

# Annual Review and Report 2009-10

Committee on  
Standards in  
Public Life

July 2010

# THE SEVEN PRINCIPLES OF PUBLIC LIFE

## SELFLESSNESS

Holders of public office should act solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

## INTEGRITY

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties.

## OBJECTIVITY

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

## ACCOUNTABILITY

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

## OPENNESS

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

## HONESTY

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

## LEADERSHIP

Holders of public office should promote and support these principles by leadership and example.

# Contents

<b>Foreword</b> .....	<b>2</b>
<b>Introduction</b> .....	<b>3</b>
<b>Overview of activities</b> .....	<b>4</b>
<b>Twelfth report: Review of MPs' expenses and allowances</b> .....	<b>4</b>
<b>Review of local and London government</b> .....	<b>6</b>
<b>Standards check</b> .....	<b>7</b>
<b>Parliament</b> .....	<b>7</b>
<b>Devolved legislatures</b> .....	<b>8</b>
<b>Local standards issues</b> .....	<b>9</b>
<b>Ministers and civil servants</b> .....	<b>11</b>
<b>Freedom of information</b> .....	<b>11</b>
<b>Electoral administration</b> .....	<b>12</b>
<b>The funding of political parties</b> .....	<b>13</b>
<b>Appendix 1: Summary of implementation of recommendations from the Committee's twelfth report: MPs' Expenses and Allowances</b> .....	<b>14</b>
<b>Appendix 2: About the Committee</b> .....	<b>28</b>
<b>Appendix 3: Members of the Committee</b> .....	<b>30</b>
<b>Appendix 4: Financial information</b> .....	<b>34</b>
<b>Appendix 5: Reports and publications</b> .....	<b>35</b>

## FOREWORD

The Committee's activities during 2009-10 were dominated by the issue of MPs' expenses. The events of last year gave a significant shock to the UK political system. Despite low levels of public confidence demonstrated consistently in surveys of public opinion, most of us assumed – almost certainly correctly – that we enjoyed one of the least corrupt political systems in the world. That confidence was severely shaken by the revelations about expenses of last July. The episode brings out very clearly the weaknesses of self-regulation in the absence of transparency.

The recommendations made by the Committee proposed a new system which was fair to both MPs and the taxpayer. The Committee was pleased that its report was quickly accepted in full by all the main political parties. The reformed expenses scheme administered by the newly created Independent Parliamentary Standards Authority (IPSA) implements the vast majority of this Committee's significant recommendations – though in some instances with more severity than we had envisaged. All of us recognise that MPs need to be properly supported to carry out their important job. It is clear that there have been a number of difficulties with the introduction of the new scheme and that IPSA has yet to gain the confidence of MPs. It appears that most of these difficulties result from the way in which the scheme is being implemented and administered rather than with its underlying principles. It is important that the two do not get confused.

There has been progress in the Upper House in reforming expenses, though I suspect most would accept that there is still a way to go. It would be unfortunate if the Lords failed to learn all the lessons from the expenses saga in the Commons. The Committee continues to believe that public office holders in all areas of public life should not set their own pay and expenses.

The new Government has committed itself to renewed efforts to reach agreement on reforming the regime for the funding of political parties. The Committee welcomes this development. But it believes that any reform must be carried out in an open and transparent manner and be seen to be fair to the public and to all the political parties, not just the major ones. Settlements negotiated behind closed doors are seldom the right way to approach issues of this importance. My Committee has therefore decided that the time is right to conduct an inquiry into the funding of political parties. We held an exploratory public hearing on 8 July where some of the key issues were aired. As a next step we will be publishing an Issues and Questions paper in the autumn. We hope that an independent consideration of the issues will be constructive in supporting and shaping lasting reform.

This report also comments on the state of play on various other issues affecting standards in public life. My Committee will continue working with the new Government and others to promote the highest standards of conduct throughout the public sphere.

**Christopher Kelly**

## INTRODUCTION

1. The Committee on Standards in Public Life has wide terms of reference.

**“To examine current concerns about standards of conduct of all holders of public office, including arrangements relating to financial and commercial activities, and make recommendations as to any changes in present arrangements which might be required to ensure the highest standards of propriety in public life.”**

and

**“To review issues in relation to the funding of political parties, and to make recommendations as to any changes in present arrangements.”<sup>1</sup>**

2. The Committee fulfils this role primarily through its formal inquiries. In addition, it routinely monitors and considers issues and concerns relating to standards in public life, tracks public perception of standards of conduct by public office holders and seeks to promote the Seven Principles of Public Life. It contributes to public policy development through meetings, seminars, speaking engagements, and by responding to consultation papers on relevant issues.
3. The issues considered by the Committee come from a wide range of sources, including correspondence received from members of the public and others, debates in Parliament and questions raised by the media. Not all relate to things going wrong. The Committee is equally interested to see evidence that arrangements already in place are working to ensure the highest standards of propriety in public life.
4. The first part of this report provides an overview of the Committee’s activities in relation to its main areas of formal inquiry over the last 12 months. The second part is a standards check which looks at the main issues that the Committee has considered during the last year.

---

<sup>1</sup> Hansard (HC) 25 October 1994, col. 758 and Hansard (HC) 12 November 1997, col. 899

## OVERVIEW OF ACTIVITIES

### Twelfth report: Review of MPs' Expenses and Allowances

5. The Committee published its twelfth report, *Review of MPs' Expenses and Allowances: Supporting Parliament, Safeguarding the Taxpayer*, in November 2009.<sup>2</sup> The report contained 60 recommendations to reform the arrangements for expenses incurred by Members of Parliament in performing the role for which they have been elected. The objective was to make sure that MPs are effectively and appropriately supported by arrangements that meet the highest standards of propriety and command public confidence. Our recommendations were accepted in full by the leaders of the three main political parties. Appendix 1 summarises progress on implementation of each of the recommendations eight months after they were made.

#### The new expenses scheme

6. The majority of our recommendations fall to be implemented by the new Independent Parliamentary Standards Authority (IPSA). After a period of consultation, IPSA laid the new expenses scheme before Parliament in March 2010. It became operational in May, from the beginning of the new Parliament.
7. The new scheme promulgated by IPSA adopts the vast majority of our relevant recommendations, in part or in full, while making some of them bear more heavily on MPs than we had intended. The main departure is in allowing the continued employment by MPs of members of their own family, paying them out of public funds. We regret this decision. We recognise that many employed family members provide a valuable and effective service. But we came to the conclusion that the practice was inappropriate in a modern world and should be discontinued, with appropriate transitional provisions. Our intention was that the new scheme should meet the highest standards observed elsewhere and remove features which could give rise to even the suspicion of abuse. Where family members are concerned, it is difficult to see how normal standards of fairness of recruitment, value for money and effectiveness of performance can be guaranteed. We hope that IPSA will keep this aspect of the scheme under particularly careful review.
8. We are conscious that the early days of the new arrangements have not been without controversy. It is important that these difficulties are worked through in a way which recognises the importance of the scheme supporting MPs effectively and not making their lives unnecessarily difficult. Given a degree of goodwill and understanding, we see no reason why this should not be achieved.

#### Other issues covered by the twelfth report

9. A number of our recommendations fall outside IPSA's responsibilities. Some of these recommendations, while accepted in principle, have yet to be implemented. They include the addition of independent members from outside Parliament to the House of Commons Committee on Standards and Privileges – the committee charged with adjudicating alleged breaches of the MPs' Code of Conduct – and to the

---

<sup>2</sup> Oliver Heald MP, Alun Michael MP and Baroness Maddock voluntarily stood down from the Committee for the duration of this inquiry and, correspondingly, should not be associated with either the conclusions of the report or with any comments made on it in this annual report.

Speaker's committee which appoints the members of the IPSA board and determines its budget.

10. We had also recommended that the practice of dual mandates – cases where the same individual sits in both the House of Commons and the Welsh, Scottish, or Northern Ireland legislatures – should be brought to an end by 2011. We understand that steps are being taken to end the one existing dual mandate in Wales by May 2011. The recommended timetable is unlikely to be met in Northern Ireland. But we welcome the commitment fully to phase out dual mandates there by 2015. There are currently no dual mandates affecting the Scottish Parliament.
11. There is only one of our significant recommendations relating to the infrastructure that we are conscious of having been rejected entirely – the establishment of a joint audit committee by IPSA and the House of Commons to oversee the assurance arrangements for MPs' expenses, facilities and support arrangements. We understand that the Comptroller and Auditor General has advised against this proposal as a way of meeting our concern that unless the arrangements were viewed as a whole there was a risk of some issues falling between the cracks. The Clerk of the House has indicated that instead of a joint audit committee a formal framework of Joint Working Agreements has been established between the House of Commons and IPSA, with an overarching Protocol signed by the Clerk and by the IPSA Chief Executive. It will be important to keep this arrangement under review.

### **Reform of the expenses schemes in the devolved legislatures**

12. The principles elaborated by the Committee in relation to the expenses scheme in Westminster apply equally to those in the devolved legislatures, allowing for their different circumstances. In practice, the arrangements in the Scottish Parliament and Welsh assembly were reviewed independently before our own inquiry. Those in Northern Ireland are currently being looked at by the Assembly Commission.

#### *Scotland*

13. An independent review of the expenses scheme for Members of the Scottish Parliament (MSPs) chaired by Sir Alan Langlands was completed in March 2008.<sup>3</sup> The changes then made included the abolition of support for mortgage interest, a requirement that MSPs should declare whether they are employing a close family member and the cessation of support for family travel. The Scottish Parliament had earlier, in June 2006, begun routinely to publish receipts. A further review in 2009, chaired by Sir Neil McIntosh, resulted in further changes,<sup>4</sup> including ending the employment of family members by MSPs and the adoption of a capital gains claw-back scheme for MSPs who had previously received public money to fund mortgage interest payments.
14. Administration of the scheme is conducted within the Scottish Parliament rather than, as now in Westminster, by an independent body. In the Scottish circumstances, this does not appear to have undermined public confidence in the rigour of the scheme.

---

<sup>3</sup> Alan Langlands, et al., *Independent Review of Parliamentary Allowances: Report to the Scottish Parliamentary Corporate Body on the Reimbursement of Expenses for Members of the Scottish Parliament*, March 2008

<sup>4</sup> Sir Neil McIntosh., *A Report to the Scottish Parliamentary Corporate Body on the Scheme for Reimbursement of Members' Expenses*, December 2009

### *Wales*

15. A report on allowances for Welsh Assembly Members (AMs) by an Independent Review Panel, chaired by Sir Roger Jones,<sup>5</sup> was published in July 2009. Its recommendations, most of which were implemented, were broadly consistent with those made for the Scottish Parliament by the Langlands review and for Westminster by our own inquiry.

### *Northern Ireland*

16. In Northern Ireland, the Assembly Commission is currently conducting a review of its expenses regime. The last independent review was conducted by the Senior Salaries Review Body (SSRB) in 2008.<sup>6</sup> Not all of the SSRB's recommendations were accepted. At present the arrangements for the Assembly still fall short of those in other UK legislatures in terms of openness. The Assembly does not currently publish on its website the guidance that it issues to MLAs on their expenses claims.

## **Review of local and London government**

17. In December 2008, the Committee began an inquiry into leadership and accountability in local and London government. The intention was to review the impact of changes to the structure of leadership of local and London government and its decision-making arrangements on observance of the Seven Principles of Public Life, notably but not exclusively openness and accountability. This inquiry was suspended in March 2009 to allow the Committee to conduct its inquiry into MPs' expenses.
18. In view of the passage of time since the evidence was collected the Committee decided not to resume this inquiry. We instead published a short paper highlighting the main issues that arose in the evidence. One of the most important of these was the view that, in the promotion of high standards, the tone set by the top and the behaviour of leaders was as important as governance structures. Other common themes included the need to strengthen the quality of scrutiny by overview and scrutiny committees and by the London Assembly, and the importance of the system of checks and balances evolving to reflect changes in the way public services are delivered and commissioned, not least the increasing role of partnerships in determining priorities and delivering services. Curtailment of the inquiry meant that we did not reach the stage of producing firm recommendations. But we did identify a number of issues which we felt required further active consideration in order to improve public trust in local government and in local politicians. The Committee will continue to keep these areas under review. The Committee published a paper setting out these issues, which can be downloaded from our website [www.public-standards.org.uk](http://www.public-standards.org.uk).

---

<sup>5</sup> Sir Roger Jones, et al., *Getting it Right for Wales: An independent review of the current arrangements for the financial support of Assembly Members*, July 2009

<sup>6</sup> Review Body on Senior Salaries, Report No. 67, *Northern Ireland Assembly: Review of Pay, Pensions and Allowances*, 2008



## STANDARDS CHECK

### Parliament

#### Peers' Expenses

19. In the Committee's 2008-09 annual report we commented favourably upon the Senior Salaries Review Body's (SSRB) recommendations for reforming the financial assistance available to members of the House of Lords, published in November 2009.<sup>7</sup>
20. *The House of Lords* initially accepted the principles and architecture of the SSRB's report, but subsequently decided to implement a much simpler arrangement under which members of the House of Lords will in future be able to claim a daily allowance of £300 which will cover all their housing, office and other costs, except travel. It will also be possible to claim a lower rate of £150 where peers are able to attend the House for only part of a sitting on a particular day.
21. In our twelfth report, the Committee recommended against the idea of a fixed daily allowance for accommodation costs in the House of Commons. But we recognise that the circumstances in the Lords are significantly different – many Lords attend only part-time, and Lords do not receive a salary. That said, it is important that safeguards are in place to ensure that claims are appropriate and to avoid the perception or reality of a 'clocking-on' culture prevailing.
22. The Leader of the House of Lords has indicated that the new scheme is intended to be interim – pending full constitutional reform of the upper-chamber – and its levels will not be reviewed this Parliament. Should any further adjustments be made, the Committee are firmly of the view that these should be done on the recommendation of an independent body. It is not appropriate for public office holders to decide the detail of their own pay and expenses.

#### Lobbying

23. Lobbying can be an integral part of the democratic political process. It is right for organisations and individuals to be able to present views and evidence to help inform and influence decision-making within government. The Public Administration Select Committee (PASC) noted in its January 2009 report on lobbying,  
  
**"Individuals and organisations reasonably want to influence decisions that may affect them, those around them, and their environment. Government in turn needs to access the knowledge and views that lobbying can bring."**<sup>8</sup>
24. But the ability to lobby should not be constrained by who you know, or who can afford to pay to have access to legislators. Concerns arise where vested interests appear able to gain privileged access or exert undue influence over the outcome of decisions.

---

<sup>7</sup> Senior Salaries Review Body, *Review of Financial Support for Members of the House of Lords*, November 2009 Cm 7746

<sup>8</sup> Public Administration Select Committee, *Lobbying: Access and Influence in Whitehall*, December 2008 HC 36-I

25. In March 2010, allegations were made about the lobbying activities of a number of former government ministers. Investigations by the relevant departmental permanent secretaries found no evidence to substantiate claims that, in practice, decisions in government were inappropriately influenced by these activities. But the revelations risked further undermining public confidence in the integrity of Parliament and bringing MPs and public office holders more widely into disrepute.
26. The Committee last considered lobbying in detail in our sixth report in 2000.<sup>9</sup> Our predecessors then argued against external regulation on the grounds that its benefits would be outweighed by the bureaucracy involved and *“could give the erroneous impression that only registered lobbyists offer an effective and proper route to MPs and Ministers.”* Since then events have moved on and the risks of failing to match the increased transparency in other areas of public life have become even more apparent. The Committee therefore supports the Government’s intention to introduce a statutory register of lobbyists as a useful step in improving transparency, complementing the greater transparency that now exists about whom ministers are meeting. But it remains the case that the ultimate protection against inappropriate lobbying is the determination of public office holders to behave with integrity.

### **Reform of the House of Commons**

27. A House of Commons Reform Committee was established in 2009 to consider four issues – the appointment of select committee chairs and members, the appointment of the Chair and Deputy Chairs of Ways and Means, the method of scheduling business in the Commons and the potential for enabling members of the public to initiate debates and proceedings in the Commons. The Reform Committee’s report, *Rebuilding the House*<sup>10</sup>, brought forward proposals designed *“to make the Commons matter more, increase its vitality and rebalance its relationship with the Executive, and to give the public a greater voice in Parliamentary proceedings.”* Part of the immediate impetus for change was the public’s desire for a more open and accountable politics, as a result of the expenses scandal. We welcome the Government’s commitment to implement the report in full.
28. The Reform Committee was chaired by Dr Tony Wright MP, who stood down from Parliament at the last Election. We would like to take this opportunity to thank Dr Wright for his support and constructive criticism of this Committee’s work through his separate role as Chair of the Public Administration Select Committee.

## **Devolved legislatures**

### **Northern Ireland Assembly standards framework**

29. The standards framework for the Northern Ireland Assembly and for Northern Ireland Ministers differs in a number of respects from that in the Westminster Parliament. In particular, in Westminster there is an independent adviser who can be asked to investigate any alleged breaches of the Ministerial Code. There

---

<sup>9</sup> *Reinforcing Standards: Review of the first report of the Committee on Standards in Public Life, Sixth Report, January 2000 Cm 4771*

<sup>10</sup> HC1117

is no equivalent established procedure in Northern Ireland. When the First Minister there was recently alleged to have broken the Northern Ireland Executive Ministerial Code, the Finance Minister in the Executive established a one-off arrangement under which a government lawyer was asked for a legal opinion. The individual concerned found that no breach had occurred. The detailed judgement has not been published.

30. The Committee is disappointed that there are no plans to change this situation. We recognise the differences between the constitutional arrangements in Westminster and in the Northern Ireland Assembly. But we remain of the view that the Northern Ireland Executive should establish a formal mechanism for the independent investigation of any future alleged breaches of the Ministerial Code and that the reports of any such investigations should be made publicly available.

## Local standards issues

### System for determining councillor allowances

31. Local councillors are entitled to receive a basic flat rate allowance. They may also receive a special responsibility allowance where they assume significant responsibilities. The basic allowance is intended to recognise the time commitment made by all councillors as well as incidental costs such as the use of their homes. There are slightly different arrangements for determining councillor allowances in England, Wales, Scotland and Northern Ireland. All involve an external or independent element, but the extent to which this external or independent advice is binding varies.
32. Since 2001, all local authorities in England have been required to appoint local independent remuneration panels to review and provide advice on authorities' allowance schemes. Local authorities must have regard to this advice, but the recommendations of the panels are not binding.<sup>11</sup> Survey evidence indicates some variation in levels of both the basic and special responsibility allowances.<sup>12</sup> The National Assembly for Wales established an Independent Remuneration Panel in 2007 to establish maximum limits for Welsh local authorities. In Northern Ireland, maximum limits are set by the Northern Ireland Executive. In Scotland the salaries of councillors and their scheme of expenses and allowances are determined nationally in regulations issued under the Local Governance (Scotland) Act 2004.
33. The arrangements for determining allowances in England are therefore out of line with those in the rest of the UK in allowing both for local determination and for final decisions to rest with the authorities themselves without a requirement to stay within an independently determined maximum level. Large differentials currently exist in England between some local authorities. We believe that this issue warrants further exploration.

---

<sup>11</sup> The Local Authorities (Members' Allowances) (England) Regulations 2003

<sup>12</sup> Members' allowances survey 2008, National Foundation for Educational Research (NFER) on behalf of the Local Government Association (LGA) and Improvement and Development Agency (IDeA)

### **Local government standards framework**

34. The Committee last looked in depth at the standards framework for local government five years ago.<sup>13</sup> Significant changes to the standards framework in England have recently been announced by the new Government, including a commitment to abolish Standards for England. We await details of the proposed changes. The Scottish Government is also undertaking a review of the Councillors Code of Conduct for Scotland.
35. A local standards framework is vital to maintaining confidence in the integrity of local politicians. Where it is working well, it ensures that local councillors understand the standards of behaviour which are expected of them and that there are robust mechanisms in place to deter and deal with misconduct. The evidence from our reviews over the last 15 years indicates that this is best achieved through local ownership within a framework that ensures consistency of standards and proper enforcement.
36. While the precise shape and structure of the framework may change over time, and could vary in the different parts of the UK, we believe that the necessary components of the framework continue to be:
- A clear code of conduct which specifies what behaviour is acceptable and what is not.
  - An independent mechanism for dealing with the most serious breaches under the Code.
  - Some overarching mechanism to ensure that the regime is effective and consistent in upholding standards.
37. We remain concerned about the fact that Northern Ireland still does not have a statutory framework for ensuring high standards of conduct by local councillors. In our tenth report we recommended that this should be addressed on the re-establishment of devolved government. We understand that the Northern Ireland Executive is currently considering proposals for a new ethical standards regime and a mandatory code of conduct and expects to consult on them shortly.

### **Governance of local partnerships and grant funded bodies**

38. In recent years, this Committee's work has largely focussed on national issues. But it is important that the Seven Principles of Public Life be embedded at all levels of the public sector. Different organisations will need to interpret the principles in ways which are appropriate to them. But all those who spend public money should be aware of their ethical responsibilities.
39. The Government has stated its intention to devolve more power to community groups. Devolution of public spending potentially increases the risk of more organisations with weak governance arrangements having control over public money. It is important that all those who spend public money are clear about the need to act with propriety and in accordance with the Seven Principles of Public Life. Governance requirements should not be so onerous as to deter individuals from getting involved. But they should provide a reasonable level of openness and accountability to allow community groups to be held to account locally, combined with proportionate external oversight.

---

<sup>13</sup> Getting the Balance Right – Implementing Standards of Conduct in Public Life, Tenth Report Cm 6407

## Ministers and civil servants

### The Ministerial Code

40. Sir Philip Mawer, the independent adviser on ministerial interests, conducted his first investigation into an alleged breach of the ministerial code in May 2009. The investigation concluded that no breach had occurred. In our ninth report,<sup>14</sup> in which the Committee recommended the establishment of the independent adviser, we proposed that reports of any investigation should be published. On this occasion we were surprised at the initial decision by the former Prime Minister not to publish Sir Philip's report and said so publicly. We were pleased that the Prime Minister made the full report available the next day.<sup>15</sup> We hope that this will establish a precedent for routine publication of future reports.
41. In 2007, the previous Prime Minister gave the Committee the opportunity to comment on the new Ministerial Code before it was published. We are sorry that we were not given the same opportunity when the new Prime Minister published his revised Ministerial Code in May 2010.

### Civil Service Commissioners

42. In our ninth report,<sup>14</sup> the Committee recommended that the key principles of the Civil Service Code should be incorporated in legislation. We are therefore pleased that the Constitutional Reform and Governance Act 2010 has put the Civil Service Commissioners on a statutory footing. The Act also enshrines in statute the core civil service values of integrity, honesty, objectivity and impartiality, and requires civil servants to carry out their duties in accordance with these.

## Freedom of information

### Recent changes to the freedom of information legislation

43. The Constitutional Reform and Governance Act provides for a transition from a 30-year rule to a 20-year rule governing the point at which government papers of historical significance are transferred to the National Archives. The Act has also made some changes to the point at which some of the Freedom of Information Act exemptions cease to have effect. The Committee welcomes the move towards more open government in the longer term.
44. The new Government has announced its intention to extend the scope of the Freedom of Information Act and to increase transparency on public spending and access to publicly owned data. We will monitor these developments with interest.

### Use of the ministerial veto

45. The previous Government invoked the executive override provided by section 53 of the Act twice in 2009.

---

<sup>14</sup> Defining the Boundaries within the Executive: Ministers, Special Advisers and the permanent Civil Service, Ninth Report Cm 5775

<sup>15</sup> A copy of the report can be found online at:

[http://webarchive.nationalarchives.gov.uk/20090704001823/http://cabinetoffice.gov.uk/media/213826/sir\\_philip\\_mawer090611.pdf](http://webarchive.nationalarchives.gov.uk/20090704001823/http://cabinetoffice.gov.uk/media/213826/sir_philip_mawer090611.pdf)

The first ever use of the veto was to prevent the disclosure of Cabinet minutes of the Attorney General's legal advice on military action against Iraq, on the grounds that it would be contrary to the public interest, damaging to the doctrine of collective responsibility and detrimental to the effective operation of Cabinet government. The second related to a decision notice which ordered the disclosure of minutes of the Cabinet Ministerial Committee on Devolution to Scotland and Wales and the English Regions of 1997. In both instances the statements issued stressed their exceptional nature.

46. We note that the Information Commissioner was:

**“concerned that the Government may routinely use the veto whenever he orders the disclosure of the minutes of Cabinet proceedings, irrespective of the subject matter or age of the information.”<sup>16</sup>**

The Committee will continue to monitor developments in this area.

## Electoral administration

### Role of the Electoral Commission

47. The Committee's eleventh report,<sup>17</sup> published in 2007, made a number of recommendations about the mandate, governance and accountability of the Electoral Commission and the integrity of the electoral system in the United Kingdom. Some have been implemented, including strengthening the regulatory powers of the Electoral Commission in relation to political finance and appointing four new Electoral Commissioners with a recent political background. Other important recommendations have, however, yet to be accepted.
48. In particular, we recommended that the Commission should become the regulator of electoral administration as well as of political finance and that statutory regional electoral officers should be appointed with responsibility for ensuring the delivery of consistently high standards of electoral registration and administration in their areas. Neither of these recommendations was accepted at the time. The Electoral Commission only has responsibility for 'monitoring' performance standards in Great Britain in relation to electoral administration.
49. In the light of the problems encountered at the recent elections, and the continuing variability in outcomes both in relation to the running of elections and in the completeness and accuracy of electoral registers, the Committee believes that the status quo is no longer sustainable. Our firm view remains that the Electoral Commission should be strengthened, including by being given more appropriate regulatory powers, and that the fragmented and over-localised arrangements for electoral administration and registration should be given a serious overhaul.

### Individual voter registration

50. Our eleventh report also recommended the introduction of individual voter registration. The Committee

---

<sup>16</sup> Statement by the Information Commissioner, 10 December 2009,

<sup>17</sup> Review of the Electoral Commission, Eleventh Report, January 2007 Cm 7006

takes the view that the current system of household registration is no longer appropriate as a means of establishing an accurate and comprehensive electoral register. It leaves the electoral system more open than necessary to abuse and fraud, particularly when combined with increased postal voting, and it is inconsistent with the view that in a modern, democratic society eligible individuals should take personal responsibility for registering to vote.

51. The Political Parties and Election Act 2010 made provision for individual registration being fully operational in Great Britain by 2017. The new Government has indicated that it plans to speed up this timetable. The Committee welcomes this development, while continuing to recognise the importance of improving the accuracy and completeness of the register at the same time.

### **The funding of political parties**

52. The Committee's remit explicitly includes the funding of political parties. Our fifth report,<sup>18</sup> published in 1998, laid the framework for the funding regime that currently exists. That regime is now widely believed to require overhauling in a number of important respects, particularly in relation to the risk that significant donations from wealthy individuals or from trade unions have the potential, real or perceived, to influence political outcomes or purchase position. The Committee's 2008-09 annual report expressed disappointment at the lack of progress in finding a solution to these issues following the breakdown in 2007 of negotiations between the three main political parties on the basis of a set of proposals formulated by Sir Hayden Phillips.
53. All three of the main political parties anticipated reform of the party funding arrangements in their manifestoes for the last election. The Committee believes that there is therefore a real opportunity to address the issues again. It is important that they should be approached in a non-partisan way and on the basis of principle. We have therefore decided to hold an inquiry on the subject. As a first step we held an exploratory public hearing on 8 July at which representatives from the political parties and others gave evidence. The Committee will publish an issues and questions paper and a request for evidence in the autumn.

---

<sup>18</sup> The Funding of Political Parties in the United Kingdom, Fifth Report, October 1998 Cm 4057

## APPENDIX 1

### Summary of implementation of recommendations from the Committee's twelfth report: *MPs' Expenses and Allowances*

RECOMMENDATION	STATUS
<p><b>Recommendation 1</b> 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 the full report.<sup>19</sup></p>	<p>Implemented by the Independent Parliamentary Standards Authority (IPSA)</p> <p>IPSA have adopted two additional principles: that the system should prohibit MPs from entering into arrangements which might appear to create a conflict of interest in the use of public resources and that the system must give the public confidence that high standards of honesty and decency must be upheld. The Committee regards these as implicit in our own recommendations and has no difficulty with either.</p>
<p><b>Recommendation 2</b> 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.</p>	<p>The Parliamentary Standards Act 2009 requires IPSA to keep the scheme under regular review, revising as appropriate. The Committee's understanding is that IPSA intends to conduct comprehensive reviews once every Parliament and to keep the scheme under general review during the intervening periods.</p>
<p><b>Recommendation 3</b> 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.</p>	<p>Implemented by IPSA, with transitional arrangements (see recommendation 12, below).</p>
<p><b>Recommendation 4</b> 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.</p>	<p>IPSA decided not to implement this recommendation immediately. The Committee understands that it will be exploring options for long-term accommodation arrangements.</p>

<sup>19</sup> Reprinted on page 36 of this report for ease of reference.



RECOMMENDATION	STATUS
<p><b>Recommendation 5</b></p> <p>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.</p>	<p>Implemented by IPSA with some minor changes to claimable items. The current list includes utility bills, council tax, ground rent and service charges, home contents insurance, approved security measures, installation of a telephone landline, rental charges, and usage charges, installation of a broadband connection and usage charges, connection to an approved television broadcast package and usage charges and the purchase of a television license.</p>
<p><b>Recommendation 6</b></p> <p>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.</p>	<p>Not implemented explicitly in the new expenses scheme. The Committee continues to believe that an objective test would bring useful clarity and help prevent abuse.</p>
<p><b>Recommendation 7</b></p> <p>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.</p>	<p>Implemented by IPSA in a way which covers significantly more constituencies than had been envisaged by the Committee. The impact on MPs who frequently have to work late should, in the Committee's view, be kept under careful review.</p>
<p><b>Recommendation 8</b></p> <p>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.</p>	<p>Implemented by IPSA. The current allowance of £3,760 corresponds to what the Committee's recommendation implies for the 2009-10 financial year and has not allowed for further inflation since then.</p>
<p><b>Recommendation 9</b></p> <p>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.</p>	<p>Not implemented.</p> <p>The Committee had envisaged that a higher rate of allowance might be appropriate for MPs outside the Greater London area who do not receive tax-payer funded accommodation to reflect the greater costs incurred. IPSA have instead seen it as appropriate to have the same level for all MPs who do not receive taxpayer-funded accommodation.</p>

RECOMMENDATION	STATUS
<p><b>Recommendation 10</b> 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.</p>	<p>Not Implemented.</p> <p>While claims for food have been significantly restricted the new expenses scheme continues to allow MPs to claim reimbursement of the cost of an evening meal (excluding alcoholic drinks) eaten on the Parliamentary Estate, when they are required to be at the House of Commons because the House is sitting beyond 19:30. Expenditure is limited to £15 each night. Reimbursement is on the basis of receipts.</p>
<p><b>Recommendation 11</b> The independent regulator should have the discretion to respond appropriately to requests from MPs for assistance to address particular needs.</p>	<p>IPSA have made provision in their new scheme to provide up to £2,425 per year for accommodation costs for each person for whom an MP has caring responsibilities.</p> <p>The scheme also provides assistance for disabled MPs to cover necessary additional expenditure incurred in the performance of Parliamentary duties.</p> <p>One of IPSA's principles is that arrangements should be flexible enough to take account of the diverse working patterns and demands placed upon individual MPs, and should not unduly deter representation from all sections of society. It will be important to ensure that too rigid a definition of caring or other needs does not prevent that.</p>
<p><b>Recommendation 12</b> 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.</p>	<p>IPSA has adopted a significantly shorter timetable than that recommended by the Committee, bringing claims for mortgage interest to an end by 31 August 2012.</p>
<p><b>Recommendation 13</b> 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.</p>	<p>Implemented in the new scheme.</p>

RECOMMENDATION	STATUS
<p><b>Recommendation 14</b> 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.</p>	<p>Implemented in the new scheme.</p> <p>IPSA have extended this limitation on claims to include all MPs who share accommodation, regardless of whether they are partners.</p>
<p><b>Recommendation 15</b> 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.</p>	<p>Under IPSA's new scheme MPs will continue to be able to employ one "connected party". The Committee continues to be concerned about this, and believes that it runs contrary to the fundamental principles set out in our report.</p>
<p><b>Recommendation 16</b> 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.</p>	<p>IPSA have not yet published their audit scheme.</p>
<p><b>Recommendation 17</b> 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.</p>	<p>Yet to be implemented by the House of Commons.</p> <p>At the time of publication of this Annual Report, no code has been forthcoming. We will continue to pursue the matter with the House. It would have been helpful if new MPs could have started the new Parliament with this guidance in place.</p>

RECOMMENDATION	STATUS
<p><b>Recommendation 18</b></p> <p>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.</p>	<p>MPs continue to be able to select and appoint their own staff. Guidance has yet to be issued on the recruitment processes and other matters of good employment practice.</p> <p>The Clerk of the House has indicated that guidance on good employment practice will be issued shortly. It would have been helpful if new MPs could have started the new Parliament with this guidance in place.</p> <p>The Clerk of the House has indicated that guidance on open recruitment will not be forthcoming as this is not a requirement of the IPSA expenses scheme. The Committee is disappointed that IPSA and the House have not jointly addressed this issue and hopes that they will work together to do so.</p>
<p><b>Recommendation 19</b></p> <p>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.</p>	<p>IPSA have decided that any necessary expenditure on staff redundancies should continue to be met from winding up expenditure.</p> <p>The purpose of the Committee's recommendation was to address concerns on the part of some MPs' staff that redundancy payments were being determined inconsistently, to the detriment of some employees. If this continues to be of concern to staff associations they will no doubt raise it with IPSA directly in future reviews.</p>
<p><b>Recommendation 20</b></p> <p>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.</p>	<p>IPSA have not published their audit scheme. The Committee continues to believe in the importance of adequate safeguards to prevent the use of administrative office expenditure for political purposes.</p>
<p><b>Recommendation 21</b></p> <p>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.</p>	<p>Not implemented by IPSA in the new expenses scheme.</p> <p>IPSA may wish to reconsider this recommendation in light of the Government's commitment to increase centralised procurement to realise cost savings.</p>
<p><b>Recommendation 22</b></p> <p>MPs should no longer be entitled to claim for accountancy costs to help fill out tax returns.</p>	<p>Implemented by IPSA in the new expenses scheme.</p>

RECOMMENDATION	STATUS
<p><b>Recommendation 23</b></p> <p>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.</p>	<p>The communications allowance has been abolished.</p> <p>The Committee had envisaged that MPs would continue to be allowed to use funds from their office expenditure budget for pro-active communication, but that this expenditure should not be seen as a ‘free good’ and should compete with other costs. IPSA have, however, decided to confine expenditure on communication out of office budgets to the funding of websites, production of contact cards, and advertising of constituency surgeries.</p>
<p><b>Recommendation 24</b></p> <p>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.</p>	<p>Implemented by IPSA in the new expenses scheme.</p>
<p><b>Recommendation 25</b></p> <p>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.</p>	<p>Implemented by IPSA in the new expenses scheme.</p>
<p><b>Recommendation 26</b></p> <p>Travel expenses should only be claimed for journeys where the primary purpose and predominant activity are the fulfilment of parliamentary duties.</p>	<p>Implemented by IPSA in the new expenses scheme.</p>
<p><b>Recommendation 27</b></p> <p>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.</p>	<p>Under the new scheme MPs are entitled to purchase first class tickets provided they cost less than the price of an any-time standard open return. Any ticket purchase should ensure value for money.</p>

RECOMMENDATION	STATUS
<p><b>Recommendation 28</b> 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.</p>	<p>The work of an MP places considerable strains on family life. The new scheme implemented by IPSA places restrictions on the entitlement to claim for family members' travel which are more stringent than those envisaged by the Committee.</p>
<p><b>Recommendation 29</b> 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.</p>	<p>Implemented by IPSA in the new expenses scheme.</p>
<p><b>Recommendation 30</b> 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.</p>	<p>The Committee understands that IPSA intends to consider this recommendation in the context of its future review of MPs' pay.</p>
<p><b>Recommendation 31</b> 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.</p>	<p>The Committee understands that IPSA intends to consider this recommendation in the context of its future review of MPs' pay.</p>
<p><b>Recommendation 32</b> The new arrangements for the resettlement grant should not apply at the next general election, but should come into force immediately after that.</p>	<p>MPs standing down at the end of the last Parliament received the resettlement grant in line with the rules then in place.</p>

RECOMMENDATION	STATUS
<p><b>Recommendation 33</b> 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.</p>	Accepted. The Committee on Standards and Privileges has since used this power.
<p><b>Recommendation 34</b> 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.</p>	Accepted.
<p><b>Recommendation 35</b> Consideration should be given to ways of increasing the accessibility and usability of the Register of Members' Financial Interests.</p>	The Committee on Standards and Privileges has stated that they will "work with the [Standards] Commissioner and with the Registrar to make all the registers as user-friendly as possible."
<p><b>Recommendation 36</b> 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.</p>	Yet to be implemented. The Committee on Standards and Privileges has expressed concern that registration could deter MPs from taking on unpaid voluntary and charitable work.
<p><b>Recommendation 37</b> 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.</p>	Accepted.

RECOMMENDATION	STATUS
<p><b>Recommendation 38</b> 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 (ACOBA).</p>	<p>ACOBA rules are currently undergoing revision.</p>
<p><b>Recommendation 39</b> 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.</p>	<p>The new scheme does not make explicit provision for this. It will be for IPSA to address if the issue remains a cause for concern.</p>
<p><b>Recommendation 40</b> 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.</p>	<p>Dual mandates are set to end in Northern Ireland in 2015. The only dual mandate in Wales following the 2010 General Election will be resolved at the May 2011 National Assembly for Wales elections. There are currently no dual mandates in Scotland.</p>
<p><b>Recommendation 41</b> The independent regulator should have a statutory duty to support MPs efficiently, cost-effectively and transparently in carrying out their parliamentary functions.</p>	<p>The Constitutional Reform and Governance Act 2010 has given effect to this recommendation.</p>
<p><b>Recommendation 42</b> 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.</p>	<p>The Constitutional Reform and Governance Act 2010 has given effect to this recommendation.</p>
<p><b>Recommendation 43</b> 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.</p>	<p>The Constitutional Reform and Governance Act 2010 has given effect to this recommendation.</p>



RECOMMENDATION	STATUS
<p><b>Recommendation 44</b> 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.</p>	<p>The Constitutional Reform and Governance Act 2010 has given effect to this recommendation.</p>
<p><b>Recommendation 45</b> The independent regulator's enforcement regime should be strengthened by giving it the power to:</p> <ul style="list-style-type: none"> <li>• Compel MPs to cooperate with the new body, including through the provision of relevant information.</li> <li>• Require the repayment of wrongly paid or misclaimed sums, with associated costs if appropriate.</li> <li>• Impose, subject to the procedural safeguards laid out in the Act, its own non-parliamentary 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.</li> </ul>	<p>The Constitutional Reform and Governance Act 2010 has given effect to this recommendation.</p>
<p><b>Recommendation 46</b> 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.</p>	<p>Accepted and implemented.</p>
<p><b>Recommendation 47</b> 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.</p>	<p>The Leader of the House of Commons on 10 December 2009 identified this as a recommendation which will require legislation, although not immediately.</p>

RECOMMENDATION	STATUS
<p><b>Recommendation 48</b> 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.</p>	<p>The Constitutional Reform and Governance Act 2010 has given effect to this recommendation.</p>
<p><b>Recommendation 49</b> 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.</p>	<p>The Constitutional Reform and Governance Act 2010 has given effect to this recommendation.</p>
<p><b>Recommendation 50</b> 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.</p>	<p>Not yet implemented. The Committee on Standards and Privileges has expressed concern that this recommendation would fundamentally change the role of the Parliamentary Standards Commissioner and that there would "need to be a firm evidential basis for an inquiry by the Commissioner to take place."</p> <p>The Committee would naturally expect the Commissioner only to commence an investigation if he believed there to be sufficient prima facie evidence to warrant one. Allowing the Commissioner to be proactive in initiating investigations into areas where s/he thought there was a high risk of abuse would serve to increase public confidence in the investigatory process.</p>
<p><b>Recommendation 51</b> 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.</p>	<p>Accepted in principle, but yet to be implemented. The Committee hopes that the House will seek to implement this as a matter of priority.</p>
<p><b>Recommendation 52</b> 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.</p>	<p>Accepted. The Committee on Standards and Privileges has noted that any voting rights must be confined to standards issues, so that independent members are not voting on any matters relating to privilege.</p>

RECOMMENDATION	STATUS
<p><b>Recommendation 53</b> The sunset provisions in the Parliamentary Standards Act 2009 should be repealed.</p>	<p>The Constitutional Reform and Governance Act 2010 has given effect to this recommendation.</p>
<p><b>Recommendation 54</b> 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.</p>	<p>Implemented by IPSA in the new expenses scheme.</p>
<p><b>Recommendation 55</b> 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.</p>	<p>Implemented by IPSA in the new expenses scheme.</p>
<p><b>Recommendation 56</b> 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.</p>	<p>Implemented by IPSA in the new expenses scheme.</p>
<p><b>Recommendation 57</b> Receipts or other documentary evidence should be required for all claims.</p>	<p>Implemented by IPSA in the new expenses scheme.</p>
<p><b>Recommendation 58</b> 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.</p>	<p>Not implemented.</p> <p>The Committee understands that the Comptroller and Auditor General has recommended against this proposal. The House of Commons and IPSA have instead agreed a formal framework of Joint Working Agreements. It is important that the arrangements adopted by IPSA and the House ensure that there is clarity in terms of accountability and assurance.</p>

RECOMMENDATION	STATUS
<b>Recommendation 59</b> Effective whistle blowing procedures should be introduced by the independent regulator and by the House of Commons.	Not yet implemented, though IPSA has stated that a scheme for whistle blowing will be published soon.
<b>Recommendation 60</b> 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.	Accepted.

### **Principles underlying the system for MPs' expenses<sup>20</sup>**

- Members of Parliament should always behave with probity and integrity when making claims on public resources. MPs should be held, and regard themselves, as personally responsible and accountable for expenses incurred, and claims made, and for adherence to these principles as well as to the rules.
- Members of Parliament have the right to be reimbursed for unavoidable costs where they are incurred wholly, exclusively, and necessarily in the performance of their parliamentary duties, but not otherwise.
- Members of Parliament should not exploit the system for personal financial advantage, nor to confer an undue advantage on a political organisation.
- The system should be open and transparent, and should be subject to independent audit and assurance.
- The details of the expenses scheme for Members of Parliament should be determined independently of Parliament.
- There should be clear, effective and proportionate sanctions for breaches of the rules, robustly enforced.
- The presumption should be that in matters relating to expenses, MPs should be treated in the same manner as other citizens. If the arrangements depart from those which would normally be expected elsewhere, those departures need to be explicitly justified.
- The scheme should provide value for the taxpayer. Value for money should not necessarily be judged by reference to financial costs alone.
- Arrangements should be flexible enough to take account of the diverse working patterns and demands placed upon individual MPs, and should not unduly deter representation from all sections of society.
- The system should be clear and understandable. If it is difficult to explain an element of the system in terms which the general public will regard as reasonable, that is a powerful argument against it.

---

<sup>20</sup> Cf. Recommendation 1 of the twelfth report

## APPENDIX 2: ABOUT THE COMMITTEE

### Terms of reference

1. The Committee on Standards in Public Life was established under the chairmanship of the Rt. Hon. Lord Nolan by the then Prime Minister, the Rt. Hon. John Major, in October 1994, with the following terms of reference:

**“To examine current concerns about standards of conduct of all holders of public office, including arrangements relating to financial and commercial activities, and make recommendations as to any changes in present arrangements which might be required to ensure the highest standards of propriety in public life.”<sup>21</sup>**

2. The following month Mr Major said of the Committee:

**“It is to act as a running authority of reference – almost you might say, an ethical workshop called in to do running repairs.”<sup>22</sup>**

3. On 12 November 1997, the then Prime Minister, Tony Blair, announced additional terms of reference:

**“To review issues in relation to the funding of political parties, and to make recommendations as to any changes in present arrangements.”<sup>23</sup>**

4. The Committee’s remit covers ministers, civil servants and advisers, Members of Parliament and UK Members of the European Parliament, board members and senior officers of NDPBs and of NHS bodies, non-Ministerial office holders, members and other senior officers of other bodies discharging publicly-funded functions and elected members and senior officers of local authorities.

### Status

5. The Committee is an independent advisory non-departmental public body (NDPB). Its members are appointed by the Prime Minister. Seven of its members, including the chairman, are chosen through open competition under the rules of the Office of the Commissioner for Public Appointments (OCPA). The remaining three members are appointed by nomination by the three main political parties. The Committee is not founded in statute and has no legal powers to compel witnesses to provide evidence or to enforce its recommendations. Nor does it have any powers to investigate individual allegations of misconduct. It presents its recommendations directly to the Prime Minister.

### Funding and administration

6. The Committee receives its budget from the Cabinet Office. Day-to-day responsibility for financial controls and budgetary mechanisms are delegated to the Secretary of the Committee. The Secretary and the rest of the secretariat are permanent civil servants employed by the Cabinet Office.

---

<sup>21</sup> Hansard (HC) 25 October 1994, col. 758

<sup>22</sup> Speech at the Lord Mayor’s Banquet, 14 November 1994.

<sup>23</sup> Hansard (HC) 12 November 1997, col. 899

### **Policy on openness**

7. As an integral part of its first report the Committee defined the Seven Principles of Public Life. The Committee has always sought to implement these principles in its own work, including the principle of openness.
8. The Secretary of the Committee has responsibility for the operation and maintenance of the Committee's publication scheme under the Freedom of Information Act 2000. Most of the information held by the Committee is readily available, and does not require a Freedom of Information Act request before it can be accessed. The Committee can be contacted in writing, by email, by telephone or by fax. The public can also access information via the Committee's website. Requests for information under the Freedom of Information Act should be made to the Secretary to the Committee at the following address:

Committee on Standards in Public Life  
35 Great Smith Street  
London SW1P 3BQ

Phone: 020 7276 2595

Fax: 020 7276 2585

Email: [public@standards.x.gsi.gov.uk](mailto:public@standards.x.gsi.gov.uk)

Website: [www.public-standards.org.uk](http://www.public-standards.org.uk)

## APPENDIX 3: MEMBERS OF THE COMMITTEE

Committee members are appointed for a three year term, with the possibility of reappointment, normally for a further two years. The chair is appointed for a single non-renewable five year term.

### **Sir Christopher Kelly KCB**

**Appointed** 1 Jan 08

Christopher Kelly is chair of the NSPCC and of the Financial Ombudsman Service. He was previously a civil servant. Between 1970 and 1995 he worked in HM Treasury, latterly as Director of Monetary and Fiscal Policy and then Director of the Budget and Public Finances. Between 1995 and 1997 he was Head of Policy Group at the then Department of Social Security. From 1997 to 2000 he was Permanent Secretary of the Department of Health. Since leaving the Civil Service he has chaired, or been a member of, a number of advisory and other groups in the public, private and voluntary sectors.

### **Lloyd Clarke QPM**

**Appointed** 1 Nov 04 **Re-appointed** 1 Nov 07

Lloyd Clarke is a Trustee of the Guinness Trust and a Member of the Guinness Partnership Board. He is also a Board member of the Guinness Northern Counties Housing Association and he chairs their Audit Committee. He was previously a police officer for thirty-one years with West Yorkshire Police, retiring as the Deputy Chief Constable. Between 2000 and 2005, he was the Chief Executive and Chief Constable of the Ministry of Defence Police and Guarding Agency. Since leaving the police service he has worked with different public bodies particularly looking at aspects of security and good governance.

### **Oliver Heald MP**

**Appointed** 1 Mar 08

Oliver Heald was called to the Bar in 1977 and has practised as a barrister on the South Eastern Circuit. He is a specialist in employment law. He was elected as Member of Parliament for North East Hertfordshire at the General Election of April 1992. He has served as a Minister in the Department of Social Security and is a former Shadow Leader of the House of Commons. He is currently a member of the Work and Pensions Select Committee and of the Committee of Selection.

### **Rt. Hon. Alun Michael JP MP**

**Appointed** 1 Oct 06

Alun Michael is a former journalist, youth worker, magistrate and councillor. Alun has represented Cardiff South & Penarth since 1987. He has served as Deputy Home Secretary, Secretary of State for Wales and Founding First Secretary (First Minister) of the National Assembly for Wales. He was later Rural Affairs Minister and then Minister of State for Industry and the Regions. He is currently a member of the Justice Select Committee and the Welsh Affairs Committee.



**Sir Derek James Morris MA Dphil****Appointed** 1 Mar 08

Sir Derek Morris has been Provost of Oriel College, Oxford since 2004. Prior to that he was Chairman of the Competition Commission (formerly the Monopolies and Mergers Commission). From 1970 to 1997 he was fellow in economics at Oriel College. In 2004-05 he chaired the Morris Review of the Actuarial Profession. He is Chairman of Trustees of Oxford University Press Pension Fund, a non-Executive Director of Lucida Plc and a senior consultant to Frontier Economics.

**Dame Denise Platt DBE****Appointed** 1 July 08

Denise Platt is an Audit Commissioner and the Chair of the independent advisory panel for the Local Innovation Awards. From 2004 until 2009 she was Chair of the Commission for Social Care Inspection (now the Care Quality Commission). She has held a variety of posts both nationally and locally in local government and social care. She is involved with a number of voluntary organisations and is the chair of the National AIDS Trust (NAT). She is governor of the University of Bedfordshire and a member of the independent Review Board of the Cheshire Fire and Rescue Service.

**David Prince CBE****Appointed** 1 June 2009

David Prince is the former chief executive of The Standards Board for England. He held senior positions at the Audit Commission, as managing director, strategy and resources and chief executive, District Audit. Previously his career was in local government, where posts included chief executive, Leicestershire County Council and director of finance and administration, Cambridgeshire County Council. He holds non-executive independent appointments as lay member of the General Social Care Council, member of Leicestershire Police Authority, audit committee of the Rural Payments Agency and the performance and best value committee of the Bar Standards Board.

**Dr Elizabeth Vallance JP****Appointed** 26 April 2004 **Re-appointed** 1 November 2007

Elizabeth Vallance was Head of the Department of Politics at Queen Mary, University of London where she is now an Honorary Fellow. She is a Sloan Fellow of the London Business School and until 2009 chaired the Council of the Institute of Education, University of London where she is also an Honorary Fellow. She is chairman of ICAN, the national children's communication charity and is a non-executive director of Charter European Trust plc and of The Medical Protection Society. She sits as a Presiding Magistrate on the Inner London Bench.

**Dr Brian Woods-Scawen DL CBE****Appointed** 1 Jan 2004 **Re-appointed** 1 November 2007

Brian Woods-Scawen is a chartered accountant and was a partner in Pricewaterhouse Coopers from 1980 until 2003. He is currently a non executive Board member for a number of organisations in the private and public sectors. He holds public appointments as a non-executive Board member of the Department of Business, Innovation and Skills, the Government Office for the West Midlands, the Pensions Disability and Carers Service and the Office for Legal Complaints.

**Baroness Maddock's** term of office ended in October 2009.

**Research Advisory Board**

The Committee's work is supported by a Research Advisory Board. The current membership of the Board is:

- Dr Mark Philp (Chairman), Fellow and Tutor in Politics, Oriel College, University of Oxford
- Jean Martin, Senior Research Fellow, Social Inequality and Survey Methods, Department of Sociology, University of Oxford
- Professor Cees van der Eijk, Professor of Social Science Research Methods, Director of Social Sciences Methods and Data Institute, University of Nottingham

**Members' attendance (1 April 2009 - 31 March 2010)**

The table below shows the total number of meetings that each current member of the Committee could have attended and the number they actually attended.

Name	Possible Meetings	Actual Meetings	Possible Hearings	Actual Hearings
Sir Christopher Kelly	20	20	9	9
Lloyd Clarke	20	18	9	9
Oliver Heald <sup>24</sup>	7	5	Nil	Nil
Rt. Hon. Alun Michael <sup>24</sup>	7	6	Nil	Nil
Sir Derek Morris <sup>25</sup>	20	13	9	6
Dame Denise Platt	20	19	9	6
David Prince <sup>26</sup>	17	15	9	5
Dr Elizabeth Vallance	20	17	9	7
Dr Brian Woods-Scawen	20	15	9	6

<sup>24</sup> Possible attendance figures for Oliver Heald and Alun Michael are lower than for other Committee members because they did not take part in the Committee's inquiry into MPs' Expenses and Allowances because of concerns about a real or perceived conflict of interest. For further information, see the Committee's statement on involvement of political representatives, published on 3 April 2009.

<sup>25</sup> Sir Derek Morris did not attend three meetings due to being abroad on sabbatical.

<sup>26</sup> David Prince joined the Committee in June 2009.

**Remuneration**

Those Committee members who do not already receive a salary from public funds may claim £240 for each day they work on Committee business. Sir Christopher Kelly is paid a flat rate of £50,000 a year. All members are reimbursed for any actual expenses incurred. Details of fees and expenses claimed in 2000-10 are available from the Committee's website.

**Code of practice and register of interests**

In accordance with the best practice recommended in its first report, members of the Committee formally adopted a code of practice in March 1999. The code is available on the website and has been reviewed periodically by the Committee, most recently in March 2010. Members provide details of any interests that might impinge on the work of the Committee through the Committee's register of interests, also available on the website.

## APPENDIX 4: FINANCIAL INFORMATION

Expenditure and income	2008-09 (£)	2009-10 (£)
Staff costs and fees	369,490	425,066
Other running costs	241,940	236,515
<b>Total gross expenditure</b>	<b>611,430</b>	<b>661,581</b>
Income	70,375 <sup>27</sup>	-
<b>Total net expenditure</b>	<b>541,055</b>	<b>661,581</b>

1. The Committee's original budget allocation in 2009-10 was £638,000.
2. Total expenditure as in the table above was £661,581, resulting in an overspend of £23,581 arising from additional costs incurred as a result of the Committee undertaking its inquiry into MPs' expenses and allowances.
3. As an advisory non-departmental public body (NDPB), the Committee receives its delegated budget from the Cabinet Office. The Cabinet Office Accounting Officer has personal responsibility for the regularity and propriety of the Cabinet Office Vote. Responsibility for certain levels of authorisation, methods of control and day to day mechanisms have been delegated to the secretary to the Committee.
4. The secretary to the Committee is responsible for setting out clearly the outputs and outcomes which the Committee plans to deliver with the resources for which they have delegated authority, and for reporting regularly on resource usage and success in delivering those plans. She is also responsible for maintaining a sound system of internal control over the resources for which she has delegated authority, and for providing the accounting officer with assurances that those controls are effective.

---

<sup>27</sup> For reimbursement of former Secretary's salary while on secondment and contributions towards the Committee's public perception research.

## APPENDIX 5: REPORTS AND PUBLICATIONS

### The Committee has published reports on the following subjects:

- MPs' Expenses and Allowances: Supporting Parliament, Safeguarding the Taxpayer (Twelfth Report (Cm7724)) (November 2009)
- Review of the Electoral Commission (Eleventh Report (Cm7006)) (January 2007)
- Getting the Balance Right: Implementing Standards of Conduct in Public Life (Tenth Report (Cm6407)) (January 2005)
- Defining the Boundaries within the Executive: Ministers, Special Advisers and the permanent Civil Service (Ninth Report (Cm 5775)) (April 2003)
- Standards of Conduct in the House of Commons (Eighth Report (Cm 5663)) (November 2002)
- Standards of Conduct in the House of Lords (Seventh Report (Cm 4903)) (November 2000)
- The Funding of Political Parties in the United Kingdom (Fifth Report (Cm 4057)) (October 1998)
- Local Government in England, Scotland and Wales (Third Report (Cm 3702)) (July 1997)
- Local Public Spending Bodies (Second Report (Cm 3270)) (June 1996)
- Members of Parliament, Ministers, Civil Servants and Quangos (First Report (Cm 2850)) (May 1995)

The Committee is a standing committee and can therefore later re-visit an area on which it has reported and monitor whether and how well its recommendations have been put into effect. The Committee has so far conducted two reviews and a stock-take:

- A review of recommendations contained in the First and Second Reports relating to standards of conduct in Executive Non-Departmental Public Bodies (NDPBs), NHS Trusts and Local Public Spending Bodies (Fourth Report) (November 1997)<sup>28</sup>
- A review of recommendations contained in the First Report relating to Members of Parliament, Ministers, Civil Servants and proportionality in the public appointments system (Sixth Report entitled Reinforcing Standards (Cm 4557)) (January 2000).
- A stock-take of the action taken on each of the 308 recommendations made in the Committee's seven reports since 1994 (The First Seven Reports - A Review of Progress) (September 2001).

Since 2004, the Committee has also undertaken three biennial surveys of public attitudes towards conduct in public life. Findings were published in 2004, 2006 and 2008.

---

<sup>28</sup> This report was not published as a Command Paper.

**Annual Review and Report 2009-10**

**Published electronically by the Committee on Standards in Public Life**

**The Committee on Standards in Public Life**

**35 Great Smith Street**

**London SW1P 3BQ**

**Tel: 020 7276 2595**

**Fax: 020 7276 2585**

**Internet: [www.public-standards.org.uk](http://www.public-standards.org.uk)**

**Email: [public@standards.x.gsi.gov.uk](mailto:public@standards.x.gsi.gov.uk)**

**July 2010**