we will be able to accept the report and we certainly hope that will be the case.<sup>25</sup>

During the course of a visit to the National Assembly for Wales on 30 September, the Speaker said that he hoped the House of Commons would accept the CSPL's recommendations:

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<sup>22</sup> HC Deb 20 May 2009 c1518

<sup>23</sup> HC Deb 10 June 2009 c795

<sup>24</sup> HC Deb 10 June 2009 c796

<sup>25</sup> HC Deb 23 June 2009 cc684-685

Mr Bercow used his visit in Wales to send a message back down the M4 as to why it was essential MPs supported the full recommendations of Sir Christopher Kelly's expenses inquiry. He said: "When those recommendations have been put forward I hope the House of Commons will accept that denial, delay or dilution is not an option. What we've got to do is to grip what is put to us, accept it and implement it."

Acknowledging the tensions which have grown between London and Cardiff over the slow rate at which law-making powers are devolved to the Assembly, he suggested these were "principally arguments about delays between the Welsh executive, if you like, and the executive in Whitehall."<sup>26</sup>

## **4 Publication of the review**

### **4.1 Announcement of date**

On 16 October 2009, the CSPL announced that it would publish its review on 4 November 2009:

The Committee on Standards in Public Life will be publishing its report on the reform of the system of MPs' expenses and allowances on Wednesday 4th November 2009.

The inquiry into MPs' expenses was launched by the Committee in April. The Committee has received over 700 written submissions and heard evidence from a range of witnesses at 9 public hearings. The report will make recommendations on the future structure of the expenses regime.<sup>27</sup>

Following this announcement there was a great deal of press reporting of the expected content of the final report.

### **4.2 Publication**

*MPs' expenses and allowances – Supporting Parliament, safeguarding the taxpayer* was published at 10am on 4 November 2009.<sup>28</sup> Speaking at the launch of the report, Sir Christopher Kelly said:

The recommendations for change that we are publishing today aim to strike a balance – on one hand ensuring that MPs are properly supported and fully reimbursed for necessary costs incurred in doing their important work and on the other providing strong safeguards for the taxpayer to prevent the abuses of the past.

Our proposals are reasonable and fair and bring Westminster into line with other walks of life and other legislatures. They recognise the unique circumstances of an MP's life but are shorn of the special features which gave scope for exploitation.

We realise that the new system will involve substantial change for MPs and where necessary we have recommended periods of transition.<sup>29</sup>

The Committee made 60 recommendations and they are set out below:

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<sup>26</sup> "Bercow sees lessons for Westminster at Assembly", *Western Mail*, 1 October 2009

<sup>27</sup> Committee on Standards in Public Life press notice, [Committee on Standards in Public Life Announces Date of Publication for MPs' Expenses Report](#), 16 October 2009

<sup>28</sup> Committee on Standards in Public Life, *MPs' expenses and allowances – Supporting Parliament, safeguarding the taxpayer*, Twelfth Report, Cm 7724, November 2009

<sup>29</sup> Committee on Standards in Public Life, [News](#), 4 November 2009

**Recommendation 1**

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 the executive summary and repeated in Chapter 3 of this report.

**Recommendation 2**

The independent regulator should annually review the maximum amounts claimable in light of inflation. It should undertake comprehensive reviews of the whole scheme at least once every Parliament.

**Recommendation 3**

MPs should no longer be reimbursed for the cost of mortgage interest payments or any other costs associated with the purchase of a property. No new arrangements for support of mortgage interest should be allowed from the date of this report. In future only rent or hotel costs should be reimbursed. (Transitional arrangements are dealt with in recommendations 12 to 14).

**Recommendation 4**

The independent regulator should commission a commercial agency to provide and maintain rented accommodation for new MPs entering Parliament at the next election along the lines of the MOD scheme for service personnel. If it proves successful, the scheme should be extended to all MPs.

**Recommendation 5**

The expenses scheme should continue to cover additional costs incurred wholly, exclusively and necessarily in pursuit of MPs' parliamentary duties in respect of council tax, water, electricity, gas, and other fuels, telephone line rental and calls, security, contents insurance and removal at the beginning and end of a tenancy. The costs of cleaning, gardening, furnishings and any other items should not be reimbursed or otherwise covered.

**Recommendation 6**

The designation of main and second homes should be determined according to an objective test, consistently applied and robustly enforced by the independent regulator. Any changes in designation should be scrutinised with particular care.

**Recommendation 7**

The recent removal of the right to claim additional accommodation expenses from MPs with constituencies wholly within 20 miles of Westminster should be extended to those whose constituency homes fall within a reasonable commuting distance. The independent regulator should draw up a revised list of constituencies to which this principle applies.

**Recommendation 8**

The London costs allowance should be reduced from the beginning of 2010-11 to the level recommended by the SSRB in 2007, uprated in line with the Public Sector Average Earnings Index to allow for the passage of time.

**Recommendation 9**

The independent regulator should determine an appropriate level of London costs allowance for MPs outside the Greater London area who do not receive taxpayer-funded accommodation.

**Recommendation 10**

Only MPs who stay in a hotel should in future be entitled to claim for the costs of food, currently up to a maximum of £25 per night and within the overall ceiling for accommodation expenses. Reimbursement should be on the basis of receipted expenditure only.

**Recommendation 11**

The independent regulator should have the discretion to respond appropriately to requests from MPs for assistance to address particular needs.

**Recommendation 12**

MPs with existing mortgages supported through the expenses scheme should continue to be entitled to claim the cost of mortgage interest on their current property until the end of the next Parliament, or

for five years if that Parliament does not continue for a full term. They should not, however, be able to amend their mortgage agreement in any way which would increase the amount they are able to claim.

**Recommendation 13**

Any capital gains after the date of this report in the value of accommodation purchased with the help of public funds should be surrendered to the Exchequer. The amount to be surrendered should be proportionate to the extent of public funding during the transitional period.

**Recommendation 14**

MPs who share second home accommodation as partners should be entitled between them to claim up to a limit of one individual cap on rent or mortgage payments, plus one-third.

**Recommendation 15**

MPs should no longer be able to appoint members of their own families to their staff and pay them with public funds. Those currently employing family members should be able to continue to do so for the life of one further Parliament or five years, whichever is the longer.

**Recommendation 16**

The work of MPs' staff, both in Parliament and in their constituencies, should be subject to robust independent audit as part of the new assurance arrangements. This will ensure that resources provided out of public funds are being used only for the purpose intended and not to support party political activities. Should any MPs or their staff be found to be abusing the system other than inadvertently, they should face strict penalties.

**Recommendation 17**

A code of conduct for MPs' staff should be developed by the House of Commons, setting out appropriate restrictions on party political activities. Responsibility should rest with individual MPs to ensure that their staff abide by the code. MPs should sign an annual declaration confirming that they have abided by the code of conduct and used resources intended for parliamentary purposes appropriately.

**Recommendation 18**

Subject to the outcome of the House of Commons Commission Report on central employment, MPs should continue to be able to select and directly appoint their own staff. Appointments should be made on the basis of merit and open recruitment. The House of Commons authorities should issue binding guidance, accompanied by a code of practice, setting out the processes to be followed by MPs when recruiting staff (including those working in constituencies) and on other matters of good employment practice, including disciplinary and grievance procedures. MPs should receive appropriate training and HR support.

**Recommendation 19**

MPs' staff should no longer receive redundancy pay from the winding-up allowance. Redundancy pay should be paid centrally by the House of Commons authorities, and the size of the winding-up allowance reduced accordingly.

**Recommendation 20**

Particular attention should be paid in the more robust audit now being introduced to ensure that the administrative and office expenditure allowance is not being used to provide benefit to a party political organisation. Should the audit show it to be necessary, the independent regulator should ban payments from expenses to party political organisations.

**Recommendation 21**

Equipment purchased through the administrative and office expenditure budget should be regarded as public property. The independent regulator should issue guidance putting this principle into practice in a pragmatic way.

**Recommendation 22**

MPs should no longer be entitled to claim for accountancy costs to help fill out tax returns.

**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.

**Recommendation 24**

MPs should meet the cost of normal commuting journeys themselves, as do most of their constituents. MPs whose constituencies are beyond daily commuting distance should continue to be reimbursed for the cost of travel between their constituencies and London residences.

**Recommendation 25**

MPs should not be allowed to claim for the cost of travel to or from a home which is neither in nor close to their constituency.

**Recommendation 26**

Travel expenses should only be claimed for journeys where the primary purpose and predominant activity are the fulfilment of parliamentary duties.

**Recommendation 27**

MPs should continue to be permitted to claim for first class train travel for longer journeys where issues of space or privacy in which to work make this appropriate. However, MPs should always ensure that value for money for the taxpayer is provided when making travel arrangements. The audit arrangements should include proportionate checks to ensure that this is happening in practice.

**Recommendation 28**

MPs who represent constituencies beyond a reasonable commuting distance from Parliament should continue to be entitled to claim for travel for family members. Reimbursement should only be claimable for travel between the constituency and London, and vice versa. Best value for money should always be pursued in purchasing these tickets and only the cost of standard class tickets should be claimable. Claims for family travel when Parliament is not sitting should only be permitted in exceptional circumstances.

**Recommendation 29**

Receipts and explanations of the purpose of the journey should be required for all travel claims. Where mileage is claimed, details of the distance and purpose of each journey should be provided. Details of individual travel claims by MPs should be available online.

**Recommendation 30**

The resettlement grant should be retained for MPs who lose their seats at a general election, as the result of deselection or because of boundary changes. MPs who voluntarily stand down at a general election should no longer receive the grant. They should instead receive eight weeks' pay from the date of the general election.

**Recommendation 31**

The resettlement grant should be paid at a rate of one month's salary for each year of service as an MP up to a maximum of nine months' salary, as proposed by the SSRB.

**Recommendation 32**

The new arrangements for the resettlement grant should not apply at the next general election, but should come into force immediately after that.

**Recommendation 33**

Where an MP is found to have seriously abused the expenses system or otherwise seriously breached the Code of Conduct, the Standards and Privileges Committee should always consider recommending that the House reduce or remove the resettlement grant from that MP as part of any sanctions to be imposed and should be prepared to do this for past as well as for future breaches of the rules. The new statutory scheme should empower the House of Commons to impose such a sanction by resolution.

**Recommendation 34**

MPs should remain free to undertake some paid activity outside the House of Commons, provided it is kept within reasonable limits and there is transparency about the nature of the activity and the amount of time spent on it.

**Recommendation 35**

Consideration should be given to ways of increasing the accessibility and usability of the Register of Members' Financial Interests.

**Recommendation 36**

MPs should be required to register positions of responsibility in voluntary or charitable organisations, even if unpaid, together with an indication of the amount of time spent on them.

**Recommendation 37**

All candidates at parliamentary elections should publish, at nomination, a register of interests including the existence of other paid jobs and whether they intend to continue to hold them, if elected. The Ministry of Justice should issue guidance on this in time for the next general election. Following the election, consideration should be given as to whether the process should become a statutory part of the nominations process.

**Recommendation 38**

The MPs' Code of Conduct should be revised to allow complaints to be made against an MP who is a former minister and who takes on outside paid employment but does not follow advice provided by the Advisory Committee on Business Appointments (ACOPA).

**Recommendation 39**

Any MP whose presence in London on business related to their parliamentary role is infrequent should be expected to stay in hotels rather than claim the cost of permanent accommodation in London.

**Recommendation 40**

The practice of permitting a Westminster MP simultaneously to sit in a devolved legislature should be brought to an end, ideally by the time of the elections to the three devolved legislatures scheduled for May 2011.

**Recommendation 41**

The independent regulator should have a statutory duty to support MPs efficiently, costeffectively and transparently in carrying out their parliamentary functions.

**Recommendation 42**

Responsibility for maintaining the register of financial interests and the associated code of conduct should be removed from the independent regulator and returned to the House of Commons.

**Recommendation 43**

The independent determination of MPs' pay and pensions should be entrenched in primary legislation in the same way as expenses. The independent regulator should therefore be given statutory responsibility for setting MPs' pay levels and overseeing MPs' pensions as well as for dealing with expenses.

**Recommendation 44**

Responsibility for investigating allegations about breaches of the rules on expenses should be vested in the independent regulator, which should be able to appoint its own compliance officer for this purpose. The compliance officer should be able to conduct an investigation on his or her own initiative, at the request of the independent regulator, or in response to a complaint from a member of the public or an MP.

**Recommendation 45**

The independent regulator's enforcement regime should be strengthened by giving it the power to:

- Compel MPs to cooperate with the new body, including through the provision of relevant information.

- Require the repayment of wrongly paid or misclaimed sums, with associated costs if appropriate.
- Impose, subject to the procedural safeguards laid out in the Act, its own nonparliamentary sanctions for breaches of the expenses regime (including where necessary of a financial nature) analogous to those available to HMRC and DWP, without the need to report to the Commissioner for Parliamentary Standards.

**Recommendation 46**

The appointments of the chair and members of the regulatory body should be carried out with the involvement of an independent panel, following the Commissioner for Public Appointments Code of Practice, to advise the Speaker's Committee.

**Recommendation 47**

The chair of the new regulatory body should be appointed for a single, non-renewable five year term. The other members of the new body should in principle be appointed on the same basis. But some flexibility may need to be shown in relation to those appointed in the first round.

**Recommendation 48**

The Speaker's Committee on the independent regulator should include three lay members drawn from outside Parliament who have not previously been MPs or peers. They should be chosen through the official public appointments process and formally approved by the House.

**Recommendation 49**

The independent regulator should be placed under a general duty to act openly and transparently, to give reasons for any revisions to the expenses scheme, and to report, and take account of, the views of the general public as well as the House of Commons.

**Recommendation 50**

The Parliamentary Commissioner for Standards should be able to conduct investigations without waiting for a formal complaint and should include in any report to the Standards and Privileges Committee an indication of the seriousness of any breaches in the rules or code of conduct which have occurred. The Commissioner's reports should continue to be published.

**Recommendation 51**

There should be at least two lay members who have never been Parliamentarians on the Standards and Privileges Committee. Their appointment should be made in the same way as that of the lay members of the Speaker's Committee of the independent regulator.

**Recommendation 52**

The external members of both the Standards and Privileges Committee and the Speaker's Committee of the independent regulator should have full voting rights. If the House authorities are of the opinion that clarifying the question of parliamentary privilege in that regard requires an amendment to the Parliamentary Standards Act, the Government should facilitate this.

**Recommendation 53**

The sunset provisions in the Parliamentary Standards Act 2009 should be repealed.

**Recommendation 54**

At the end of each financial year MPs should be required to complete an annual compliance statement certifying that all claims made during the financial year complied with the principles and rules of the new scheme, and that any actual or suspected breaches have been reported.

**Recommendation 55**

An induction session on the new scheme should be offered to all MPs. If an MP does not undertake the induction session within the requisite period, the independent regulator should consider deferring payments due under the scheme until the induction session has been completed.

**Recommendation 56**

MPs should be required to sign a declaration on every claim that each item of expenditure was incurred wholly, exclusively and necessarily in the course of their parliamentary duties and that it complies with the principles and rules that are set out in this Report.

**Recommendation 57**

Receipts or other documentary evidence should be required for all claims.

**Recommendation 58**

The independent regulator and the House of Commons should establish a joint audit committee to oversee the assurance arrangements for MPs' expenses, facilities and support arrangements. The chair and the majority of the membership of the audit committee should be independent of Parliament. The joint audit committee should publish an annual report on its activities and its opinion on the effectiveness of the system of internal controls of the new independent regulator and the House of Commons.

**Recommendation 59**

Effective whistleblowing procedures should be introduced by the independent regulator and by the House of Commons.

**Recommendation 60**

The independent regulator should continue to publish, at least quarterly, each individual claim for reimbursement made by MPs with accompanying receipts or documentary evidence. The information published should not be confined to claims actually reimbursed.

Source: Committee on Standards in Public Life, *MPs' expenses and allowances – Supporting Parliament, safeguarding the taxpayer*, Twelfth Report, Cm 7724, November 2009

Harriet Harman, the leader of the House of Commons, announced that she would make a statement on the CSPL report in a written ministerial statement issued on 4 November 2009. She had indicated that she would during exchanges with Sir George Young and David Heath at Business Questions on 29 October 2009:

**[Sir George Young:]** On the Kelly report, will she clarify what the Prime Minister suggested yesterday, namely that Sir Christopher's report

“will form the basis of a statement to the House”—[*Official Report*, 28 October 2009; Vol. 498, c. 285.]

next Wednesday? Will she confirm that there will be an oral statement on the Kelly report and will she tell us whether she or the Prime Minister will be making it? It is a matter of great regret that whole sections of the report were leaked to the newspapers yesterday—[Hon. Members: “Hear, hear.”] Will she reassure us that when it comes to the real Kelly report, the House will be the first to know and not the last to find out? Will she clarify the confusion caused by the Justice Secretary's statement last June that any recommendations would be

“subject to approval by this House”—[*Official Report*, 29 June 2009; Vol. 495, c. 51.]

and the No. 10 briefing yesterday that MPs would not be given a vote on Kelly?

[...]

**[Ms Harman:]** As for Sir Christopher Kelly's report, I, too, deplore the fact that it has been leaked. We have not seen the report and do not yet know what he proposes or the proposed timescale. We recognise that it is not appropriate for this House to set our own allowances—we know that the public do not want us to set or administer our

allowance system. This summer we voted not to do so anymore when we voted to establish the Independent Parliamentary Standards Authority. Future changes to the allowance system following the Kelly report will therefore be carried out by IPSA. The House will have an opportunity to put forward its views when I make an oral statement next Wednesday, but there will not be a vote to decide on our allowances system because the House has already voted that that will no longer be a matter for us to decide. Decisions on allowances will be made by IPSA.

[...]

**[Mr. David Heath (Somerton and Frome) (LD):]** I, too, deplore the fact that Sir Christopher Kelly's report was partially leaked, but a statement on the report will not be sufficient, because a number of Members from all parts of the House will wish to have their say on the issue. I accept that there will not be a definitive vote, because that power has been given to the independent authority, but the House should have the opportunity to debate the issue. Will the Leader of the House therefore arrange for a debate to take place once the report has been published?

[...]

**[Ms Harman:]** Colleagues will have an opportunity to have their say on our allowances following my oral statement to the House. Again, the hon. Gentleman should make up his mind: does he really think it right that this House should pick over the question of our allowances when we have already decided to make that the responsibility of an independent authority? He cannot be on both sides of the argument; he either wants that decision reached independently, which is what this House has voted for, or he wants it to be picked over again in the House. The public want a transparent, fair arrangement for allowances, and—you know what?—they do not want us to be doing it. I do not think that extended debate, whether followed by a vote or not, helps the situation.<sup>30</sup>

## 5 Implementing the CSPL recommendations

On 4 November 2009, the Leader of the House, made a statement to the House, following the publication of the CSPL's report. She told the House that the report would be referred to the Independent Parliamentary Standards Authority (IPSA):

The Independent Parliamentary Standards Authority has already started the work of setting up the new allowance regime for MPs. A new allowance regime will be in place to come into effect in the new Parliament, as recommended by Sir Christopher Kelly. In the light of this, the Government welcome and fully accept the Kelly report, which should be taken as a whole. It will be for IPSA to take it forward. This is the approach Kelly's report itself recommends.

Until such time as IPSA takes the Kelly report forward, we will retain the current restricted allowance rules and every claim will of course be published and available for the public to see. Because we decided in July that in future we would play no part in deciding our allowance system and that it would be done independently, it does not make sense for us now to vote on the future shape of our allowance system. Instead that is the job of IPSA. After all, that is what we set it up to do. The Parliamentary Standards Act lays down that IPSA must consult MPs and others when drawing up the allowances regime. IPSA will set to work immediately and we expect, following such

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<sup>30</sup> HC Deb 29 October 2009 cc443-446

consultations, it to proceed as quickly as possible to put into effect the Kelly recommendations on allowances.<sup>31</sup>

She was questioned by Sir George Young about the need for primary legislation to implement some of the recommendations. Although the Leader of the House said that the legislative framework would be kept under review, she did not think that the House “should be addressing the question of legislating to change the IPSA structure”.<sup>32</sup>

When pressed again on the need for legislation at Business Questions on 5 November 2009, the Leader of the House told Sir George Young:

On the issue of decisions that need to be taken by the House and those that would need legislative change, it is helpful to look at the Kelly report proposals for substantive changes in respect of a new allowance system. Effectively, Sir Christopher Kelly has proposed a new allowance framework, and that should be the priority, along with setting up the Independent Parliamentary Standards Authority. As far as the House is concerned, we need to help the Independent Parliamentary Standards Authority get on with its work by endorsing the appointment of the chair. It will then be for the authority to take forward the Kelly proposals and implement them. That is the central and important objective. The other issues can be looked at, but they are not germane to the aim of having a new allowance system, based on Kelly’s proposals, in place and ready for the new Parliament.<sup>33</sup>

On 10 November 2009, IPSA issued a statement, following a meeting between Sir Christopher Kelly and IPSA’s chair-designate, Professor Sir Ian Kelly:

Sir Christopher Kelly and Sir Ian Kennedy held their first meeting today to discuss the way forward on reforms of MPs’ expenses and allowances. It was a good and friendly meeting. Both Sir Christopher and Sir Ian are clear about the task ahead and the direction of travel. The CSPL’s report contains recommendations that now require detailed work by IPSA. IPSA must also by law consult on the new scheme for allowances. There is a lot of work to do, and Sir Christopher and Sir Ian expect to meet regularly.<sup>34</sup>

In the debate following the Queen’s Speech, on 18 November 2009, David Cameron, the Leader of the Conservative Party, questioned why the Government had not announced legislative proposals to implement those recommendations of the CSPL that required primary legislation:

Then there is the biggest omission of all, and frankly it will infuriate the British people whom we are here to represent. The Prime Minister said-hon. Members will remember this-that the whole reason for delaying the election, the whole reason he could not go to the country in the summer, was that he wanted to clean up the mess of MPs’ expenses. Yet there is no mention of expenses or the Kelly report in the Queen’s Speech. To implement Kelly-to clean up expenses-11 separate measures still need to be passed into law. So where is the legislation? Where are the laws that we were promised? Why are they not in the Queen’s Speech?

Let me make this offer to the Prime Minister: if he brings forward legislation to implement the rest of Kelly we will support it and help him to pass it through this House and the House of Lords. I will give way to the Prime Minister so that he can stand up

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<sup>31</sup> HC Deb 4 November 2009 c861

<sup>32</sup> HC Deb 4 November 2009 c864

<sup>33</sup> HC Deb 5 November 2009 c994-995

<sup>34</sup> Independent Parliamentary Standards Authority, [Latest News](#), 10 November 2009

and say that he will bring forward this legislation and together we can take it through Parliament. Will he do it? No. No one watching will understand why this vital work is not being done in this Parliament. Why do we not show them that we meant what we said? Instead of the measures in the Queen's Speech-most of which will not become law by the next election-the expenses changes, the Kelly changes, could become law by the next election.

Let me give the Prime Minister another chance, now that he has finished consulting the Leader of the House. Let him stand up now and tell us that together we can pass the laws to implement Kelly in full. He tells us that he is serious about cleaning up politics, but when it comes to the crunch-absolutely nothing.<sup>35</sup>

The question was taken up again at business Questions the following day. Sir George Young, the Shadow Leader of the House, offered to table amendments to the *Constitutional Reform and Governance Bill* to allow the CSPL recommendations that needed to be implemented to progress:

On Kelly, the Government are mired in confusion, with different Ministers saying different things. On the radio this morning, the Leader of the House said that all the proposals would be implemented before the general election, but that will not happen unless we move quickly, so can she confirm that if we table the amendments to the Constitutional Reform and Governance Bill necessary to implement Kelly in full, we shall have the Government's support?<sup>36</sup>

In response to that question and further questions about implementing the CSPL's recommendations, the Leader of the House argued that IPSA would be implementing the recommendations. She acknowledged that the House would need to address some of the recommendations, however, she saw little need for further legislation. In response to Sir George, she said:

On the Kelly situation, I want to reassure the House and the right hon. Gentleman, and ensure that the public are reassured, that we all remain determined to address the problems around allowances. We recognise the public anger and concern that the allowance system was misused, which is why we legislated in the summer to put the whole system on an independent footing, so that never again will the House set or administer its own allowance system. We invited Sir Christopher Kelly to investigate and make proposals for a new framework for allowances, and I pay tribute to him for the work that he has done.

I should like to reinforce what I said on 4 November: we, and all parties, accept Sir Christopher Kelly's report and look to the Independent Parliamentary Standards Authority to implement it. I did say at the time that there were further issues that it might fall to the House to deal with; they include the issue of additional lay members on the Standards and Privileges Committee, common auditing arrangements between the independent parliamentary standards commissioner and the House, and restricting the chair of IPSA to serving for one five-year term. We can, incidentally, do the latter by resolution of the House, when we confirm-as I hope that we will-the chair's appointment. When the House deals with the motion appointing the chair, it might be a good opportunity to deal with the other four members of IPSA.

As I say, by means of a resolution of the House we can, without legislation, make sure that the post is held for one term only, as Sir Christopher Kelly proposes. He himself says that legislation on the issue of the dual mandate should be a matter for the next

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<sup>35</sup> HC Deb 18 November 2009 c15

<sup>36</sup> HC Deb 19 November 2009 c128

Parliament. If there are any other issues that hon. Members feel cannot be dealt with by the House through a resolution, or by the existing powers of IPSA, I will be happy to discuss them, as I said on 4 November. However, I do not want anybody to convey to the public the idea that we are all on the back foot on the issue-that we have gone soft on it and have swept it back under the carpet. The public would not accept that, and neither would we. We will make sure that the reforms are all carried through.<sup>37</sup>

She subsequently told David Heath (Liberal Democrat) that she would be happy to meet him and Sir George Young to discuss the need for legislation:

In response to the hon. Gentleman's question about what does, or does not, need legislation for the future, in order that we do what we all agree we should do, which is to take forward the Kelly proposals, of course I am happy for him and the shadow Leader of the House to come and see me to talk these issues through. I will give the hon. Gentleman one example of where Sir Christopher Kelly thought that a statute would be necessary-the prohibition on employing family members.<sup>38</sup>

Oliver Heald, a member of the CSPL (although he took no part in the inquiry into Members' expenses) argued that 11 recommendations needed primary legislation:

**Mr. Oliver Heald (North-East Hertfordshire) (Con):** The Leader of the House will know that the Kelly committee has a member from each of the main political parties, although we did not take part in the inquiry into Members' expenses for obvious reasons. However, there are 11 measures in the Kelly report that require primary legislation and which cannot be dealt with by IPSA or by resolution. If Sir Christopher sends her a list of those particular items in his report, will she support or introduce amendments to put those changes into effect before the general election?

**Ms Harman:** I thank the hon. Gentleman for his suggestion that he will send me a list of the issues that are considered to require further legislation, but he does not need to do so, because that was in Sir Christopher Kelly's report, to which, obviously, I have paid close attention. Perhaps it would assist the House if I went through some of those points and said which of them I do not believe will require legislation and which ones possibly will, in the next Session.

First, there is the proposal for the Independent Parliamentary Standards Authority to-  
[*Interruption.*] Okay, well, perhaps I will arrange a-

**Mr. Hogg:** A written statement.

**Ms Harman:** A written statement? [Hon. Members: "Hear, hear!"] No, what I said had a question mark-"A written statement?" I am not sure-I think that what I will do is have a meeting. I think the position is perfectly clear, but it might help the House if I could go through- [*Interruption.*] I know hon. Members are resisting, but it might help the House if I could go through the proposals and say very briefly which ones might need legislation and which do not. Members are calling for information, but then they are resisting my giving it.

I do not believe that recommendation 4 of the report, for IPSA to

"commission a commercial agency to provide and maintain rented accommodation"

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<sup>37</sup> HC Deb 19 November 2009 cc129-130

<sup>38</sup> HC Deb 19 November 2009 c131

for MPs requires legislation, because IPSA already has the power to set up such an agency. I have already said that I do not believe the proposal to have no more employment of family members requires legislation, because it can be made a condition of paying a salary that an employee is not a family member.

As for ensuring that there is no dual mandate, Sir Christopher Kelly says that that is a matter for the next Parliament, not this. I do not believe that legislation is needed for a new statutory duty for IPSA to

"support MPs efficiently, cost-effectively and transparently",

because it already has that duty. I do not believe that we need to legislate on the House retaining responsibility for the code of conduct and the Register of Members' Financial Interests, but we can accept Christopher Kelly's proposal and not bring into effect the change that would take responsibility for that code of conduct away from the House and give it to IPSA.

I do not want to trespass on hon. Members' good nature by going through the other page and a half of my notes, but they will get the drift. The point is that we accept what Sir Christopher Kelly is suggesting and we want to get on with it, but we do not want to legislate if that is unnecessary because the power in question already exists under the Parliamentary Standards Act 2009.<sup>39</sup>

During questions to the Leader of the House of Commons on 26 November 2009, Barbara Keeley, the deputy Leader of the House, responded to a further question about the need for legislation to implement some of the CSPL recommendations

21. **Mr. Mark Harper** (Forest of Dean) (Con): Whether she plans to bring forward proposals for legislation to implement recommendations contained in the report on MPs' expenses and allowances from the Committee on Standards in Public Life.

**The Parliamentary Secretary, Office of the Leader of the House of Commons (Barbara Keeley):** The Government have accepted the recommendations in the Committee's report and will bring forward any legislation that may be necessary to implement them.

**Mr. Harper:** I note that answer, but it is rather unspecific. The Kelly report contains some specific proposals that require primary legislation, so can the Deputy Leader of the House give us any more detail about when those specific measures will be brought forward, given that relatively few sitting days are left before the end of this Parliament and therefore it will not be able to introduce some of those measures if she does not get a move on?

**Barbara Keeley:** We are in discussion with the Independent Parliamentary Standards Authority and the Committee on Standards in Public Life about what legislation is necessary. When we reach agreement as a result of that discussion, we will introduce the necessary measures.<sup>40</sup>

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<sup>39</sup> HC Deb 19 November 2009 cc135-136

<sup>40</sup> HC Deb 26 November 2009 c675

## 5.1 Implementing the CSPL recommendations – Response from the Standards and Privileges Committee

The Standards and Privileges Committee published its response to the CSPL Report on 26 November.<sup>41</sup> The report was concerned solely with those recommendations from the CSPL which affected the Committee. In addressing the CSPL recommendation that lay members should sit on the Standards and Privileges, the Committee proposed that:

6. The current membership of the Committee is ten (half of whom are drawn from opposition parties) and the quorum is five. We propose that there should in future be two lay members on the Committee in addition to the ten elected Members. We recommend that the quorum should consist of five elected members and one lay member. In practice, this would mean that no decision on a standards matter could be taken without direct input from one of the lay members. In addition, it would mean that at least two elected Members would be required to support a proposition in order for it to be carried against opposition from the other elected Members present. If one or more Members were to decline to vote, this threshold would be altered, depending on the numbers present.<sup>42</sup>

The Committee also noted that the lay members would be included only on a standards matter and would not have the right to vote on any matter relating to privilege. As a result of concerns about privilege, the Committee suggested changes to Standing Orders to allow for a sub-committee for privilege and also suggested that legislation might be required. The lay members should be paid expenses and a modest per diem and be selected with the involvement of external experts.

The Committee noted the Kelly proposals to reduce the role of the Commissioner for Parliamentary Investigations, which if implemented, would draw the Parliamentary Commissioner for Standards back into the role of investigating allegations of misuse of allowances. They accepted the recommendation not to vest responsibility for the registration of Members' Interests with IPSA and noted:

22. We note and accept the CSPL's recommendation that the provision in the Parliamentary Standards Act to vest responsibility for the registration of Members' interests in the IPSA should be reversed. Our understanding is that this will mean that the House, the Parliamentary Commissioner for Standards, the Registrar and the Committee will retain their present responsibilities for drawing up and administering the Rules on interests. We have noted the Government's statements that this will be achieved by not commencing the relevant provisions of the Parliamentary Standards Act.<sup>43</sup>

The Committee expressed some reservations about the CSPL proposal that the Commissioner should be allowed to investigate without a specific allegation being made, arguing that serious evidence would be needed before an investigation should proceed. It was also cautious about the Kelly proposal to use House authority to withhold the resettlement grant as a sanction, especially as it might postpone the imposition of a penalty for some years.

Finally, on the register, the Committee strongly supported a sensible *de minimis* rule for registering payments from second jobs, but argued that the recommendation to register

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<sup>41</sup> Committee on Standards and Privileges, *Implementing the Twelfth Report from the Committee on Standards in Public Life*, 26 November 2009, HC 67 2009-10

<sup>42</sup> *Ibid*, para 6

<sup>43</sup> *Ibid*, para 18

positions of responsibility in charitable or voluntary organisations would blur the central purpose of recording Members' financial interests. It was for the Ministry of Justice to implement proposals for a register of interests for candidates, but such a register would help streamline the registration process after the general election.

## 5.2 Plans for legislation to implement some recommendations

At Prime Minister's Questions on 9 December 2009, David Cameron reiterated his offer (made during the debate on the Queen's Speech) to support the introduction of legislation to implement the CSPL's recommendations "in full"; and asked the Prime Minister to confirm that "the necessary legislation will be brought forward – and, indeed, that it will be published before Christmas?". The Prime Minister informed the House that a meeting was taking place that afternoon about the need for legislation.<sup>44</sup>

On 10 December 2009, the Leader of the House set out the Government's proposals for further legislation to implement the CSPL recommendations on Members' pay and allowances in a written ministerial statement:

The House has sought clarification on the question of what further legislation the Government will bring forward in the light of the CSPL's recommendations, which I set out in this statement today.<sup>45</sup>

She reported that Jack Straw had met with Sir Christopher Kelly, chairman of the CSPL, and Professor Sir Ian Kennedy, chairman of IPSA, and that both were "in agreement with the proposed approach to further legislation and on the amendments set out [in the written ministerial statement]".

The Leader of the House identified 13 CSPL recommendations that would need legislation to implement them. Ten of the recommendations would be taken forward but it had "been accepted that immediate legislation is not necessary" for the other three recommendations. She announced that:

- IPSA has the power to withhold a Member's salary if the House suspends the Member but no power to withhold allowances. The Government would bring forward legislation to allow IPSA to give effect to penalties, such as a reduction in resettlement grant or other allowances, after the House exercised its disciplinary powers on a recommendation of the Committee on Standards and Privileges (CSPL Recommendation 33);
- The Government would bring forward legislation to "ensure that there is specific reference to supporting MPs to carry out their parliamentary duties in an efficient, cost-effective and transparent way" (CSPL Recommendation 41);
- The Government would repeal section 8 of the *Parliamentary Standards Act 2009* to give effect to the CSPL's recommendation that:

responsibility for maintaining the register of financial interests and the associated code of conduct should be removed from the independent regulator and returned to the House of Commons.

(CSPL Recommendation 42)

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<sup>44</sup> HC Deb 9 December 2009 c350

<sup>45</sup> HC Deb 10 December 2009 cc33WS-38WS

- IPSA would be given responsibility “to set, as well as to administer, the MPs’ pay system, after consulting the Senior Salaries Review Body. The powers for both pay and pensions would therefore take effect in 2011-12. MPs’ pay in 2011-12 would then be set by the IPSA on the basis of the SSRB recommendation for that year. Pay in 2012-13 and subsequently would be set by the IPSA following consultation with the SSRB and others as appropriate” (CSPL Recommendation 43);

CSPL made two separate recommendations on the “responsibility for investigating allegations about breaches of the rules on expenses [being] vested in the independent regulator, which should be able to appoint its own compliance officer for this purpose”; and on the powers that should be given to the independent regulator’s enforcement regime.

- The Government propose to amend the *Parliamentary Standards Act 2009* to:

provide for a compliance officer to be appointed by the IPSA through a process of fair and open competition. The compliance officer will be an independent office holder. The powers of the compliance officer to investigate complaints will be similar to those presently vested in the Independent Commissioner. The powers in relation to sanctions will be significantly different.

(CSPL Recommendation 44).

- On enforcement powers, the Government stated that:

The Parliamentary Standards Bill which the Government presented to Parliament contained provisions allowing the IPSA to recommend sanctions. They were removed during the Bill’s passage.

As it now appears that allowing sanctions to be imposed directly by the regulator is acceptable, the Government will introduce amendments to the 2009 Act to give the compliance officer the power to impose sanctions, namely a civil penalty, as well as requiring restitution of wrongly paid allowances. Repayments, monetary penalties and costs will also be made recoverable as a civil debt. In addition, the Government will provide a route of appeal from the decisions of the compliance officer to the first-tier tribunal. Since allowances claims are not covered by privilege, there should not be any difficulty in this regard.

Cases could still be referred to the Committee on Standards and Privileges if it is felt that parliamentary sanctions are also needed or to the prosecuting authorities if the offence of making false declarations may have been committed.

(CSPL Recommendation 45)

- The Government would bring forward legislation to provide for the appointment of lay members to the Speaker’s Committee on IPSA (CSPL Recommendation 48);

- In order to address the CSPL’s recommendation that:

The Committee recommends that the independent regulator should be placed under a general duty to act openly and transparently, to give reasons for any revisions to the expenses scheme, and to report, and take account of, the views of the general public as well as the House of Commons

The Government will bring forward amendments to the *Parliamentary Standards Act 2009* to “add an additional requirement that the IPSA must give reasons for its

revisions to the allowances scheme, to give reasons for adopting a determination in respect of MPs' pay, and to consult the general public" (CSPL Recommendation 49);

- The CSPL recommended that sunset provisions relating to the code of conduct and the Commissioner for Parliamentary Investigations should be repealed. The Government said that because the provisions relating to the code of conduct and the Commissioner were being repealed, the sunset provision would also be repealed (CSPL Recommendation 53);
- The Government would bring forward legislation to place a duty on IPSA to "publish claims made and allowances paid, with such details as it considers appropriate" (CSPL Recommendation 60).

The three remaining recommendations, which were identified as requiring legislation, that will not be taken forward immediately were:

- A requirement that all candidates at a general election publish details of their financial interests (CSPL Recommendation 37). The Leader of the House reported that:

The Ministry of Justice is working on the guidance. The Ministry of Justice will discuss the approach with the Electoral Commission and others as appropriate before guidance is issued, in time for the next general election. A decision about whether to implement this on a statutory basis will, as the Committee suggests, be taken in the next Parliament.

- The ending of dual mandates by the time of elections to the devolved legislatures in May 2011 (CSPL Recommendation 40). The Government "will consult interested parties before implementing it in the next Parliament"; and
- The CSPL recommended that the chair and members of IPSA should only be appointed for a single, non-renewable term of five years (CSPL Recommendation 47). However, the *Parliamentary Standards Act 2009* provided that they could be re-appointed for a further period of three years. The Leader of the House said that:

The CSPL acknowledges the need for flexibility in relation to the first round of appointments. The Government accept the principle of the recommendation, but believes that amendments to the legislation are not required now. They could be made at a later date if still required.<sup>46</sup>

At Business Questions, on 10 December 2009, after the written ministerial statement had been released, the Leader of the House was asked about the proposals for legislation on the CSPL recommendations. Sir George Young, the Shadow Leader of the House, asked for "an indication of when this proposed legislation will be brought forward and whether it will take the form of a stand-alone Bill or an amendment to existing legislation".<sup>47</sup> In her response, the Leader of the House said that:

The House did not sit back waiting for Kelly [the CSPL report]. We have already substantially changed the allowance system and legislated for the establishment of the Independent Parliamentary Standards Authority. As the right hon. Gentleman recognises, there will be further legislation, particularly to make it the responsibility of IPSA to decide Members of Parliament's pay and pensions. We had, of course, already

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<sup>46</sup> *Ibid*

<sup>47</sup> HC Deb 10 December 2009 c506

voted not to decide our own pay, but we will now bring forward legislation to put that on a statutory footing. I am not yet in a position to tell him and the House whether that legislation will stand alone or be added to existing legislation, but, whatever the vehicle, we are determined and the whole House is agreed that we should go forward on that basis.<sup>48</sup>

Press coverage of the written ministerial statement highlighted the decisions to give IPSA the power to reduce allowances and to allow lay members to sit on the Speaker's Committee:

The government has announced legislation to sharpen the teeth of the Commons parliamentary standards watchdog, enabling it to dock the allowances of errant MPs and bring members of the public on to parliamentary committees.<sup>49</sup>

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<sup>48</sup> HC Deb 10 December 2009 c507

<sup>49</sup> Allegra Stratton, "Legislation will let watchdog dock errant MPs' allowances", *Guardian*, 11 December 2009