

## Members' Payments and Allowances – House of Commons Debate

22<sup>nd</sup> January 2009

**Alan Duncan (Rutland and Melton) (Con):** May I thank the Leader of the House for generously taking so many interventions and for the thoroughness with which she has treated this topic? That is appreciated on both sides of the House. May I also express my gratitude for her earlier comments about my dress sense, my watch, my cufflinks and, not least, my interest in oil? They are especially appreciated coming from such a gentle flower of the aristocracy who has so aggressively embraced the working class.

Today will, I hope, represent a major step forward in everything that the House needs to do on the declaration of its expenses. The whole issue has given Parliament a wretchedly bad name for far too long, and there are deep wounds that need to be healed if we are to be seen as a sensible, honest, working institution by anyone in this country. We do not want to have a state of permanent war either across the Floor of the House or between this House and the press and public. Our reputation must be raised and we can achieve that only by being open and honest.

Expenses have always given us a bad name, and I shall explain why. We must all accept that the starting point for everything that we must now do is that everything that we spend out of taxpayers' money should be open to anyone who wishes to inquire. Parliament has lagged behind the wish of the public to scrutinise this institution. We have done ourselves great damage by sticking too much to conventions and old habits, instead of accepting that the lack of the scrutiny that people demand is a running sore that must be addressed.

Our systems, methods and rules are sometimes unfathomable, however honest and decent they might be, and that causes a lot of misunderstanding. Out of misunderstanding comes suspicion and then resentment. That is not healthy in any democracy. Sometimes, of course, some of the mischief is wilful, but we have to live with that. We also always face the danger that one culprit among us damns us all.

We need to find a system that can overcome all those challenges and we need to accept that the problem has been brewing for decades. Some 20 years ago, the allowances that we needed were far smaller. Our public role—answering correspondence and travelling, for example—was much less of a burden. The whole issue of expenses was used as a surrogate mechanism for increasing our salaries without attracting public criticism. It is always difficult for any Government or Opposition to say that MPs should be paid more. Let us be brutally honest and admit that the housing allowance—the additional costs allowance—arose because no one dared to increase MPs' salaries and that was another way to do it. MPs were essentially told, "Here's a few extra thousand quid a year to pay for your second home, because that's what you need to be an MP, and you will get it automatically."

The automaticity with which we were able to claim that allowance may have suited the time when it was first awarded, but it does not suit the modern age. If all of us can benefit from something approaching £20,000 for a second home—

**Simon Hughes (North Southwark and Bermondsey) (LD):** Not all of us!

**Alan Duncan:** Of course not, if Members live in London. Perhaps only a second taxi.  
[ *Laughter.* ]

We now live in a world in which, if we receive such an allowance, we must accept that we have to account for every detail of any claim made. The origin of the allowances and the changing nature of our job have led to a complete and utter mess. It is only by degrees that we have addressed that mess in sufficient detail—and we have not done so quickly enough.

It may well be that one day it will be sensible to abolish the second housing allowance and bolt it on to our salaries so that we will have to pay for our own homes— [ *Interruption.* ] There may be an argument that houses in London are more expensive, so we should all be paid the same, but that is a separate argument. The point is that no one at present—and rightly—would announce what would appear to be a quantum leap in our salary on the back of the amalgamation of an allowance with what we are paid. That is not on the cards at the moment, but we should all accept the origin of and possibly the ultimate solution to the very vexed question of the second home allowance.

We have to declare, and it is right that we should do so, but on the back of the gradual steps that we have taken we have caused absolute chaos for ourselves, to the point where, unbeknown to any of us, what used to be called the Fees Office, which is now the Department of Resources, had a list of what it was acceptable to spend the money on so that we could check that we were buying a toaster that was not too expensive, or too ridiculous—one that was not gold-plated—and that became known as the John Lewis list. It was an absolute gift to journalists, which has ended up doing us harm but creating a lot of very interesting stories.

The argument that was then created was for a serious and proper debate about the level of detail that we should be expected to reveal in the lists or receipts that we publish. I am sad to learn that if I were to send the Leader of the House a Valentine's card, the cost would not count as a proper parliamentary expense.

**Andrew Mackinlay:** She would not believe it.

**Alan Duncan:** The one I would pick might just give it away.

The other vexed issue accompanying the development of our allowances has been the implementation of freedom of information legislation. We have witnessed a long, slow train crash between what we do and what the Freedom of Information Act 2000 requires, which we have been unable so far to resolve. In the eyes of the public, that appears to be a requirement that we have always wanted to escape. The assumption of the Freedom of Information Act is that there should always be disclosure. However, the other side of the disclosure equation is that if such disclosure collides with data protection it may not be necessary. In the Freedom of Information Act, as it applies to this House or to anyone else, there is therefore always a permanent tension between openness and privacy. There are always exceptions in other fields on what is published. We can all accept that when there is a legitimate matter of security and the

safety of the individual, and the revelation of certain details that could be taken wrongly and abused by other people, privacy is very important.

The other side of the equation, which affects us uniquely, is the fact that when it comes to the need to reveal information we are at the top of the scrutiny pyramid. We are elected. We choose that, and through election we become permanently in the public gaze. Even High Court judges are not quite in the same category, nor even permanent secretaries, and certainly not middle-ranking— [ *Interruption.* ] I shall set the BBC to one side for the moment. Middle-ranking civil servants are certainly never expected to be in the public gaze and they are just that—civil servants. We must accept that we are the people who are most expected to come clean about how we spend the allowances that are granted to us. I think that we have been very slow to accept that that scrutiny is legitimate and that we are in an almost unique category.

That brings us to the specific question, which can be boiled down to this: receipts or no receipts? How far should the system be allowed to drill down to what we have done, what detail can be insisted on and whether it is fair for all that to be revealed? Should it go down to the last single receipt for the toothbrush that one has bought in the local supermarket?

The origin of that question, to which the Leader of the House and others have referred, lies in what the Information Commissioner ruled and in subsequent events. The Information Commissioner originally rules that categories of spending would suffice. That was challenged and taken to the Information Tribunal. The tribunal ruled that the House of Commons—that is, us—should be required to reveal what we have spent right down to the level of receipts. Perhaps I am getting the history slightly wrong—I have been in this role only for a couple of days—but my understanding is that the House wanted fewer categories than the number originally proposed, but the High Court upheld the tribunal’s decision and said that receipts were required.

I understand that one of the reasons why the High Court upheld the Information Tribunal and not the commissioner was, as my hon. Friend the Member for New Forest, East (Dr. Lewis) said, that there was no apparent adequate regime in place that gave the Information Commissioner enough confidence that even the categories would be adequately compiled. There was insufficient scrutiny behind the scenes in the whole system, so much so that the tribunal said, “In the absence of that, publish the whole lot.” That got us to where we were yesterday.

The House authorities—the Committees and the Leader of the House—thought, “Well, we think that the Information Tribunal and the High Court are going a bit further than is really necessary, and so we will introduce a retrospective amendment to the Freedom of Information Act that will allow us not to have to publish receipts.” It is clear from the events of yesterday that the Opposition and the Leader of the Opposition felt very strongly that we made the law, that we were subject to the law, that the law applied to us and that the High Court had a case that said that that law must be upheld but that suddenly we—the lawmakers—wanted retrospectively as a House to exempt ourselves from the law that we had made. We can all accept that that just was not right. Whatever we want to do in the future, having made our bed we have to lie in it.

That means that with all the scanning that has taken place, both the first and second times, those receipts will have to be published. From 2005 to 2009, the information will go right down to receipt level. We are looking to the future today, and the question is whether what is before us will suffice and whether it will satisfy the Information Commissioner and those who quite rightly demand freedom of information about us. My view is that we should still be subject to the freedom of information legislation. I shall come in a minute to what that might now mean.

There is a lot of good sense in the motions—they are a good advance. There are 26 categories, and I have to say that one of them puts me in a slightly awkward position given what the Leader of the House said following the statement a moment ago— *[ Interruption. ]* Funnily enough, it is about oil. Under the category of utilities are listed electricity and gas. I can only take that as a personal attack, because it misses out oil. It might equally include wood, straw and biomass. I hope that some of the categories, which I know are not meant to be exhaustive, will not be applied in a way that is over-bureaucratic. The heading given is for heating, and the use of utilities for heating should be dealt with sensibly. I am sure that the Committee will consider that point and we will see as we go along whether the categories are adequate. There will need to be a little leeway so that the scheme is practical and so that it works. I hope that the Leader of the House and the House authorities will allow me to heat my constituency home in Rutland with oil.

There is another good element to the motions that will change the whole climate of freedom of information. Through these motions, the House is properly introducing a thorough regime for audit and assurance. That point is crucial. There will be a full and proper external audit of what we do, carried out, I think, by PricewaterhouseCoopers. Each of us can expect to be fully audited at least once in a full Parliament and, if any habits or things seemed to stick out, I think that an hon. Member would be at risk of being individually scrutinised on another occasion, too. There is also an enhanced assurance scheme in the Department of Resources that can give clear guidance and allows for spot checks and much more rigorous scrutiny than before.

One little vexed issue remains that can continue to be a bit of a gift to a journalist who wants to write a story: the £25 limit below which we do not need to offer a receipt—but that limit was advised by outside auditors and scrutineers. It is not something that all of us say that we must have because we want to keep a bit of flexibility so that we can keep the cash coming in on the sly. The limit is just a simple matter of efficiency, ensuring that the proper regime that we have put in place does not have a disproportionate cost attached. Basically, the rule now is that more or less everything will need a receipt and be subject to audit, and that hon. Members can claim only for expenses that qualify fully under the allowances that are in place.

In addition, there is going to be a new Committee on Members' Allowances. The hon. Member for Cannock Chase (Dr. Wright) asked whether that would be much of an improvement, but I repeat that I think that it will be. Because of private, cosy advice offered in secret behind closed doors, the Committee will be akin to a full Select Committee. It will meet and take evidence in public and, because it is a Select Committee, it will be made up of Members of the House, as the Leader of the House said. However, its proceedings will be so clear and transparent that the advice that it is given will also be open, and so the advice that it is likely to give to the House will,

with any luck, be well founded, sensible and properly understood. The Committee will advise on what is going on, and on what should go on, in full public view. I think that that is a good step. Furthermore, there is the new Green Book which, as the Leader of the House said, is tighter, simpler and clearer. I think that all hon. Members will want it to be adopted.

In conclusion, where does all that leave us now? The question remains: receipts or no receipts? That is the question that is still hanging, and it has to do with the level of specificity that must apply.

**Dr. Julian Lewis:** I thank my hon. Friend for allowing me to intervene before he answers his own question. May I make a suggestion to those on both Front Benches? One aspect that has not been brought up in either of the two opening speeches is the question of those people, often with a personal axe to grind, who will take a vexatious approach to what is revealed. Before we decide whether in the future we want to go further than the law requires and keep on issuing information down to receipt level—we have certainly had to do so in the past, but we may not in the future—would it not be sensible to see what happens? We can then take a view after we have released information down to receipt level in the past.

I can give an example involving a political opponent of mine. He has already put in 15 FOI requests that affect me, and 11 of them have been aimed directly at me or my staff. As soon as one request is ruled out or shown to be baseless, this person puts in more requests. Should we not review how people behave in response to the new regime as it applies to receipts from the past before we decide what to do about receipts in the future?

**Alan Duncan:** I am grateful to my hon. Friend, who is very dogged in these matters and very assiduous in the way that he analyses them in such detail. Sometimes in British political life one can do the decent thing and always be taken advantage of. One of the challenges that we face is not to be done down by our sense of decency. We should have the highest standards of openness, but we also need some safeguards to ensure that we are not taken for suckers.

By making everything available, we must not allow ourselves to be subject to an open season of malicious and vexatious attacks. We have a duty to uphold and sustain the dignity of this place as well as honouring, as we should, our obligation to come clean about how we spend our money. Lying behind the question from my hon. Friend the Member for New Forest, East (Dr. Lewis) is an issue that I think will arise: if we are doing all this because we are the guardians of the taxpayer's money, that responsibility will apply equally to the cost that will be incurred by publishing every receipt and investigating every FOI request. That cost was running into millions of pounds, so it may be that people seeking information on a regular basis will have to pay a small charge. That question will have to be explored.

**Mr. Gordon Prentice (Pendle) (Lab):** Another issue is always in the background: the capital gain that some Members enjoy from their ownership of a second home here in London. That gain distinguishes Members who rent from those who buy. Does the hon. Gentleman have a view on that?

**Alan Duncan:** In the current climate, I think that hon. Members are more concerned about making a capital loss.

**John Bercow (Buckingham) (Con):** I am extremely grateful to my hon. Friend for giving way. He is making an excellent and non-partisan speech that most people would consider entirely fitting for the occasion. Does he agree that, if the House is to go for greater transparency and audit—and I, for one, believe that it absolutely must do so—it will be incumbent on the House collectively to defend the integrity of the items for which it is permissible to claim and on which the House has agreed? In other words, does he agree that we really do not want Members to score points off each other, for example by saying that it is all right to claim mortgage interest but not to claim for legitimate furnishing or other items? After all, Members do not inherit their furniture and they are behaving perfectly properly when they seek support to run a second home.

**Alan Duncan:** Unlike the other, late Alan who used to stand at this Dispatch Box, I am afraid that I did have to buy my own furniture.

I shall conclude by responding to the questions that various Liberal Democrat Members have asked. As I said, the question remains about the level down to which information will have to be revealed. I do not want to pre-empt today either the judgment from the Information Commissioner or the decisions of the Committee on which I shall sit in future about how what we are putting in place today is likely to be implemented to everyone's satisfaction. The intervention from my hon. Friend the Member for New Forest, East made it clear that the High Court made its decision because no satisfactory regime was in place. That decision will be different if the proposals before us are supported at the end of the debate, and the Information Commissioner might say that going down to the receipt level is disproportionate and unnecessary. He may conclude that the new categories meet the highest imaginable standards compared with any other public body and that they will therefore suffice.

Whatever the House decides, I hope that we can bring an end to the press having a field day at our expense and thereby diminishing both Parliament and the whole process of democracy. In the past, they have had a good basis for doing that and they have been entitled to point out the worst offences. We need to bring that to an end.

We need to move on and make this place work better, and to make people realise that this is an honest Parliament. It is probably more honest than any other that I know in the world, and it is here to serve people. People would benefit from respecting it—they may even want to be elected to it—and from appreciating what we all try to do for our constituents. That would enhance our democracy instead of causing it to decay.