



European Parliament Members' expenses and allowances

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A controversy arose in 1998 over the way in which Members of the European Parliament (MEPs) were paid expenses, following a Court of Auditors' report earlier that year. One criticism was the flat-rate travel allowance for business-class fares to and from the European Parliament (EP), which could be claimed regardless of whether the MEP was travelling business or economy class.

In December 2003 MEPs approved a new set of rules to be set out in a statute, under which claims for expenses would be based on real costs, backed up by receipts. There was disagreement between the EP and the Council of Ministers, and a final text was not concluded until July 2005 (See Standard Note SN/IA/3049, 27 September 2005 for further information), when the Council approved the EP's draft decision "laying down new rules and general conditions applicable to the exercise of the mandate of its members".

In 2008 new abuses came to light involving MEPs channelling allowances for secretarial and research assistant services for the EP, constituency and committee work into family-owned companies. In April 2008 MEPs voted not to make public a report showing widespread abuse of allowances and rejected calls from a public information watchdog for scrutiny of pension perks. They approved proposals to put an end to family members being put on their staff payroll, which contributed to a wider, long-term review of EP allowances.

In March 2009 MEPs decided to improve public access to EP documentation, but to keep secret details of their expenses. However, in April 2009, shortly before the EP elections, most EP group and national party leaders decided that their MEPs should publish information on their expenses: the new EP would publish details of travel costs and of the number of times MEPs had claimed the daily attendance allowance. The level of detail varies.

The 2009 EP is bound by the EP Statute, which came into force in 2009, and new rules on pay, allowances and pensions. New rules on research assistants have also been implemented.

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Contents

1	Summary of main allowances from January 1998	2
2	2008 – 2009: expenses scandals and reform proposals	3
3	Current allowances	3
4	UK commitments on the publication of expenses	5
4.1	Labour commitment	5
4.2	Conservative arrangements	8
4.3	Liberal democrat arrangements	8
4.4	UKIP	10
4.5	MEPs' websites	10
5	Recent developments	11

1 Summary of main allowances from January 1998¹

- *general expenditure allowance*: 3,262 ECU (£2,215)² per month (office costs etc., and, from 1996, includes the former 'communications allowance' which, in 1995, was 1,000 ECU per annum.)
- *flat-rate travel allowance*: 0.76 ECU (52p) per km for first 400 km and 0.38 ECU (26p) for each additional km for journeys within Community to attend EP official meetings; includes all travel expenses. For official meetings outside the Community, reimbursement of return direct air fare.
- *travel allowance*: maximum of 3,000 ECU (£2,037) per annum for travel throughout the world in performance of Parliamentary duties (other than official meetings; includes accommodation costs).
- *subsistence allowance*: flat-rate of 231 ECU (£157) per day for costs of attending meetings, within Community, of EP bodies on which claimant sits (covers all costs inc. accommodation and meals). Attendance of such meetings outwith Community territory qualifies for 115.50 ECU (£78) per day and actual accommodation and breakfast expenses. The allowances of Members absent for more than half of all roll-call votes taken on the Tuesdays-Thursdays of Strasbourg part sessions and the on the Thursdays of Brussels part-sessions are cut by 50%.³
- *secretarial assistance allowance*: maximum of 9,408 ECU (£6,388) per month

¹ Extract from Research paper 98/86, 21 August 1998, "Parliamentary Pay and Allowances: Current Rates", citing figures from EP College of Quaestors. Uprating is on the principle of automatic annual indexation: Bureau decision 9.3.82. The 1998 uprating reflected a 2.2% increase, the rise in consumer prices in the then 15 EU Member States in 1996. Travel allowances had been frozen at 1996 levels.

² Note: Sterling equivalents are provided below for each allowance, purely for illustrative purposes, based on the following exchange rate at 14.5.98: 1 ECU = 67.9p, £1 = 1.4724 ECU.

³ Bureau decision, December 1997. Members can signify that they were present in the event that they did not wish to participate in a roll-call vote.

2 2008 – 2009: expenses scandals and reform proposals

In 2008 new abuses came to light involving MEPs channelling allowances for secretarial and research assistant services for the EP, constituency and committee work into family-owned companies. In February 2008 MEPs on the Budget Control Committee voted by 21 to 14 not to publish the so-called ‘Galvin Report’, which revealed widespread abuse of allowances, allegedly worth £125 million a year, and rejected calls from a public information watchdog for scrutiny of pension perks. However, the EP approved proposals to stop family members being put on the staff payroll of MEPs.⁴

On 14 January 2009 the EP adopted a report by the ALDE MEP, Marco Cappato, calling on the EP, the Council and Commission to do more to open up their registers and documents to the public, including better access to MEPs’ voting records and declarations of financial interests.⁵

On 11 March 2009 MEPs voted in favour of the so-called ‘Cashman report’,⁶ which proposed to make it easier for the public to get access to EU documents. Amongst other things, MEPs clarified the term “document” to which the public should have access. However, the EP also voted to adopt amendment 115, proposed by the EPP MEP, Hartmut Nassauer: “The definition of an overriding public interest in disclosure shall take due account of the protection of the political activity and independence of Members of the European Parliament, in particular with regard to Article 6(2) of the Members Statute”.⁷ Expenses would remain exempt from public interest requests, and MEPs’ financial accounting would remain secret, in spite of the recent controversies. The majority of Conservatives and Socialists agreed to the amendment, but Liberals in the ALDE voted against it.

In April 2009 the UKIP turned independent MEP, Tom Wise, was charged, along with his research assistant, with false accounting and money laundering after an investigation into alleged misuse of EP expenses. He received a two-year prison sentence. This was one of several fraud or abuse of expenses cases involving UK MEPs.

3 Current allowances

The EP website provides the following information on MEPs’ current allowances:

Travel expenses

Most meetings of the European Parliament, such as plenary sessions, committee meetings and political group meetings, take place in Brussels or Strasbourg. MEPs are refunded the actual cost of their travel tickets for

⁴ See SN/IA/4841, [The European Parliament: use of the parliamentary assistance allowance](#), 18 September 2008 for information on the payment for parliamentary assistance, which was not included in the EP Statute.

⁵ EP resolution of 14 January 2009 on “public access to European Parliament, Council and Commission documents (implementation of Regulation (EC) No 1049/2001) (2007/2154(INI))”, at <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P6-TA-2009-0022>. See also see *Euractiv*, 15 Jan 2009; at <http://www.euractiv.com/en/pa/meps-urge-eu-boost-public-access-documents/article-178535>.

⁶ Report on the proposal for a regulation of the EP and Council “regarding public access to European Parliament, Council and Commission documents (recast)”, (COM(2008)0229 – C6-0184/2008 – 2008/0090(COD)), <http://www.europarl.europa.eu/sides/getDoc.do?type=TA&language=EN&reference=P6-TA-2009-0114>

⁷ Ibid

attending such meetings on presentation of receipts, up to a maximum of a business class air fare, a first class rail fare or €0.49 per km for car journey, plus fixed allowances based on the distance and duration of the journey to cover the other costs of travelling (such as motorway tolls, excess baggage charges or reservation fees, for example).

MEPs can also be refunded up to €4,148 per year for other travel outside their own Member State undertaken as part of their work, and be reimbursed for up to 24 return journeys within their own Member State. The pre-June 2009 system of a flat-rate travel allowance for journeys to Brussels and Strasbourg (and other EU destinations) has been abolished.

Daily allowance (also called “subsistence allowance”).

Parliament pays a flat-rate allowance of €298 for each day that MEPs attend on official business as long as they sign an attendance register. This covers hotel bills, meals and all other expenses involved. On days when plenary votes are held, if MEPs miss more than half the roll-call votes this allowance is reduced by half.

For meetings outside the EU, the allowance is €149 (again subject to signing a register) with hotel bills refunded separately.

General expenditure allowance

This flat-rate allowance is intended to cover expenditure such as office rent and management costs, telephone and postal charges, computers and telephones. The allowance is halved for Members who, without due justification, do not attend half the number of plenary sittings in one parliamentary year (September to August).

In 2009, the allowance is €4 202 per month.

Medical costs

MEPs are entitled to a reimbursement of two-thirds of their medical expenses. Apart from the proportion of reimbursement, the detailed rules and procedures of this system are the same as that which covers EU civil servants.

Other entitlements

Parliament provides equipped offices to MEPs in both Brussels and Strasbourg. MEPs can make use of Parliament's official vehicles on official business when in either city.

Staffing arrangements: Parliamentary Assistants

MEPs can choose their own staff within a budget set by Parliament. Accredited assistants, based in Brussels (or Luxembourg/Strasbourg) are administered directly by Parliament's administration, under the conditions of employment for non-permanent EU staff. Assistants based in MEPs' Member States are handled by qualified paying agents, guaranteeing the proper tax and social security arrangements.

In 2009, the maximum monthly amount available for all the costs involved is €17,540 per MEP. None of these funds are paid to the MEP themselves.

Up to a quarter of this budget can be used for services from service providers chosen by the MEP, such as ordering an expert study on a particular subject.

In general, MEPs can no longer have close relatives among their staff, though there is a transitional period for those who were employed in the previous term

Pensions

Members are entitled to an old-age pension from the age of 63. The pension will be 3.5% of the salary for each full year's exercise of a mandate but not more than 70% in total. The cost of these pensions will be met from the European Parliament budget.⁸

4 UK commitments on the publication of expenses

During an Opposition Day debate on 16 July 2008 the Commons debated a Conservative motion calling for stricter rules on expenses for both MPs and MEPs. The House rejected the Conservative motion and the Government's amendment was agreed to without another division. The House resolved:

That this House recognises growing public concern on expenses and allowances for hon. Members and Members of the European Parliament (MEPs); believes that the minimum requirements for tackling the problem include regular reporting and appropriate auditing of the use of expenses and allowances, the publication of claims made, broken down by type, in relation to each allowance and claimable expense, the publication of the names and salary bands of all relatives employed by hon. Members and the abolition of the so-called John Lewis list; further believes that UK MEPs should abide by the same rules and practices as hon. Members, with particular regard to the repayment of surpluses, published annual statements verified by independent accountants and overseen by a compliance officer, the publication of the names and salary bands of any relative employed and regular reporting of expenses and allowances; and resolves that, notwithstanding its decision of 3rd July, hon. Members should no longer be able to claim reimbursement for furniture and household goods with effect from 1st April 2009.⁹

4.1 Labour commitment

The Labour Party has already had its MEPs' expenses independently audited for some eight years. Labour MEPs adopted the following arrangements for transparency for the new EP in 2009:

Labour Members of the European Parliament are committed to the highest standards of propriety. This guidance note lays down the standards that European Parliamentary Labour Party Members are expected to follow.

This guidance note clarifies the European Parliament's own rules on use of expenses as explained in the Implementing Measures for the Statute for Members of the European Parliament, and imposes an additional requirement on all UK Labour MEPs to carry out a full, professional annual audit of the use

⁸ http://www.europarl.europa.eu/eplive/expert/multimedia/20090511MLT55628/media_20090511MLT55628.pdf and <http://www.europarl.europa.eu/parliament/expert/staticDisplay.do?id=39&language=en&pageRank=2>

⁹ HC Deb 16 July 2008 c255. For information on the background to UK reforms, see [Members' allowances: decision of 16 July 2008 and the revised Green Book](#), Standard Note: SN/PC/04813, 20 January 2009.

of these allowances. The auditor must be given a copy of this guidance note and the Parliament's rules to assist in their work. The audit will show that proper accounting records have been kept; that the financial statements are in accordance with the accounting records; that financial statements comply with statutory or other requirements.

As of the new parliamentary mandate (July 14, 2009) EPLP Members have agreed to publish online Quarterly General Expenditure Accounts, including information relating to their staffing complement, and travel and subsistence claims.

Labour MEPs will provide the EPLP with:

- 1) A list of staff names and job titles, including any family members
- 2) The name of their recognised professional auditor
- 3) A copy of the auditor's letter of certification by the 31st March each year
- 4) A breakdown of expenditure from the General Expenditure allowance according to agreed headings
- 5) The number of return journeys to Brussels and Strasbourg
- 6) Other travel allowance claimed
- 7) Number of days claimed under the Subsistence Allowance

European Parliament Allowances

The rules on use of allowance are set out in Chapter 4, Reimbursement of Expenses, and Chapter 5, Assistance from Personal Staff, of the Implementing Measures for the Statute for Members of the European Parliament.

Article 28 describes in detail which office costs can be funded from the general expenditure allowance, inter alia:

- office management and running costs, in particular rent and related charges (heating, lighting, insurance and cleaning),
- the cost of purchasing or renting office equipment,
- telephone, including mobile telephone, and postal charges,
- the cost of purchasing office supplies and stationery,
- the cost of purchasing books, periodicals and newspapers,
- the cost of using public data consultation networks,
- the expenses involved in equipping Members with communications equipment and maintaining that equipment, for example the purchase or rental of a telephone, a fax machine, a computer, a modem or communications card, a printer, other IT equipment, computer peripherals and software packages,
- the cost of a subscription to the Internet and to databases,

- representation activities,
- expenses incurred in travelling in a Member's Member State of election. The general expenditure allowance "shall be reserved exclusively for the funding of activities linked to the exercise of a Member's mandate and may not be used to cover personal expenses or to fund grants or donations of a political nature." (Article 62.1 of the Implementing Measures of the Statute of Members of the European Parliament)

Article 33 sets out provisions for use of this allowance to cover "expenses for assistance which is necessary and directly linked to the exercise of a Member's parliamentary mandate.

"This can be taken to include costs related to the employment of staff in the UK and/or Belgium/France, including a contribution to a pension scheme, staff training, staff recruitment costs, employer's insurance, staff travel and missions, health and safety costs, redundancy, sickness and maternity cover.

Staff includes permanent, temporary, special project staff, *stagiaires* and staff employed jointly with other members.

All staff employed by MEPs must have contracts of employment in accordance with UK/Belgian/French law and must be actively encouraged to join the Labour Party and a Trade Union.

Members of staff employed in Brussels and/or Strasbourg are paid directly from the European Parliament. Members of staff employed in the UK are paid through a named and independent paying agent. Where a member of staff is paid directly from the European Parliament, documentary evidence of payments made to that person and their contract of employment must be provided to the auditor.

Where the amount remitted from the Parliamentary authorities has exceeded the costs incurred under the Secretarial Assistance Allowance, a surplus may arise. This surplus must be repaid to the parliamentary authorities in accordance with the Rules and Regulations of the European Parliament.

Article 10.1a outlines the reimbursement of Members' travel expenses for journeys to and from Parliament's places of work from their home, known as 'ordinary travel expenses'.

Ordinary travel expenses are reimbursed on receipt of relevant travel documents and attestation of attendance at the European Parliament in Brussels or Strasbourg. Only the costs actually incurred will be reimbursed.

Article 10.1b and c outline the reimbursement of Members' travel expenses for journeys within their constituency and Member State, known as 'additional travel expenses'.

Additional travel expenses are reimbursed on receipt of relevant travel documents. Only the costs actually incurred will be reimbursed.

Article 24 outlines the entitlement to subsistence allowance, namely MEP's full or part day attendance at the European Parliament in Brussels and/or Strasbourg.¹⁰

¹⁰ PSE website at <http://www.eurolabour.org.uk/Transparency>

Labour MEPs' statements of expenses are available at <http://www.eurolabour.org.uk/files/ALLMEPs.pdf>.

4.2 Conservative arrangements

The Conservatives have published details of their expenses since adopting a pledge before the June 2009 EP elections:

If elected to the European Parliament on 4 June we pledge to:

Transparency and Ethics

- Publish a breakdown of all office costs, signed off by a certified accountant.
- Publish details of all travel, including journeys to and from Brussels and Strasbourg and trips to any third countries.
- Publish the names of all staff, contractors and 'paying agents' engaged by us.
- Publish all expenses claims online and update them on a quarterly basis. Details included in the Register of Members' Interests will be published on the Conservative MEPs' website – providing a 'one stop shop' for members of the public to access full disclosure details of their Conservative MEPs' expenses.
- Continue to oppose – and vote against – any bailout of the MEP pension fund using public money.
- Publish online details of all meetings with lobbyists and interest groups. We will only accept hospitality from lobbyists and interest groups where it is relevant to the role of an MEP, and where this is of a value greater than £50 it will be listed in the Register of Members' Interests. No Conservative MEP will accept gifts from lobbyists or interest groups.
- Press for these standards to be applied across the European Parliament.¹¹

Mr Cameron called for a "deep clean" of MEPs' expenses and ordered them to accept public scrutiny or stand down from the EP. Conservative MEPs would be bound by a new "Right to Know" expenses code of conduct. Personal declarations under the new code are available from January 2009 at:

[Conservative MEP 'Right to know' Jan 2010](#)

[Conservative MEP 'Right to know' JAN 09](#)

[Conservative MEP 'Right to know' JULY 09](#)

4.3 Liberal democrat arrangements

The Liberal Democrat European Parliamentary Party (LDEPP) has published guidelines on the use of Members' allowances.

¹¹ http://www.conservatives.com/News/News_stories/2009/05/Cameron_calls_for_a_General_Election.aspx

The Liberal Democrat European Parliamentary Party (LDEPP) is committed to the highest standards of public service.

Each of its Members undertakes to ensure strict observance of the European Parliament's Rules governing the Payment of Expenses and Allowances to Members (PEAM).¹

In addition, they agree to meet a common measure of transparency in order to ensure their accountability to the European Parliament, to the UK Liberal Democrats and to their electors.

This Guidance Note shall be appended to the Standing Orders of LDEPP.

Declaration of Interests

In their official Declarations of Financial Interests, LDEPP Members will declare whether they are members of the Parliament's Voluntary Pension Scheme.

Members will declare whether they employ as assistants, or pay as service providers or paying agents, members of their family. In such cases, the level of payment shall be shown within bands of € 10,000.

General Expenditure Allowance

As specified under PEAM Article 13, the Allowance is a monthly lump sum intended to meet expenditure resulting from 'activities in their capacity as Members not covered by other allowances'. Inter alia, the Allowance covers the following items:

- Travel and ancillary expenses within the UK
- Office management and running costs
- Purchase or rental of office equipment
- Telephone and postage
- Office supplies
- Purchase of publications
- Internet
- IT hardware and software

The allowance may not be used to cover personal expenses or to finance subsidies or gifts of a political nature. It may not be used to contribute towards the Voluntary Pension Scheme.

An annual account shall be made of Members' use of the Allowance. This account shall be certified by an independent, professionally qualified accountant, who shall have received a copy of this Note and of Parliament's Rules. The audit statement must demonstrate compliance with the Rules of the Parliament, and will be filed with the delegation's Whip. A summary of the account shall be published on each Member's website.

Secretarial Assistance Allowance

PEAM Article 14 establishes the rules for the employment or engagement of assistants.

All staff employed by LDEPP Members must have a contract of employment in accordance with the law of a Member State. The names of assistants and their job titles should be published, with their consent, on each Member's website. The names and functions of service providers should be published on Members' websites.

The next mandate

LDEPP Members support the implementation in full of the Members' Statute (2005) as from July 2009. Equally, LDEPP is committed to achieving a comprehensive agreement on an Assistants' Statute to enter into force at the beginning of the next mandate.

This Note will be revised in due course to take account of these changes.¹²

4.4 UKIP

UKIP MEPs pledged to put online a "clear and traceable quarterly statement" of its MEPs' expenses.¹³

4.5 MEPs' websites

Many MEPs have published details of their expenses on their own website or provided a link to a statement on their party's website. For example:

- Mary Honeyball, PSE, at http://www.eurolabour.org.uk/files/Honeyball_audit08.pdf
- Timothy Kirkhope, Conservative, at <http://www.kirkhope.org.uk/search/>
- Diana Wallis, Liberal Democrat, at <http://www.dianawallismep.org.uk/pages/transparency.html>;
- Jean Lambert (Green) at http://www.jeanlambertmep.org.uk/mep_pay.php,
- Jim Allister, Northern Ireland TUV at <http://www.jimallister.org/default.asp?blogID=1383>
- Jill Evans, Plaid Cymru, at <http://www.plaidcymru.org/content.php?nID=44;catID=nocat;pubID=211;lID=1>
- Alyn Smith, SNP, at <http://www.alynsmith.eu/mep-allowances.html>
- Paul Nuttall, UKIP, at <http://www.ukipmeps.org/uploads/file/Nuttall%20Jul-Dec.pdf>
- Nick Griffin, BNP, at <http://nickgriffin.eu/accounts-expenses/>

Many MEPs have also posted a copy of an accountant's audit certificate stating that they comply with their party's transparency requirements. The accountant's report typically states that it can confirm that the MP complies with the rules on the use of allowances as set out in Articles 13 and 14 of the EP Rules on the payment of expenses and allowances, and the guidance note on the use of expenses adopted by the EP party.

¹² <http://www.ldepp.eu/files/LDEPPGuidanceNotefinal.pdf>

¹³ <http://www.ukip.org/content/latest-news/1065-ukip-meps-pledge-transparency>

5 Recent developments

In December 2009 the Council refused to grant a proposed 3.7% pay increase for the staff of EU institutions, in view of the economic and financial situation, suggesting an increase of 1.85%.

The EP Budget Committee voted on 27 January 2010 to award MEPs an extra €1,500 in allowances and to hire an additional 150 staff, maintaining that implementation of the Lisbon Treaty means that they have more work to do.¹⁴

In early February 2010 the press, including the *Daily Telegraph* in the UK and the *European Voice*, reported that MEPs had paid back some €3.34 million in incorrectly claimed allowances since 2007. *New Europe*, which also reported on the alleged reclaimed expenses, received a letter from the EP's Press Spokesman, Jaume Duch Guillot, complaining about its coverage. *New Europe* subsequently published some follow-up questions to Jaume Duch:

It is stated that the €3.4 million that has been repaid so far is just normal accounting practice. This amount appears to be significantly higher than in previous years. Why this might be? As the figure only represents monies that have been actually repaid, what amount was requested to be repaid, but has not yet been received, and how many MEPs are involved?

The total figure is always going to vary from year to year, since in the large majority of cases these repayments result from the difference between [advance payments](#) based on estimated expenditure and actual expenditure covering a range of different circumstances. During 2007-8, improvements were made to the process for finalizing (the technical term is "regularizing") these dossiers, which enabled a backlog of cases pending from 2004 onwards to be resolved. This may be one reason why the level of repayments was higher in those years than in, say, 2009. The system involved has also been refined and in addition from mid-2009 onwards covers a much smaller set of staffing payments than in the past.

It was also stated that when doubt arises, the Parliament services request further information. How many MEPs has such further information been requested from? What has been the response?

Such requests cover a range of possibilities and are often completely routine. They may refer to nothing more than a missing signature or those where the documents initially provided are not complete – a contract for an assistant is missing, for example. Further rounds of requests for information are made if necessary. Parliament does not keep a running total of the number of such requests and each issue is treated separately. However, as an example, it was previously calculated in early 2009 that 99.5 per cent of the payments made during the period 2004-2007 had been "regularized".

It is stated that the Parliament can and does refer MEPs to OLAF. How many MEPs have been referred to OLAF in the last two parliamentary terms? Tom

¹⁴ [European Voice](#) 28 January 2010

Wise MEP was not referred to OLAF. Why not? Would the same course of action be taken if a similar situation arose again?

Parliament does not, in general, comment on referrals to OLAF; a referral to OLAF is not a final conclusion of wrongdoing. Since this particular case is already in the public domain, we can confirm that there was an OLAF investigation into the case of the former MEP Tom Wise and Parliament's services actively cooperated with it, as always. In that particular case, allegations made in the press prompted OLAF to launch an investigation, so the question of referral by Parliament's services did not arise.¹⁵

On 23 March 2010 MEPs will vote on some 200 amendments to a critical report drafted by the Belgian Green MEP, Bart Staes, on how the EP spent its €1.4 billion 2008 budget.

¹⁵ *New Europe* Issue 877, 14 March 2010.