

Response to IPSA consultation on MPs' expenses, February 2010***Jo Latham, Senior Researcher to Steve Webb MP***

As a staff member working for an MP, I would like to register the following concerns regarding the consultation. I took part in an IPSA staff engagement workshop in November 2009, and would be happy to speak further with IPSA about any of the issues raised.

Executive Summary, para. 24 b): The recruitment process for MPs' staff could be revised, with safeguards put in place to strengthen independence and transparency. Such safeguards could include limits on the MP's involvement in the recruitment process, or following widely approved recruitment models (such as those recommended by ACAS or OCPA), which include open advertisement for posts.

I would question the proposal to limit MPs' involvement in the recruitment of their own staff. Given that a close working relationship and a high level of mutual trust is required, I would suggest it is essential for MPs to have a central role in who they employ in their offices.

Executive Summary, para. 31: Subject to certain limits, MPs may currently transfer funds not spent on staffing or administrative expenditure to certain other areas, for example to be spent on communications. No approval from the House of Commons Operations Directorate is required to do this. This practice is sometimes referred to as "virement". We believe that individual budgets should have clear caps, and that funds should not be transferrable from one budget to another.

My MP currently makes use of this provision to transfer funds between budgets, particularly to top up the staffing allowance. Each MP runs their office in a different way, and an ending of this practice would severely limit this flexibility.

Para. 8.4: MPs should not receive a flat rate allowance for staff. As we set out in Chapter 4, allowances ordinarily are payments made without conditions on how they are spent. In the case of expenditure on staff, the receipt of public funds needs to be conditional on compliance with various safeguards. However, we believe it is unhelpful to treat the salaries of staff members in the same way as other funding received by MPs, as they should not be considered as part of an MP's personal expenses. We believe therefore that funds for staffing should be reported separately from funds for expenses.

8.5 IPSA will provide each MP with funds for staff, on condition that MPs demonstrate that they are complying with employment law and are acting in accordance with good practice.

From my experience as a Staff Chair for researchers, I am aware that a number of staff are currently not subject to good employment practices, and so 8.5 is a welcome

proposal. However, since MPs are generally not trained as HR managers, they are likely to require central support in ensuring that they are complying with employment law and acting in accordance with good practice.

Regarding para. 8.4, the IPSA meeting with Members' staff on 8th February 2010 demonstrated that many people are still thinking in terms of allowances, and Sir Ian was keen to point out that the new world would be one of 'budgets rather than allowances'. Staff would welcome the fleshing out of these proposals by IPSA as speedily as possible, as there is understandable concern that salaries will be cut or that MPs will be constrained as to how they run their offices. I do not believe that the Welsh Assembly route – of defining particular roles and then allocating a budget to each type of role – is a workable one because each MP runs their office in a different way and may require a different combination of skills, experience and roles amongst their staff.

For example, MPs with high caseloads will need several caseworkers to deal with all the incoming letters, calls and emails, whilst opposition frontbenchers (particularly those from the smaller parties, who receive no extra money to assist them with their extra responsibilities) will generally require greater research support than backbenchers. It is important that this diversity is recognised and ideally I would be keen to see MPs being given extra support where their staffing needs are clearly greater.

8.10 Interns are employees, and relevant employment legislation will apply, such as the National Minimum Wage.

It is laudable that IPSA is considering this issue. However, it might be worth bearing in mind that one of the primary reasons that there are so many interns working for Members of Parliament is that the current staffing allowances are not adequate to allow many Members to carry out all their Parliamentary and constituency duties without taking on unpaid interns (see above). I would hope that any action to implement this proposal will see a corresponding increase in staffing budgets, to enable Members to employ interns at minimum wage levels.

There are also a number of educational Parliamentary internships, where students or graduates work on a placement with an MP for a term or a year. They offer invaluable experience for young people considering a career in politics, and are also immensely useful to the MPs who take them on. It would be helpful if IPSA could clarify that these defined internships will be able to continue.

8.36 once the member of staff is in place, their work, both in Parliament and in constituencies, may be subject to independent audit by IPSA as part of the new arrangements for assurance. This will also seek to ensure that resources provided out of public funds are being used only for the purpose intended and not, for example, to support party political activities. Any MPs or their staff found to be misusing the system other than inadvertently, will face the appropriate penalties.

This seems reasonable in theory. However, at para. 5.17 on the role of an MP, the consultation says: *"We do not believe that any simple definition would sufficiently capture the distinction between parliamentary and party political activities."* I would be concerned if IPSA proposed to audit the work of staff to make sure they were not carrying out "party political" work, but without providing any indication of what was deemed to be appropriate and inappropriate work for staff to carry out. Many staff are also politically active in their spare time for the party with which they are involved, for example as local activists or councillors, and it would be helpful if IPSA would confirm that such 'out of hours' activities will still be permissible.

12.14 We propose that employers' contributions towards pensions for MPs' staff should be made from MPs' staffing budgets. We will not administer the pension scheme ourselves. The House may wish to continue to provide a pension scheme (the Portcullis Pension Plan) targeted at MPs' staff and IPSA will make contributions to this scheme, or any other that MPs' staff may select.

I am extremely concerned about this proposal, particularly as IPSA seems to have no knowledge of the 'back story' to the current Portcullis Pension Plan.

In 2003, after two years of planning and consultation, the Portcullis Pension Plan was rolled out and MPs' staff were automatically enrolled into it. I was the Liberal Democrat Staff Chair at the time, and was involved with some of the later stages of staff consultation. The quotes below are taken from the letter sent to Member's staff on 19th September 2003 from the House of Commons' Deputy Director of Operations (attached).

There were clear arguments in favour of auto-enrolment, particularly that only about half of staff actually took advantage of the 10% on-top-of-salary entitlement when it was offered on a voluntary basis. Many members of staff are in their twenties and do not necessarily consider a pension as a priority, so people were simply not getting around to joining, and were missing out on an important opportunity to start building an income for retirement.

It was seen as an advantage that the new scheme would bypass the involvement of the Member: there would be *"easier entry to the Portcullis Pension Plan, as you do not need to obtain your Member's authorisation for pensions contributions."*

The decision to centralise the scheme was also very clear, centring on reducing administration costs: *"The huge number of different providers we have at present makes administration very difficult and needlessly complex. Streamlining things will allow the Department to provide a much better service to you, and at a lower cost. Given the level of public scrutiny to which the House is subject, reducing costs must be not only desirable, but also essential."*

At the meeting with Sir Ian Kennedy and IPSA and MPs' staff on 8th February 2010, Sir Ian assured staff that the budget for 10% pension contributions would not be allowed to be spent on anything else. The assumption was that MPs would therefore be happy to enroll their employees into a scheme. However, I understand that some Members do not even pass the annual inflationary salary increase onto their staff. I

would be very concerned that if Members were given control of their staff pension budgets, that many simply would not enroll their staff or authorise contributions from their budgets.

It is also unclear from the proposal, were this change to go ahead, whether staffing budgets would be increased to accommodate the extra 10%. If not, staff would find themselves facing the unacceptable choice between a pension or a pay cut.

Q14: We propose to prohibit the use of public funds in the employment of family members by MPs. Do you agree with this approach?

We would define family member in this instance to mean

- spouses or civil partners of the MP;*
- direct descendants of the MP or their spouse/civil partner; or*
- dependent direct relatives in the ascending line (i.e. parents and grandparents of the MP or their spouse/civil partner).*

I would start by stressing that neither am I related to my employer, nor does he employ any family members.

This recommendation appears to be based solely on the Conway case, and there is no evidence that there is widespread abuse of the ability of MPs to employ family members. Many spouses provide a valuable and vital support to the MP's work: they put in extra hours; they are able to accompany the MP to constituency and other engagements; and as they are in post for the whole Parliamentary term – and sometimes several terms – many of them build up a level of expertise in specialised areas such as benefits and immigration casework, which may often be lacking in shorter term staff members.

A number of male spouses to female MPs have stressed that their wives would not have considered becoming MPs if they had not had the support of their husbands in what is often a dually demanding role if the couple are also raising a family. Whilst it may be argued that gender should not make a difference, it is clear that many women are discouraged from standing for Parliament because of the combination of demanding work and family pressures, and this trend is likely to increase if they are no longer allowed to have their spouses working alongside them.

Questions also arise from the definition of 'family member' that is used. Will the new rules mean that co-habiting partners will be able to work for their MP partners simply because they are not married to them? In extreme cases would MPs divorce their spouses so that they could continue to work for them as a non-family member? If a single MP starts a relationship with a member of his or her staff, presumably it is acceptable for that staff member to continue working for them, to cohabit or to start a family with them, just as long as they do not get married or enter a civil partnership?

I would therefore urge IPSA to consider this proposal very carefully, and convince itself that it does not become a case of 'cutting off the nose to spite the face', if MPs' constituents are likely to get a less professional service as a result, and if it is likely to discourage more women from standing for Parliament.