

# **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

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## **Membership of the Allowances Review Panel**

### **Chair**

Sir Alan Langlands FRSE, Principal and Vice Chancellor, University of Dundee

### **Members**

Alastair MacNish OBE, former chair of the Accounts Commission and former Chief Executive of South Lanarkshire Council

Isobel Sharp, President of The Institute of Chartered Accountants of Scotland and a partner in Deloitte & Touche LLP

Rt Hon. The Lord Selkirk of Douglas, a Member of the House of Lords, a former UK Government Minister, and former Member of the Scottish Parliament

Tom McCabe, a Member of the Scottish Parliament and Scottish Parliamentary Corporate Body.



## Foreword

The Scottish Parliamentary Corporate Body (SPCB) announced on 20 June 2007 that a full review of parliamentary allowances was to be undertaken by an independent review panel.

Taking a 'first principles' approach, the review would examine all areas of allowances, to establish the resources required to ensure that Members of the Scottish Parliament are able perform their parliamentary duties and their duties to their constituents properly.

The announcement set the remit of the review as follows:

*To carry out a review of the Members' Allowances Scheme, Party Leader's Allowances Scheme and the Equipment & Furniture Scheme. As part of its consideration, the review panel is to have regard to the following:*

- *What are the tasks expected of Members of the Scottish Parliament?*
- *What are the tasks expected of party leaders and should there be a numerical qualification in terms of numbers of Members to qualify for payment, and if so, what should this be?*
- *What resources are required to enable those tasks to be undertaken effectively and efficiently on behalf of constituents and the Parliament?*
- *What resources could be best provided centrally, or through other financial support mechanisms and what resources could be provided through an Allowances Scheme?*

*The review panel shall invite evidence submissions from Members of the Parliament and such persons, parties and other organisations as it deems appropriate, and shall otherwise conduct the review as it sees fit.*

*The review panel may consider comparators with other support mechanisms both within the United Kingdom and beyond.*

*The review panel shall prepare a report setting out its findings and recommendations, with reasons, for submission to the SPCB by around the end of March 2008.*

The 'Allowances Review Panel' was appointed on 26 June 2007 and, in undertaking this review, we held six meetings. Our recommendations are set out and explained in detail in this report and background information, including copies of the minutes of our meetings, is provided electronically on our web pages <http://allowancesreview.scottish.parliament.uk/mops.htm>

This has been an interesting exercise – there was a helpful response to our consultation and we have received useful advice from a number of other sources. The panel has also been impressed by the transparency of the existing allowances scheme and the high standards of accountability which it achieves.

We agree with the view expressed recently by the Senior Salaries Review Body (SSRB) in relation to Westminster that most of what are known as allowances for Members of Parliament are in fact mechanisms for reimbursing expenditure actually and necessarily incurred by Members to do their jobs. This is equally true for Members of the Scottish Parliament. To meet their responsibilities to their constituents and their commitments to the Parliament, most Members need to employ staff, run an office in their constituency or region, travel on parliamentary business and communicate effectively with their constituents. Given the travel times in Scotland some Members also need the facility of overnight accommodation in Edinburgh when Parliament is sitting.

We believe that ‘allowances’ really means ‘reimbursement of expenses’. This term makes it as clear as possible that this is not money which augments Members’ salaries, but is expenditure necessarily incurred to do the job that the people of Scotland expect of them. This view is reflected in the title and the text of our report.

We also take the view that it is in Members’ own interests to maintain a transparent system and to uphold the highest standards of probity and accountability. To reinforce this point, chapter 3 of our report sets out the principles which should underpin the SPCB’s detailed consideration of our recommendations.

I would like to thank my colleagues on the panel for giving their time so willingly to this review. I admired their determination to strike a balanced view and their diligence in considering all the issues involved in reaching our recommendations.

Administrative support to the panel was provided by Huw Williams and Lori Gray from the SPCB and we also had access to other sources of information and advice. All of this is greatly appreciated.

**Alan Langlands**  
Chair

March 2008

## **Chapter 1: Executive Summary**

This section of the report sets out our recommendations. As part of the remit of the review we are required to provide reasons for our recommendations. These are provided in the detailed commentary in each chapter of our report. Our recommendations to the SPCB are as follows.

### **Principles and Parliamentary Duties (Chapter 3)**

*Recommendation 1.* Any new scheme should be underpinned by a set of principles and these principles should be consistent with the ‘*Seven Principles in Public Life*’: objectivity, accountability, openness, integrity, selflessness, honesty and leadership. These principles are interpreted in greater detail in chapter 3 of this report.

*Recommendation 2.* Members should be entitled to claim for the reimbursement of reasonable expenses incurred when undertaking their parliamentary duties. We see no reason to recommend any changes to the existing definition of parliamentary duties discussed in chapter 3 of this report.

### **Accommodation (Chapter 4)**

*Recommendation 3.* There should be provision for accommodation expenses. This should comprise separate provision for (i) Edinburgh accommodation (ii) overnight expenses and (iii) exceptional needs.

#### *(i) Edinburgh Accommodation*

*Recommendation 4.* The existing categorisation of constituencies where a Member has his or her main residence should remain in place as the basis for determining eligibility for overnight expenses incurred in connection with parliamentary duties in Edinburgh. These are detailed in Annex A to this report.

*Recommendation 5.* Members in Group 1 constituencies should not be eligible to claim accommodation expenses for staying in Edinburgh.

*Recommendation 6.* Members in Group 2 constituencies should be eligible to claim for overnight expenses when they are required to stay overnight in Edinburgh to undertake parliamentary duties.

*Recommendation 7.* The payment of an allowance to meet mortgage interest payments should be abolished.

*Recommendation 8.* There should be a transition period for existing Members who qualify for support with mortgage interest payments under the current arrangements. This transition period should last until the end of the current parliamentary session.

*Recommendation 9.* Members in Group 3 constituencies should be eligible to claim overnight expenses or costs associated with leasing accommodation while in Edinburgh on parliamentary duties.

*Recommendation 10.* Where a qualifying Member leases accommodation, the following expenses may be met – factoring charges, council tax, utility costs and telephone costs.

*Recommendation 11.* Members should not lease, directly or indirectly, accommodation from close family members.

*Recommendation 12.* There should be a maximum annual provision of up to £11,400 (£10,400 for new Members in an election year) for Edinburgh accommodation.

*(ii) Overnight Expenses*

*Recommendation 13.* The overnight expenses rate, including an evening meal, for overnight stays in relation to parliamentary duties within Scotland and the rest of the UK, but excluding London, should be up to a maximum of £128.60.

*Recommendation 14.* The overnight expenses rate, including an evening meal, for overnight stays in London in relation to parliamentary duties should be up to a maximum of £150.20.

*(iii) Exceptional Needs*

*Recommendation 15.* An exceptional needs provision should apply for overnight expenses only when it is unreasonable for the Member to return to his or her main or other residence before or after undertaking parliamentary duties within the Member's constituency or region.

*Recommendation 16.* The exceptional needs provision should apply to Members returned from those constituencies or regions which are set out in Annex B. This includes the West of Scotland Region, but only in circumstances where a Member is required to stay overnight on an island visit in the Cunninghame North constituency.

**Staff (Chapter 5)**

*Recommendation 17.* There should be provision for staff costs comprising separate provision for (i) salary costs (ii) employer national insurance and pension contributions (iii) temporary staff (iv) training (v) good employment practices and (vi) redundancy costs. The provisions for national insurance and pension contributions and good employment practice (for example, maternity leave) should be administered centrally.

*Recommendation 18.* Members should continue to employ their own staff.

*Recommendation 19.* The SPCB should make arrangements for a register requiring a Member to declare that he or she is employing a close family member.

*(i) Staff Salary Costs*

*Recommendation 20.* All staff salary costs should be administered through the payroll services provided by the SPCB and identified against each individual Member as appropriate.

*Recommendation 21.* The maximum staff salary provision available for constituency Members to meet staff costs should be £62,000.

*Recommendation 22.* The maximum staff salary provision available for regional Members to meet staff costs should be £45,000.

*Recommendation 23.* The SPCB should produce guidance for Members to take account of the pay scales outlined in this report, including initial assimilation to the appropriate pay point, when considering their employment requirements. Staff salaries should reflect the roles, responsibilities and experience of staff and Members should operate within the financial limits proposed.

*Recommendation 24.* Pooling arrangements for the employment of staff should be permitted as now. These arrangements should be set within a legal framework appropriate to each pool.

*(ii) Employer National Insurance and Pension Contributions*

*Recommendation 25.* The employer contributions should be met centrally from the SPCB payroll and identified against individual Members.

*Recommendation 26.* Employer pension contributions should be subject to a maximum of 10% of gross basic annual salary, with special provision for staff employed before 1 March 2001.

*(iii) Temporary Staff*

*Recommendation 27.* It should be permissible for costs associated with temporary staff employed to cover legitimate absences to be met from a central fund. Payments should only be made on condition that the cover is required for a substantive post. Cover for casual or temporary staff should not be permitted.

*(vi) Staff Training*

*Recommendation 28.* There should be a modest budget held by the SPCB to meet reasonable costs of staff training.

(v) *Good Employment Practice*

*Recommendation 29.* Childcare vouchers should be made available to Members' staff as appropriate and the costs met centrally by the SPCB.

*Recommendation 30.* The SPCB should be empowered to hold a central fund to meet the cost of other items which reflect good employment or workplace practices and facilities.

(vi) *Redundancy Costs*

*Recommendation 31.* Where a Member has insufficient funds in his or her staff salary costs provision, the SPCB should have authority to assist with reasonable redundancy costs from a central fund. These costs should be identified against the Member.

*Recommendation 32.* The SPCB should be satisfied that an application for the payment of redundancy costs is reasonable and, where this test is not met, the SPCB should have powers to restrict the payment to a sum which it considers, in all the circumstances, to be reasonable.

*Recommendation 33.* The SPCB should have authority to meet all, or part of, reasonable redundancy costs from a central fund when a pool is dissolved as a result of one or more Member(s) vacating office. The costs will be drawn from a central fund and identified against the relevant Member.

**Office Costs (Chapter 6)**

*Recommendation 34.* There should be an office cost provision comprising separate provision for (i) local office costs and (ii) surgery advertising.

(i) *Local office costs*

*Recommendation 35.* The local office costs provision should enable Members to be reimbursed for all reasonable costs relating to the running of a local office and engaging with constituents.

*Recommendation 36.* All constituency Members should be entitled to financial support for a local office up to a maximum level of £15,000 per annum.

*Recommendation 37.* Each qualifying parliamentary party, or regional Member not aligned to a party, should be entitled to one office in each region.

*Recommendation 38.* In the Highlands & Islands; North East Scotland; South of Scotland and Mid Scotland and Fife Regions where more than one regional Member is returned from a political party's regional list application may be made to the SPCB for a determination for an additional office in that region

*Recommendation 39.* Where there is only one regional office for a party in any region or a regional office for a regional Member not aligned to a party, the regional Member should be entitled to financial support in respect of that office up to a maximum level of £15,000 per annum.

*Recommendation 40.* Where there is more than one regional office for the same party in any of the qualifying regions or where more than one Member is sharing a regional office, the maximum financial entitlement for each additional Member should be abated (by the calculation set out in paragraph 6.17).

*Recommendation 41.* Where a Member decides not to enter into a lease for a local office, but to undertake constituency or regional duties from the parliamentary complex at Holyrood, his or her entitlement to the office costs provision should be abated by 75%.

*Recommendation 42.* Members who cannot realistically lease office accommodation and meet other office costs can apply to the SPCB for a determination on an increase to this capped amount. Any increase should be limited to 10% of the maximum office costs provision.

*Recommendation 43.* Where a Member proposes to lease an office from a party political organisation, then the Member concerned must obtain an independent valuation to certify that the rental proposed does not exceed a fair market rent for the property concerned. This independent valuation report should be lodged with the SPCB prior to the completion of any contractual arrangements.

*Recommendation 44.* The SPCB should have powers to direct the Member concerned not to proceed with the lease of the property where the independent valuation report advises that the rent exceeds a fair market rent.

*Recommendation 45.* Part of the office accommodation leased by a Member may be sub-let to party political organisations, but only where such arrangements are transparent. Clear rules should be provided to Members by the SPCB on how to deal with income generated under such arrangements. The office space occupied by the Member must, under no circumstances, be used for party political activity including electioneering.

*Recommendation 46.* Where it is proposed to sub let an office to a party political organisation, the Member concerned must obtain an independent valuation to certify that the rental proposed is a fair market rent for the property concerned. The independent valuation report should be lodged with the SPCB prior to the completion of any contractual arrangements.

*Recommendation 47.* Office accommodation should not be leased from a family member, a business associate, or any organisation, including a trust, in which a Member, a partner, family member or business associate has a pecuniary interest.

*Recommendation 48.* Where a Member shares a local office with a Member of the House of Commons or European Parliament a formal agreement should be established setting out how the costs will be separated and this should be lodged with the SPCB.

*Recommendation 49.* A Member should not be entitled to claim from the local office costs provision for using his or her home as an office.

*Recommendation 50.* The SPCB should have powers to review and approve changes to the office cost provision at such times as the SPCB considers appropriate.

*Recommendation 51.* Provision should be made centrally to provide Members with equipment, furniture and office supplies which must be sufficiently flexible to allow Members a degree of choice as to the equipment they require. Equipment and furniture should be recorded on an asset register.

*Recommendation 52.* Reasonable costs for office adaptations should be met from a central fund available to all Members on application to the SPCB.

*(ii) Surgery Advertising*

*Recommendation 53.* Separate provision should be made for surgery advertising up to a maximum financial limit of £1,500.

**Travel (Chapter 7)**

*Recommendation 54.* There should be a single travel category covering the reimbursement of all forms of travel expenses in relation to parliamentary duties.

*Recommendation 55.* Mileage rates should be based on those set by HM Revenue and Customs, and the rates should apply to both Members and their staff.

*Recommendation 56.* Members should be eligible to claim for travel between their home, the Parliament and local offices given the representative function of Members.

*Recommendation 57.* Journeys outside the UK (except for travel to Brussels or Strasbourg), should be agreed by the SPCB in advance.

*Recommendation 58.* Staff should be reimbursed for any travel undertaken in support of a Member's parliamentary duties up to a maximum of 74 single journeys. Any staff claims for the reimbursement of travel costs must be certified by the employing Member.

*Recommendation 59.* Family travel should not be funded out of public funds.

## **Party Leaders (Chapter 8)**

*Recommendation 60.* The SPCB should engage with party leaders to reach an agreement on an acceptable level of support for party leaders, and should also review the 'Short Money' arrangements as a means of supporting the non-executive parties.

## **Winding Up (Chapter 9)**

*Recommendation 61.* There should be a winding up provision with separate arrangements for reimbursing (i) staff winding up costs and (ii) office winding up costs.

### *(i) Staff Winding Up Costs*

*Recommendation 62.* The staff winding up provision should only apply when a Member ceases to be a Member of the Parliament for whatever reason.

*Recommendation 63.* There should be a central provision for staff redundancy costs, the costs to be identified against the respective Member with the relevant claim(s) certified by the Member.

*Recommendation 64.* Provision should be made to ensure that the SPCB is satisfied, when a Member makes an application for the payment of redundancy costs, that it is reasonable. The SPCB should have discretion to restrict payment to a sum which it considers to be reasonable.

### *(ii) Office Winding Up Costs*

*Recommendation 65.* The winding up provision to cover office costs should be up to a maximum of one-third of the local office costs provision.

*Recommendation 66.* All claims for winding up in relation to office costs must be submitted not later than 6 months from the date the Member ceased to be a Member of the Scottish Parliament. In the unlikely event that this timescale is not possible an application should be made to the SPCB for an extension of time.

## **Supplementary (Chapter 10)**

*Recommendation 67.* The SPCB should have powers to uprate any financial limits set on an annual basis using such indices as it considers appropriate. Where financial limits are set in accordance with the recommendations of other organisations, the financial limits should be uprated in line with any changes recommended by these organisations.

*Recommendation 68.* The SPCB should have powers to hold a central contingency fund to meet costs incurred in relation to exceptional circumstances. Any claim on this fund should be explicitly approved by the SPCB in advance of any expenditure being incurred.

## **Chapter 2 : Approach to the Review**

2.1. At the outset of the review, we agreed that as part of our remit we were required to invite submissions from 'Members of the Parliament and such persons, parties and other organisations' as we deemed appropriate.

2.2. We therefore agreed at our first meeting on 20 July 2007, that we would seek evidence from all Members of the Scottish Parliament; the party groups represented in the Parliament; Members' staff; other UK legislatures and various consumer related organisations. While we were keen to receive views on any aspect of expenses necessary for Members to fulfil their duties, we were particularly interested in the following:

- the tasks expected of a Member in relation to his or her parliamentary duties and engagement with constituents. For Members, we advised that any quantification of workload (for example volume of correspondence, number of surgeries, local meetings, etc) would be very helpful
- the resources needed (including staffing and accommodation) to undertake parliamentary duties
- the resources needed for engaging with constituents
- how accommodation could be provided for Members who cannot reasonably commute to and from Edinburgh on a daily basis to undertake their parliamentary duties
- what travel is required in undertaking these duties and how this should be reimbursed

2.3. Separately, we also wrote to all the party leaders of political parties represented in the Parliament seeking their views on the Party Leader's Allowance.

2.4. By way of our website we also made a general call for evidence from the public. Where it was appropriate to do so, all the evidence we received was posted on the website.

2.5. We were pleased to receive a total of 104 submissions – 48 from Members, 18 from Members' support staff, 29 from the general public, 8 from organisations and 1 from an anonymous correspondent. A summary breakdown of the evidence submitted is provided at Annex C of this report.

2.6. Our remit also required us to consider comparisons with other legislatures both within the United Kingdom and beyond. The Parliament's Information Centre provided us with a paper mapping out the allowances schemes adopted by some European and Commonwealth legislatures. We also commissioned specific research which looked at the accommodation arrangements for Members in other legislatures, with particular reference to

the Edinburgh Accommodation Allowance arrangements currently provided under the existing Members' Support Allowance. Both these reports are available on our web pages

<http://allowancesreview.scottish.parliament.uk/papers.htm>

2.7. We have also been fortunate, given that the Parliament publishes comprehensive information on allowances claimed by Members, to have access to historical expenditure data.

2.8. We also recognised that we, as a Panel, needed a greater understanding of the work of a Member of the Scottish Parliament. To address this we commissioned research based on a small sample of Members to look at a typical working week during parliamentary sitting time and also during recess. A copy of this is also available on our web pages <http://allowancesreview.scottish.parliament.uk/papers.htm>

2.9. In addition, 3 members of the Review Panel (Alan Langlands, Alastair MacNish and Isobel Sharp) spent some time at a local office of a Member to gain first hand experience of the work they carry out at a more local level. We are grateful to those Members and their staff who helped us. This allowed us to build up a better picture of the tasks expected of a Member, both in the Parliament and at local office level.

2.10. One of the first issues we addressed was what is meant by an 'allowance'. We determined that it is in fact 'reimbursement of an expense' necessarily incurred by a Member to do his or her job.

2.11. Members must be given the means to ensure that they can undertake the duties for which they have been elected. In incurring legitimate expenditure, Members should not be expected to meet these costs personally. Any scheme of reimbursement must, however, ensure the Member is accountable and the relevant administrative processes are transparent. Accountability and transparency will engender public confidence.

2.12. The term 'allowances' could give rise to the impression that it is an 'add on' to a Member's salary. This is misleading. We have therefore framed our recommendations to make provision for the reimbursement of legitimate and reasonable expenses which Members incur when carrying out their parliamentary duties.

2.13. As a Panel we agreed that the existing allowances schemes were heavily codified and lacked flexibility. This made it more difficult for Members, those who administer the scheme and also the general public to understand fully what a Member was entitled to claim. We consider that, to an extent, this has resulted in a negative reaction to the existing schemes.

2.14. As we progressed the review it became clear that a number of the existing allowances categories overlap, for example reimbursement of travel expenses can be claimed from a number of different allowances headings depending on the travel undertaken. We therefore agreed to recommend that

the overall expenses framework should be simplified by reducing the existing 11 categories down to 6. These categories should be 'accommodation', 'staffing,' office costs', 'travel', 'party leader's provision and 'winding up'.

2.15. From the evidence submitted to us, there was clearly a requirement to focus on the existing arrangements for Edinburgh accommodation and the staffing support for Members and we address these issues later in the report.

2.16. While we considered that the current schemes were overcomplicated there were also obvious strengths in the existing arrangements. We were particularly encouraged by the accountability arrangements where expenditure is reimbursed only when verified by invoices and receipts. We strongly advise that this continues as a matter of good practice.

2.17. The transparency of the existing arrangements has also been acknowledged with regular publication of expenditure details. The Parliament should be congratulated on this approach which allows the public to see what is being spent by their elected representatives. It is also encouraging to note that other legislatures are now working towards greater transparency based on the lead provided by the Scottish Parliament.

2.18. Given these positives in the existing arrangements, it should come as no surprise that some of our recommendations are consistent with the existing arrangements. There have been a number of reviews of the allowances schemes and it is not surprising that large parts of the existing system are fit for purpose. On that basis, we have not recommended changes where the provisions currently in place have proved adequate.

## Chapter 3 : Principles and Parliamentary Duties

### (i) Principles

3.1. We agreed, early in the review, that the best way forward would be to produce a scheme for the reimbursement of expenses based on principles, and that the SPCB should develop rules and guidelines based on our recommendations.

3.2. Research has suggested that in most legislatures allowances' schemes are generally based on rules determining what can and cannot be claimed. In the majority of such schemes financial limits are set for allowances. The existing Member's Allowances Scheme in the Scottish Parliament follows this pattern.

3.3. It is our view that any new scheme should serve three purposes:

- provide adequate resources to enable Members to undertake their parliamentary duties including engagement with their constituents;
- promote accountability and transparency with respect to the expenditure of public funds; and
- ensure greater public understanding of the use of public funds by Members in undertaking their duties.

3.4. To fulfil these purposes, any new scheme should:

- be based on principles rather than expediency;
- be clear and understandable;
- be administered in a manner that will limit the risk of abuse;
- provide a means whereby only reasonable and legitimate expenses will be reimbursed or paid for; and
- operate fairly for both Members and the public purse.

3.5. It is important for any new scheme to set out clearly the rules and guidelines on what can and cannot be claimed in relation to a Member's duties. This approach will also help those who administer the scheme to ensure that claims are processed in accordance with the rules.

3.6. Rules, no matter how detailed, cannot cover all situations and there will be occasions when a decision will have to be taken about whether a claim is legitimate or not. We hope that our key principles will help the SPCB to make these judgements.

3.7. In looking at the principles that should be applied for an effective scheme, we recommend principles consistent with the 'Seven Principles in Public Life' which have been developed by the Committee on Standards in Public Life and which form the basis of other codes and schemes in the public sector.

3.8. We believe that these principles translate well and provide a sound basis for our recommendations. We were also aware that these headings would have the advantage of a direct read across to the principles already agreed by the Parliament in respect of the conduct of Members.

**Recommendation 1. Any new scheme should be underpinned by a set of principles and these principles should be consistent with the ‘Seven Principles in Public Life’: objectivity, accountability, openness, integrity, selflessness, honesty and leadership.**

3.9. We recommend the following for the reimbursement of expenses.

#### *Objectivity*

- Expenses are to be reimbursed only for the purpose of a Member carrying out his or her Parliamentary duties.
- The requirement for efficiency, effectiveness and value for money should always be central in claiming for accommodation, goods or services funded from public funds.

#### *Accountability*

- Individual Members must take personal responsibility for all expenses incurred and for making claims, even if he or she delegates the administration of claims to others.
- All claims for expenses incurred must be supported by receipts or other documentation confirming the expenditure.

#### *Openness*

- Individual Members should be open and transparent about expenditure incurred under the scheme.
- Information on individual Members’ expenses claimed will be published regularly to enable the public to see what expenses have been incurred, except where there is personal or third party data or security considerations.

#### *Integrity*

- A Member must ensure that any claim is above reproach and that there can be no grounds to suggest misuse of public money.
- Any payments made must not relate to party political activity, nor should any arrangement entered into give the appearance of a benefit to a party political organisation.

### *Selflessness*

- A Member must ensure that any claim does not give rise to, or give the appearance of, benefit or subsidy to a Member, or someone close to a Member, for a purpose other than carrying out parliamentary duties.

### *Honesty*

- All claims must be made honestly and a Member should take steps to resolve any conflicts arising in a way that protects the public interest.

### *Leadership*

- A Member should lead by example, strengthening the public's trust in the integrity of the new scheme and setting high standards for other areas of public service.

### *(ii) Parliamentary Duties and Rules*

3.10. We consider that these principles will ensure that the underlying purpose of the scheme is clear. Throughout the report we also make recommendations in respect of Members claiming for the reimbursement of expenses incurred in pursuit of their parliamentary duties. We see no reason to make any changes to the existing definition of parliamentary duties and believe that the principles we have recommended will provide additional clarity should it be needed.

3.11. The term 'parliamentary duties' means the tasks or function which a Member could reasonably be expected to carry out in his or her capacity as a Member of the Parliament. These will include:

- attending a meeting of the Parliament;
- attending a meeting of a committee or sub-committee of the Parliament of which the Member is a member or which the Member is required to attend because he or she is in charge of a Bill or other matter under consideration by the committee or sub-committee or for any other valid reason relating only to the business of the committee or sub-committee;
- undertaking research or administrative functions which relate directly to the business of the Parliament;
- attending meetings for the purpose of representing electors or explaining the application of policy including attending meetings for the purpose of seeing a constituent or constituents;
- attending parliamentary party group meetings in Edinburgh or such other places in Scotland as may be approved in advance by the SPCB;

- attending a meeting, ceremony or official function which relates directly to, or in connection with, the business of the Parliament; and
- attending an international conference which relates directly to, or in connection with, the business of the Parliament with the prior approval of the SPCB.

The term 'parliamentary duties' does not include a Member's activities which are wholly in relation to his or her role as a party spokesperson or representative.

3.12. Under the existing scheme, rules are set out on matters such as what constitutes verifiable expenditure, enforcement, publication and uprating. For continuing good governance, we consider the rules currently applying to the existing scheme should form part of any new scheme, with necessary adaptations to take account of our recommendations.

**Recommendation 2. Members should be entitled to claim for the reimbursement of reasonable expenses incurred when undertaking their parliamentary duties. We see no reason to recommend any changes to the existing definition of parliamentary duties.**

## **Chapter 4 : Accommodation**

4.1. One of the most contentious issues in the existing Members' Allowances Scheme is the Edinburgh Accommodation Allowance, specifically the provision to meet mortgage interest payments on property purchased in Edinburgh by qualifying Members.

4.2. At present a number of different allowances cover accommodation costs: Edinburgh Accommodation, Exceptional Needs and Members' Support.

4.3. Entitlement to the existing Edinburgh Accommodation Allowance depends on the distance from Edinburgh of the constituency where the Member has his or her main residence. Constituencies are categorised into 3 groupings based on travel time taken by public transport to travel to the Parliament. These are detailed at Annex A to this report.

4.4. Group 1 constituencies are deemed to be close enough to the Parliament for commuting purposes and Members in these constituencies are not eligible to claim the Edinburgh Accommodation Allowance. A Member in a Group 2 constituency is entitled to an overnight expenses allowance of up to £110.45 per night for each night he or she is required to stay overnight in Edinburgh for parliamentary duties.

4.5. Members who live in Group 3 constituencies are entitled to an annual allowance of up to £11,400 (£10,369 for new Members in an election year because the amount is on a pro-rata basis), which can cover overnight expenses or costs for residential accommodation in Edinburgh.

4.6. If a Member uses the Edinburgh Accommodation Allowance for residential accommodation in Edinburgh, the current allowance covers the following expenses: rent payable for the lease of a property or interest on the capital required to purchase a property; conveyancing fees and outlays; the surveyors' fees incurred in the purchase of the property (where applicable); council tax; factoring charges; the provision of utilities; building and contents insurance; TV Licence; reasonable removal costs; reasonable costs of securing the property.

4.7. Separate provision is also made within the Members' Allowances Scheme for an Exceptional Needs Allowance for those constituencies that are over 250,000 hectares in area, constituencies which contain significant island communities and the largest regions. These are listed in Annex B. Under this allowance, Members are eligible to claim up to £98.80 per night where it is unreasonable for the Member to return to his or her main or other residence before or after undertaking parliamentary duties within the qualifying constituency or region.

4.8. Overnight expenses of up to £98.80 (£122.83 in London) can also be payable when a Member is required to undertake parliamentary duties which involve spending a night away from his or her main or other residence.

4.9. Within the existing Members' Support Allowance, provision exists for overnight expenses in relation to travel commencing in Scotland to other destinations within the UK, Brussels or Strasbourg on parliamentary duties. There is also provision to meet the overnight expenses of staff or volunteers in attending a seminar or conference when they are assisting a Member in his or her parliamentary duties.

#### *Accommodation Provision and Eligibility*

4.10. As can be seen from the above, a number of the existing allowances provide for accommodation and overnight expenses. There are also different overnight rates in operation depending on the allowance. We consider that arrangements for the reimbursement of accommodation and overnight expenses should be simplified to provide greater clarity and uniformity.

**Recommendation 3. There should be provision for Accommodation expenses. This should comprise separate provision for (i) Edinburgh accommodation, (ii) overnight expenses and (iii) exceptional needs.**

#### *(i) Edinburgh Accommodation*

4.11. In relation to eligibility for overnight expenses in connection with parliamentary duties in Edinburgh, we see no reason to depart from the existing categorisation of constituencies where a Member has his or her main residence (Annex A).

4.12. We are conscious that as part of a previous review of the allowances schemes, a considerable amount of work was undertaken to determine the time taken to travel to the Parliament which formed the basis of these categories. For example, to qualify as a Group 3 constituency, the time taken to travel to Edinburgh by public transport would have to be at least 90 minutes.

4.13. Based purely on distance, there could be an argument for some of the constituencies in Group 2 to transfer to Group 1. However, we recognise from looking at the tasks undertaken by Members that, when they are in Edinburgh, they are required to attend meetings with various organisations or attend events in relation to their parliamentary duties which more often than not take place in the evenings when Parliament has finished sitting for the day.

**Recommendation 4. The existing categorisation of constituencies where a Member has his or her main residence should remain in place as the basis for determining eligibility for overnight expenses incurred in connection with parliamentary duties in Edinburgh. These are detailed in Annex A to this report.**

4.14. Using the existing categorisation, Members in Group 1 constituencies should not be eligible to claim accommodation expenses for staying in Edinburgh, as they will have their main residence within acceptable travelling distance of the Parliament.

**Recommendation 5. Members in Group 1 constituencies should not be eligible to claim accommodation expenses for staying in Edinburgh.**

4.15. Members in Group 2 constituencies may be required to stay overnight in Edinburgh at regular intervals and they should be reimbursed overnight expenses for doing so.

**Recommendation 6. Members in Group 2 constituencies should be eligible to claim for overnight expenses when they are required to stay overnight in Edinburgh to undertake parliamentary duties.**

4.16. There is clearly a requirement for Members in Group 3 constituencies to be in Edinburgh to fulfil their parliamentary duties. In our view it is appropriate and equitable for these Members to be reimbursed reasonable costs from the new scheme, as they clearly cannot commute to the Parliament on a daily basis.

4.17. Evidence submitted by the public refers to the potential 'profit' that can be made by a Member from the public purse when a Member claims for mortgage interest costs, under the existing arrangements, and subsequently sells the property that has been purchased with a substantial capital gain. Some Members have also expressed concern about this issue.

4.18. There is a clear perception that when a Member sells the property (at whatever stage) then any profit is retained by the Member, even though the Member is liable for capital gains tax. It is of course conceivable that a Member could experience negative equity and financial loss on the sale of the property, although the Edinburgh property market has been buoyant throughout the life of the Parliament and a small number of Members have already benefited from the existing arrangements.

4.19. Criticism of the existing arrangements has been widespread and persistent. In the circumstances, we believe that the status quo is not an option in any new scheme, especially if the new scheme is to command the confidence of the public.

4.20. That said, evidence has also been received from some Members who support the existing arrangement on the basis that it is reasonable for anyone who has to live away from home for significant periods of time to have a permanent base instead of living in a hotel room. Such an argument for a permanent base can of course be satisfied through leasing accommodation.

4.21. We examined the costs to the public purse of leasing accommodation, meeting the mortgage interest on properties and hotel costs, assisted by data from the Parliament's published information on allowances. In 2006/07, the average annual leasing costs were £6,960 per Member making such claims and the average annual mortgage interest payments were £5,783 per

Member claiming<sup>1</sup>. We also looked at similar costs for the years between 2003 and 2006 and while the average costs for leasing were greater, the differential was less over these years than in 2006/07. As with any analysis, based on average costs, there were instances where individual leasing costs were less than the costs for mortgage interest payments.

4.22. Hotel costs can be claimed up to a maximum of £110.45 per night. Over the course of the year when Parliament is sitting (37 weeks), these could potentially total £8,173 for 2 nights a week or £12,260 for 3 nights a week, although the latter figure is capped at the current allowance limit of £11,400. The average spend for Members choosing to use hotels in 2006/07 was around £3,400.

4.23. To put these figures in context we also looked at the average leasing costs in Edinburgh based on one and two bedroom properties and while there is fluctuation depending on location, the average cost of a one bedroom flat is £512.00 per month and a two bedroom flat £668.00 per month<sup>2</sup>.

4.24. When looked at solely in relation to average leasing and hotel accommodation costs, the reimbursement of mortgage interest costs could appear to provide a slightly greater value for money for the public purse.

4.25. We therefore considered other possible options in relation to Edinburgh accommodation. Some of the evidence submitted suggested that the Parliament should purchase a variety of properties and lease them to Members. We considered that this suggestion would not be practical on financial grounds, given the initial capital outlay the Parliament would have to make and the on-going costs of maintaining such properties.

4.26. We also considered a model which would enable the SPCB (and therefore the public purse) to recover any potential profit arising out of any subsequent sale of the property. This suggestion was put forward by a number of people submitting evidence, and would clearly have the advantage of any profit (after capital gains tax) being recovered.

4.27. Looking at this proposal in detail did, however, raise a number of practical implications which were also set out in some of the evidence we received. For example, the sum to be recovered would have to be abated to reflect maintenance and improvements carried out on the property at the expense of the Member. There are also significant issues about the timing of the sale which could be long after the initial investment and perhaps many years after the Member had left Parliament. In light of this and other similar difficulties we did not see this as a helpful option.

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<sup>1</sup> 10 Members claimed for leasing costs and 38 Members claimed for mortgage interest in 2006/07.

<sup>2</sup> Trends in Scottish Residential Lettings - Interesting Times. The Citylets Report Issue 3. Autumn 2007. Acknowledgements: Dominic McKeith and Dr Colin Roberts

4.28. We also considered other options put to us in evidence, but considered we really had only two realistic options, both of which could form part of any new expenses scheme.

4.29. The first is to remove the facility to claim mortgage interest on capital in relation to a property purchased in Edinburgh. This would remove the perception that a Member can profit from the sale of any property, but would still allow Members to lease accommodation or stay overnight in hotels.

4.30. The second option is to retain the facility to claim mortgage interest on capital in relation to a property purchased in Edinburgh, but to introduce a mechanism whereby the SPCB could recover all the expenses claimed from the sale proceeds of the property.

4.31. In practical terms this would be achieved by the Member entering into a contract with the SPCB, undertaking to repay the mortgage interest paid under the scheme in the event of the property being sold or transferred. The Member's obligation to make repayment would be supported by the grant of a standard security over the property by the Member in favour of the SPCB. The security would be registered publicly. Since the standard security would attach to the property until discharged, this arrangement could continue even when a Member was no longer sitting in the Parliament.

4.32. The arguments on this issue are finely balanced but having looked in detail at the options, the majority of the panel (subject to one exception, namely James Selkirk, who dissented expressing a preference for the option of using a standard security to recover the costs of mortgage interest on capital<sup>3</sup>) recommends that the existing provision to claim for mortgage interest payments to purchase a property should be abolished.

4.33. In reaching this view, we have recognised in paragraphs 4.21 to 4.24 that the reimbursement of mortgage interest costs does appear to provide greater value for money for the public purse, but at best this is marginal and might well be offset by survey costs, conveyancing costs and the added legal and administrative costs of introducing the standard security. On this basis we do not consider that the value for money argument is sufficient to counter public disquiet about this matter or the concerns expressed by some Members.

4.34. We recognise that no scheme will meet with universal public support. Nevertheless there has to be public confidence that provision is made to meet costs necessarily incurred by Members in serving their constituents. To include a provision which could result in substantial financial gain for a Member is likely to erode public confidence.

4.35. We are sympathetic to the notion that Members wish to have a more ordered and normal lifestyle by living in accommodation other than a hotel.

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<sup>3</sup> Details of the option for a standard security can be found on our website.  
<http://allowancesreview.scottish.parliament.uk/papers.htm>

However, we believe that this can be accomplished through the continued provision of expenses to cover the costs of leasing accommodation.

4.36. In chapter 3, we have set out a series of principles which should apply to the new scheme. In particular, we recommend that 'A Member must ensure that any claim does not give rise to, or give the appearance of, benefit or subsidy to a Member, or someone close to a Member, for a purpose other than carrying out Parliamentary duties'. A scheme which assists Members to purchase a property which results in a substantial profit (and a personal gain) at the point of sale clearly fails this test.

**Recommendation 7. The payment of an allowance to meet mortgage interest payments should be abolished.**

4.37. In reaching a view on this matter, we are mindful of the position of Members currently in receipt of this allowance. We recognise that the abolition of this allowance could cause short term difficulties and inconvenience for these Members. We therefore recommend that a transitional arrangement should be put in place to allow time for those Members to reorganise their accommodation arrangements.

**Recommendation 8. There should be a transition period for existing Members who qualify for support with mortgage interest payments under the current arrangements. This transition period should last until the end of the current parliamentary session.**

**Recommendation 9. Members in Group 3 constituencies should be eligible to claim overnight expenses or costs associated with leasing accommodation while in Edinburgh on parliamentary duties.**

4.38. Where a Member in a Group 3 constituency leases accommodation we have also accepted that qualifying Members should not have to meet certain expenses out of their own pockets because they need to be in Edinburgh. In most cases they will have to meet the same costs from personal income in respect of their main residences.

**Recommendation 10. Where a qualifying Member leases accommodation, the following living expenses may be met – factoring charges, council tax, utility costs and telephone costs.**

4.39. Based on the principle set out in chapter 3 and repeated in paragraph 4.36 (above), we recommend that leasing accommodation from close family members should be prohibited.

**Recommendation 11. Members should not lease, directly or indirectly, accommodation from close family members.**

4.40. In this regard, the SPCB should look to FRS8 (the accounting standard on related party transactions) which provides a definition of close family

members being *those family members, or members of the same household, who may be expected to influence, or be influenced by, that person* in their dealings with the reporting entity. Of course, FRS8 applies in a different context but the definition of close family members (in italics) is helpful. The recommendation covers both direct and indirect (for example via trusts, other individuals or organisations) arrangements. The SPCB may also wish to note the definition of family members provided by the House of Commons Committee on Standards and Privileges in its consultation document on the employment of family members through the Westminster Staffing Allowances<sup>4</sup>.

4.41. Based on this report, Members who reside in Group 2 and 3 constituencies are entitled to claim for Edinburgh Accommodation under any new scheme. The equivalent under the existing arrangements provides for an annual allowance of up to £11,400 (£10,369 for new Members in an election year because the amount is on a pro-rata basis), to cover overnight expenses or the costs of accommodation in Edinburgh. We have received no evidence to the effect that this is currently insufficient. However, the SPCB should have powers to adjust this figure from time to time to reflect property market conditions and hotel costs.

**Recommendation 12. There should be a maximum annual provision of up to £11,400 (£10,400) for new Members in an election year) for Edinburgh accommodation.**

(ii) Overnight Expenses

4.42. The rate for those Members who qualify to stay overnight in Edinburgh for parliamentary duties is at present up to £110.45 per night, including the cost of an evening meal. We received evidence to suggest that the present rate was insufficient and considered the hotel rates in Edinburgh available within the present Members' Allowances Scheme. There is clearly a range of prices with accommodation only costs in the range £98.00 and £115.00

4.43. We are satisfied that there should be a revision of the existing overnight accommodation rate. We suggest that this is based on accommodation costs of up to £110.00 per night plus the current meal rate paid by the Scottish Government which is set at £18.60.

4.44. To simplify the overnight expenses provision we would suggest that our recommended overnight rate should apply to all overnight stays on parliamentary duties within Scotland and the rest of the United Kingdom but excluding London. Any claims for overnight expenses would have to be accompanied by receipts and expenditure incurred by individual Members would be published on a regular basis to ensure accountability and transparency for any overnight claims.

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<sup>4</sup> House of Commons, Committee on Standards and Privileges: Employment of family members through the Staffing Allowance: Proposals for consultation. Sixth Report of Session 2007-08. HC 383 published on 28 February 2008.

4.45. This provision should also cover any overnight expenses incurred by staff or volunteers who have to attend a seminar or conference to assist a Member in his or her parliamentary duties. Any such claim should be certified by the employing Member or Members.

**Recommendation 13. The overnight expenses rate, including an evening meal, for overnight stays in relation to parliamentary duties within Scotland and the rest of the UK, but excluding London, should be up to a maximum of £128.60.**

4.46. The existing overnight expenses rate for London is £122.83. This appears low with the accommodation only rate in the range £119.00 to £152.50. We therefore recommend that the accommodation rate should be based on accommodation costs of up to £131.00 and the current meal rate paid by the Scottish Government which is set at £19.20 for London.

**Recommendation 14. The overnight expenses rate, including an evening meal, for overnight stays in London in relation to parliamentary duties should be up to a maximum of £150.20.**

4.47. There are few occasions when parliamentary duties necessitate an overnight stay outside the United Kingdom. Where such instances do arise we consider that SPCB approval should be sought in advance of any such visit. The only exception to this would be for travel to Brussels or Strasbourg for meetings with Members of the European Parliament and/or representatives of European Union institutions on parliamentary business. In these circumstances, we consider that approval should not be required but the SPCB ought to be notified in advance of such visits.

*(iii) Exceptional Needs*

4.48. We note from the existing scheme that there is an Exceptional Needs Allowance for those constituencies that are over 250,000 hectares in area, constituencies which contain significant island communities and the largest regions, where it is unreasonable for a Member to return to his or her main or other residence before or after undertaking parliamentary duties within the qualifying constituency or region.

4.49. We see no reason why the constituencies and regions that fall into this category (Annex B) should not be treated in the same way in any new scheme with the uniform overnight rate.

**Recommendation 15. An exceptional needs provision should apply for overnight expenses only when it is unreasonable for the Member to return to his or her main or other residence before or after undertaking parliamentary duties within the Member's constituency or region.**

4.50. We note, however, that it is only the constituency Member for Cunninghame North who would be eligible to claim this amount for any overnight stay off the mainland, such as the Isle of Arran.

4.51. Under the existing arrangements, regional Members for the West of Scotland Region do not qualify. We see this as an anomaly as there may be genuine parliamentary duties requiring a regional Member to travel off the mainland in the Cunninghame North constituency requiring an overnight stay.

**Recommendation 16. The exceptional needs provision should apply to Members returned from those constituencies or regions set out in Annex B. This includes the West of Scotland Region, but only in circumstances where a Member is required to stay overnight on an island visit in the Cunninghame North constituency.**

## Chapter 5 : Staffing

5.1. Many of the evidence submissions we received highlighted the issue of staff salaries, with the majority of correspondents also commenting on concerns about staff terms and conditions.

5.2. Under the existing arrangements Members employ their own staff. Salary costs are met out of the capped Members' Support Allowance which also funds local office costs. The amount of money available to meet staff salary costs is determined by the amount available once local office costs have been determined. The employer's National Insurance contributions and employer's pension contributions are met from a separate Support Fund – Employees and Contingencies. The Support Fund is not capped.

5.3. Members of the Scottish Parliament are office holders. They are not employees of the Scottish Parliament and it is therefore right that, in performing the functions expected of them, both within the Parliament and in their constituencies and regions, they have an appropriate level of staffing support to respond to the needs of their constituents in a cost effective manner.

5.4. We recognised that there was an opportunity, through this review, to design an appropriate staff support provision which should stand the test of time. However, this raises a number of challenges, not least how to map the existing contractual arrangements which Members have with their staff on to a new structure.

5.5. When Parliament is sitting, it is often the support staff who deal with constituents at a local level. Members also require support with research and the preparation of briefings and speeches relating to their parliamentary work. Staff have a vital support role ensuring the effectiveness of Members in undertaking the functions which they have been elected to perform. We fully accept that Members require adequate staffing support and that the costs of providing this should be met from the new scheme.

**Recommendation 17. There should be provision for staff costs comprising separate provision for (i) salary costs (ii) employer national insurance and pension contributions (iii) temporary staff (iv) training (v) good employment practices and (vi) redundancy costs. The provisions for national insurance and pension contributions and good employments practices (for example, maternity leave) should be administered centrally.**

5.6. We consider this recommendation should simplify the existing arrangement where staff salary costs are met from the Member's Support Allowance and the employer's national insurance and pension contributions is met from a separate Support Fund. Having a single provision has the added advantage of making this element of any new scheme more transparent and easier to administer.

5.7. Arguments have been made in favour of the SPCB taking on an employer role, but the majority of the evidence on this issue has been to the effect that it is more appropriate for Members to retain this responsibility. We understand that although the SPCB currently supports Members by providing a payroll service and setting out minimum terms and conditions for staff employed by Members, it is not involved in the recruitment or dismissal of staff.

5.8. We accept that the SPCB could be placed in a difficult position if it took on the employer role for Members' staff. It would not be possible for the SPCB to monitor the performance of a member of staff or deal effectively with any breakdown in the working relationship between a Member and an employee. It would also not be practical for Members to act as 'managers' of staff on behalf of the SPCB.

<b>Recommendation 18. Members should continue to employ their own staff.</b>
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5.9. We note with approval the support provided by the SPCB to Members in their role as employers. The SPCB has taken care, within the provisions of the existing allowances scheme, to ensure that the support it provides does not infringe upon the employer/employee relationship between the Member and his or her employees.

5.10. We also recognise that, as Members will be the employers, this does leave open the possibility of Members employing close family members. This issue has also been raised in evidence to us. We consider that it is a matter for the Members to determine whom they wish to employ to provide the necessary services in support of parliamentary and constituency work. We do not consider it is right to disqualify relatives from being employed purely on that basis.

5.11. It should continue to be a matter entirely for the Member to decide, within the remit of best employment practice, whom they wish to employ and decide the competencies required for the particular functions to be undertaken by those employees. Constituencies and regions vary greatly and the particular circumstances in each may similarly vary. Consequently the skills set and mix required by employers could vary and it should be for the Member to decide what he or she requires from employees.

5.12. Nevertheless, we are aware that there is public disquiet about Members employing close family members, but we do not propose to block this. At the time of drafting this report there has been considerable interest in this matter at Westminster and we are aware of the voluntary action taken by some Members to regain public confidence through greater transparency.

5.13. In the light of this, we believe that Members should take a cautious approach in considering whether or not to employ a close family member. We also consider that it is now essential that all such arrangements are transparent, and at the very least they are registered. We also consider the

SPCB should be empowered to decide, from time to time, what additional information should be registered, taking account of data protection issues

**Recommendation 19. The SPCB should make arrangements for a register requiring a Member to declare that he or she is employing a close family member.**

*(i) Staff Salary Costs*

5.14. Under the existing Members' Support Allowance, office costs and staff salaries are combined. It has been difficult to gauge what Members currently spend on staff as this is very much dependent on the office lease costs and other related expenditure. We note, however, that the existing Members' Support Allowance is capped at £60,700 for constituency Members (and less for regional Members depending on circumstances). A notional amount is identified for office costs (currently £14,133), which therefore provides a notional amount of £46,567 for staff costs.

5.15. At the outset we considered two possible approaches to determine the staff salary element of any new scheme. The first approach would be to set a capped level for staff salary costs and the second approach would be to determine in any scheme the number of staff a Member could employ and to place limits on the numbers of staff that could be employed within identified salary bands.

5.16. Having studied both options, we consider that basing our recommendation on set maximum financial limits is preferable. The advantage with a capped amount is that it allows Members to determine how staff costs are managed and provides flexibility in the mix of staff they employ (full-time, part-time or contract for services).

5.17. There is a wide range of employment practices in relation to the staff currently being employed by Members and significant variation in hours of work. To map the existing arrangements on to a model where there would be limits placed on the number of staff employed within a pay banding would be difficult and, in our view, disruptive to the Members and staff.

5.18. The practice of the SPCB of setting out the minimum requirements for terms and conditions of staff should continue as we consider this to be a helpful service. We should also make it clear that the staff costs provision in the new scheme should be dealt with through the SPCB payroll service and identified against individual Members. Members should agree salary terms with staff, but Members should not receive any of these salary costs. All financial transactions should be dealt with by the SPCB on behalf of Members through payroll.

**Recommendation 20. All staff salary costs should be administered through the payroll services provided by the SPCB and identified against each individual Member as appropriate.**

## *Constituency/ Regional issues*

5.19. In terms of parliamentary duties, such as sitting on Committees and taking part in plenary sessions of the Parliament we see no distinction between the workload of a constituency Member or a regional Member.

5.20. The evidence received in relation to casework is that the scale and complexity of the workload has grown as the Parliament matures, particularly for constituency Members. However, we did not receive, or consider, detailed evidence which enabled us to quantify this.

5.21. A number of constituency Members have suggested that their casework is significantly greater than that of regional Members. This is also accepted by some regional Members who have submitted evidence. Constituency Members are more often than not the first point of contact for anyone in need of assistance locally.

5.22. On this latter point, we note that the Parliament's Code of Conduct<sup>5</sup> for Members, provides that the:

“...basic principle is that the wishes of the constituent are paramount. In particular, a constituent has the right to approach his or her constituency MSP, or any of the seven regional MSPs elected in his or her region. They also have the right to expect an MSP to take on a case though the MSP must be able to judge how best to do so. It is expected, however, that, in practice, the usual point of contact for a constituent raising a specific personal or local matter will be his or her constituency MSP. In the event that a regional ('list') MSP does raise a constituency case (for example with a Minister or local authority) he or she must notify the relevant constituency MSP at the outset unless the consent of the constituent is withheld”.

5.23. We also recognise that regardless of the scale of the caseload, some cases can be complex and time consuming. Some might easily be dealt with by way of a single letter or telephone call, whilst other cases may require detailed research and correspondence with third parties to reach a conclusion. Surgeries held by Members, by their very nature and purpose, also generate significant casework. E-mail also makes it easier for many constituents to contact their Member of the Parliament.

5.24. While we see no distinction between the workload of a constituency Member and a regional Member in terms of parliamentary duties, we believe that there is a distinction to be made between casework dealt with by constituency Members and regional Members.

5.25. We recognise that, despite seeking such information as part of our call for evidence, we could not make a detailed assessment of caseload. In the event that the SPCB or the Parliament disagrees with our recommendations

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<sup>5</sup> Code of Conduct for Members of The Scottish Parliament - Edition 3, May 2007.

on staffing we would consider it appropriate for the SPCB to undertake further research on the distribution of casework between constituency and regional Members. However, we are as satisfied as we can be that a greater workload falls on constituency Members.

5.26. We also examined possible job roles and salary bandings drawing on information already available to the SPCB and in the House of Commons to provide us with a baseline for our staffing proposals.

5.27. A considerable amount of work has been undertaken on job roles for staff supporting Members in the House of Commons. Given that the roles of staff supporting a Member of Parliament, (whether it is in Westminster or Holyrood) should not be too different we have identified examples of possible job roles, although we recognise that Members need some flexibility in this matter. Possible roles and definitions are as follows:

#### Senior researcher/ senior caseworker

- Undertake research on complex and difficult subjects – analyse, interpret and present the results
- Deal with more complex constituency correspondence
- Meet with constituents and organisations on behalf of the Member
- Prepare draft speeches
- Deal with media enquiries

#### Researcher/ caseworker

- Undertake more routine research – analyse, interpret and present the results
- Deal with constituency correspondence
- Liaise with central and local agencies to resolve problems on behalf of constituents

#### Office support

- Manage the office and budgets
- Provide secretarial/ administrative support
- Manage the diary and arrange engagements
- Provide support at surgeries
- Deal with enquiries

5.28. We also looked at salary scales of both SPCB and Westminster staff based on these job roles. Below are the SPCB scales with Westminster figures in brackets based on the lower pay band in the provinces and the upper pay band in central London.

Title	Salary scales (as at 1 August 2007)	
Senior researcher/ senior caseworker	27,146 28,116 29,085 30,055 31,023 31,993 32,962 33,932 34,900	(26,789 – 38,623)
Researcher/ caseworker	21,152 21,826 22,479 23,143 23,807 24,469 25,133 25,796 26,459	(20,559 – 38,623)
Office support	16,850 17,568 18,283 19,002 19,715 20,433 21,151	(16,821 – 29,280)

5.29. In determining what the financial limit of the staff salary cost provision should be, we noted that some of the evidence submitted suggested we look at the linkage used to set Members pay which is 87.5% of the salary of a Member of Parliament at Westminster. We concluded that this would undermine our view that job roles and salaries should be more explicitly linked.

5.30. We therefore used the salary bands set out above as a guide to determine the financial limits for staff salaries.

#### *Constituency Members*

5.31. In setting the financial limit for constituency Members' staff costs we considered that there should be a sum sufficient to enable a constituency Member to employ 2 or (exceptionally) up to 2.5 full time equivalent members of staff. Using the staff costs above as the basis for the calculation, based on the maximum salary ranges for 2 full time equivalent researcher/ caseworker and 0.5 full time equivalent office support we propose a limit of £62,000. We consider this to be a significant increase on the sum available to constituency Members under the present arrangements. This provides the Member with

flexibility (for example, the opportunity to appoint a senior researcher/caseworker and office support staff) and our assumption is that many Members will not incur expenditure up to the maximum provision.

**Recommendation 21. The maximum staff salary provision available for constituency Members to meet staff costs should be £62,000.**

### *Regional Members*

5.32. In calculating the financial limit for regional Members' staff costs we have based the calculation on 1.5 or (exceptionally) 2 full time equivalent members of staff. We proposed that the calculation should be based on the high end salary scales for one full time equivalent senior researcher/ senior caseworker and 0.5 full time equivalent office support which gives a total of about £45,000. We consider this to be broadly equivalent to the sum available to regional Members under the present arrangements (depending on their office cost arrangements) and that it realistically reflects their workload.

**Recommendation 22. The maximum staff salary provision available for regional Members to meet staff costs should be £45,000**

5.33. This recommendation is supported by the whole panel although James Selkirk dissented expressing a preference for a higher level of funding set at approximately 80% of the maximum staff salary provision for constituency Members.

5.34. We recognise that these recommendations could give rise to a significant increase to the overall staffing budget. Looking at other United Kingdom legislatures, the Senior Salaries Review Body has recently recommended that in the House of Commons, the Members' staff provision should be increased to £96,630 (about £85,000 net of national insurance contributions), and in the National Assembly for Wales, Members have a potential maximum staff provision of about £73,500 (about £64,000 net of national insurance contributions) depending on the salary bands of staff. Our approach has been based on the functioning of the Scottish Parliament. We have considered the evidence made available to us to assess the number of staff that Members may need to support their functions. We have then linked those staff to pay scales to calculate the maximum staff salary provision.

5.35. Using pay scales as a guide to staff salary provisions means that there could be a gradual progression up the pay scales over a number of years. Members have a duty to ensure the efficient use of public funds and staff should be assimilated to the appropriate pay scale, receiving an initial increase no higher than a maximum of one pay spine point. Given the maximum provision that we are recommending we see no reason in future for bonus payments to be made to staff. We consider the pay scales recognise an appropriate salary based on roles, responsibilities, experience and contribution.

**Recommendation 23. The SPCB should produce guidance for Members to take account of the pay scales outlined in this report, including initial assimilation to the appropriate pay point, when considering their employment requirements. Staff salaries should reflect the roles, responsibilities and experience of staff and Members should operate within the financial limits proposed.**

5.36. Some Members currently pool their allowances with another Member or Members to employ staff who are shared between or amongst them provided that there is a named employer. Legal framework agreements have been devised and provided to those Members in pooling arrangements to formalise these arrangements. We consider this to have been a necessary and helpful approach. We understand the need for the pooling arrangement and the benefits to the Members concerned.

**Recommendation 24. Pooling arrangements for the employment of staff should continue to be permitted as now. These arrangements should be set within a legal framework appropriate to each pool.**

*(ii) Employer Contribution Costs*

5.37. In addition to the basic salary costs, there are additional employer costs to cover statutory National Insurance contributions (12.8%) – (although the first £435 of any monthly salary is excluded from the 12.8%) and employer's pension contributions which are approximately 10%. These costs have to be factored into any scheme and we propose that these should be met centrally by the SPCB and identified against individual Members and, subject to any data protection issues, published in an appropriate format. All the costs should be calculated through the SPCB payroll services and individual Members should not have direct access to this provision other than to certify the costs.

**Recommendation 25. The employer contributions should be met centrally from the SPCB payroll and identified against individual Members.**

5.38. National insurance contribution costs are determined by statute. In terms of accountability and to ensure there is adequate control on the pension contributions, we consider that the costs of employers' contributions to pensions should be met out of public funds and limited to a maximum of 10% of gross basic annual salary. However, we recognise that for staff in post with their existing employer before 1 March 2001, the SPCB did have a policy of meeting actual contributions. It would not be fair to the staff involved to make any changes to these arrangements.

**Recommendation 26. Employer pension contributions should be subject to a maximum of 10% of gross basic annual salary, with special provision for staff employed before 1 March 2001.**

(iii) *Temporary Staff*

5.39. We are conscious that on occasions there will be a need to meet costs incurred by a Member in obtaining support while an employee is absent from work, for example through illness (for a continuous period that exceeds 2 weeks), through maternity or paternity absence or through jury service.

5.40. Such a provision should only be payable when cover is provided for a substantive member of staff. No payment should be made to cover temporary or casual staff. A claim would have to be supported by medical certificates or other documentation confirming the reasons for the absence. As the financial implications of this will be demand driven we do not consider it possible to put a financial ceiling on this and suggest that a Member who is in the position of requiring temporary staff cover should make an application to the SPCB to meet the costs he or she will incur from a central fund.

**Recommendation 27. It should be permissible for costs associated with temporary staff employed to cover legitimate absences to be met from a central fund. Payments should only be made on condition that the cover is required for a substantive post. Cover for casual or temporary staff should not be permitted.**

(iv) *Staff Training*

5.41. Evidence we received also suggested that we look at training support for staff, in line with good employment practice. We agree that provision should be made for the SPCB to hold a modest central budget to meet the costs of staff training. Members should apply to the SPCB to have costs met from this budget with minimum bureaucracy. All costs should be allocated against the respective Member.

**Recommendation 28. There should be a modest budget held by the SPCB to meet reasonable costs of staff training.**

(v) *Good Employment Practice*

5.42. We have been made aware that at present the SPCB provides access for Members' staff to the childcare voucher scheme it operates assisting staff to meet the costs of childcare. These costs are currently met out of the Support Fund – Employees and Contingencies. We agree that Members and their staff should have access to these vouchers.

**Recommendation 29. Childcare vouchers should be made available to Members' staff as appropriate and the costs met centrally by the SPCB.**

5.43. We have examined the existing provisions for the Support Fund – Employees and Contingencies, and we have recommended that provision be made for employer contribution costs and temporary staff cover. However, recognising the evolution of employment rights, we consider that additional

provision may have to be made, in some instances, to cover insurance costs, costs for legal advice on employment practice and a range of other matters.

**Recommendation 30. The SPCB should be empowered to hold a central fund to meet the cost of other items which reflect good employment or workplace practices and facilities.**

(vi) *Staff Redundancy Costs*

5.44. In chapter 9, we make recommendations in respect of staff redundancies which occur when a Member ceases to be a Member of the Parliament. There may also be other circumstances when this is an issue.

5.45. In these circumstances, we consider that it is appropriate to deal with redundancy payments as part of the capped financial provision for staff costs. Should a Member not have sufficient funds to meet the redundancy costs we consider that application could be made to the SPCB. The SPCB will have to satisfy itself on receipt of such an application that the payment of such redundancy costs is reasonable.

**Recommendation 31. Where a Member has insufficient funds in his or her staff salary costs provision, the SPCB should have authority to assist with reasonable redundancy costs from a central fund. These costs should be identified against the Member.**

**Recommendation 32. The SPCB should be satisfied that an application for the payment of such redundancy costs is reasonable and, where this test is not met, the SPCB should have powers to restrict the payment to a sum which it considers, in all the circumstances, to be reasonable.**

5.46. A number of Members also employ staff in a pooling arrangement and, as a result of one or more Members vacating office, a pool may dissolve, leading to staff being made redundant. In this event, the former pool Members should have equal liability for redundancy costs. Members vacating office will have access to the winding up allowance for these costs. Members continuing in office will require to meet their share of these costs from the capped financial provision for staff costs.

5.47. Given that continuing Members may have no control over the dissolution of the pool where others vacate office, we consider that application could be made to the SPCB to cover all, or part of, the continuing Members' share of reasonable redundancy costs.

**Recommendation 33. The SPCB should have authority to meet all, or part of, reasonable redundancy costs from a central fund when a pool is dissolved as a result of one or more Member(s) vacating office. The costs will be drawn from a central fund and identified against the relevant Member.**

## Chapter 6 : Office Costs

6.1. The present arrangements in relation to office costs are complex. At present office costs are funded from a number of different sources, including the Members' Allowances Scheme, the Support Fund – Employees and Contingencies and the Equipment and Furniture Scheme. A summary of the existing arrangements is shown in Table 1 (below)

Table 1

<b>Provision</b>		
<b>1. Members' Support Allowance (MSA)</b>	<b>2. Support Fund – Employees and Contingencies</b>	<b>3. Equipment and Furniture Scheme (provided centrally by the SPCB)</b>
<i>Covers</i>	<i>Covers</i>	<i>Covers</i>
Lease of a property or rental of premises	Cost of telephone line provision, up to a standard and price specified by the SPCB, in a local office	IT
Provision of utilities	Cost of surgery advertising up to a set annual limit	Office equipment
Purchase or lease of office furniture or equipment or the purchase of stationery		Office furniture
Telecommunications, IT and photocopying equipment at a location other than the Parliament		Office supplies (postage and stationery)
Other purposes ancillary to those specified above		
<i>(A capped allowance with a limit of £60,700 per annum, which also includes staff costs. A notional amount of £14,133 for office costs – Regional Members receive an abated amount</i>	<i>No capped amount</i>	<i>No capped amount, but only those items on an SPCB approved list are available</i>

6.2. The Members' Support Allowance is a combined allowance, covering both staff and some office costs, and we have proposed separation. It follows therefore that separate provision should be made for office costs. We believe that the arrangements can be simpler and more transparent.

**Recommendation 34. There should be an office cost provision comprising of separate provision for (i) local office costs, and (ii) surgery advertising.**

*(i) Local Office Costs*

6.3. It is difficult to be too prescriptive about what should be covered by an office costs provision and some flexibility will be necessary to reflect local circumstances. Any new scheme should be based around broad headings to cover all related office costs, such as office leases, cost of utilities and engaging with constituents.

**Recommendation 35. The local office costs provision should enable Members to be reimbursed for all reasonable costs relating to the running of a local office and engaging with constituents.**

6.4. In considering what financial provision should be made for office costs we agreed that such provision should be based on a maximum capped amount, and that all costs should be covered by receipts. We also considered whether or not the same financial support should be available to constituency and regional Members. At present each constituency Member can have a local office within his or her constituency. Where there is more than one regional Member elected from the same political party they share an office within the region, and in some of the larger regions they can, by agreement with the SPCB, open an additional office within the region.

6.5. Within the existing Members' Support Allowance there is a notional amount of £14,133 to meet office costs, although this is reduced for regional Members depending on the number sharing an office in the same region and from the same political party. There is also £784 available to each Member within the Support Fund – Employees and Contingencies to meet telephone line rental costs.

6.6. Based on the information published by the Parliament on allowances expenditure it is clear that the major part of this expenditure is in relation to the costs associated with the rental of office accommodation, including business rates and utility costs. These costs vary across the country and depend very much on the location and the availability of appropriate office accommodation which is accessible to constituents.

6.7. We consider it is imperative that Members, when making arrangements to lease a local office, should seek the best possible value for the public purse. We recognise, however, that there are regional variations in leasing costs and that some of these variations can be significant.

6.8. Variations in leasing costs also exist depending on the size of the office leased and, in relation to the leasing costs for an individual Member, whether or not an office is to be shared with another Member or a Member of another legislature. Taking into account all of these factors we do not consider that it is possible to devise a scheme that will meet all circumstances.

*(a) Constituency Local Offices*

6.9. In relation to constituency Members, we considered whether or not the existing notional sum is sufficient to meet the office cost provisions. We did not receive evidence from a significant number of Members requesting an increase to this amount and, based on the published expenditure, once lease costs are factored out of the equation, it appears that most Members have sufficient funds to meet other office costs expenses. As this provision will cover all office costs we consider it appropriate to include the existing allowance of £784 for telephone line rental in the new arrangements.

<p><b>Recommendation 36. All constituency Members should be entitled to financial support for a local office up to a maximum level of £15,000 per annum.</b></p>
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*(b) Regional Local Offices*

6.10. We considered whether or not regional Members should be treated differently to constituency Members in relation to the office costs provisions. We are aware that there are already a number of towns or cities throughout Scotland where there is more than one parliamentary office. We therefore looked at whether the existing office accommodation arrangements should continue, with each constituency having a local office and each parliamentary party having one office in each region (or more in larger regions).

6.11. Having no local offices at all would leave a Member without a local presence. While it would not prevent local surgeries being held, constituents would not be able to seek advice in person from his or her Member at a local office.

6.12. Similarly, having only constituency Members with a local office would provide local constituents with an office which they could visit for advice, but this might not be acceptable to those constituents who have a different political allegiance and who could, under the existing arrangements, go to a regional Member of their choice.

6.13. We also considered whether or not regional Members, if they wanted an office, should be required to share an office with a constituency Member in the region. While such an arrangement might be cost effective it would only work if the Members were of the same political party.

6.14. There is no ready made solution to this and there has to be a balance between the public's accessibility to a democratically elected regional representative and value for money. We certainly see no argument for

making regional offices available to each regional Member. On balance, the existing situation which we consider is widely accepted should be maintained. It provides local accessibility to the constituency Member, while also providing a shared base for regional Members.

**Recommendation 37. Each qualifying parliamentary party, or regional Member not aligned to a party, should be entitled to one office in each region.**

**Recommendation 38. In the Highlands & Islands; North East Scotland; South of Scotland and Mid Scotland and Fife Regions where more than one regional Member is returned from a political party's regional list application may be made to the SPCB for a determination for an additional office in that region**

6.15. We found the existing calculation to determine the office cost entitlement for a regional Member cumbersome and while we consider it should be simplified, this was not straightforward.

6.16. We believe that where regional Members share an office there has to be some form of abatement. At present, where regional Members share an office, the calculation is as follows:

One Member is deemed to be allocated the full notional amount (£14,133), while other Members sharing the office are deemed to be allocated 30% of the notional amount. The total of this calculation is then divided by the number sharing the office and this amount is the notional amount for each Member in that office.

6.17. We have reached the view that it would be more appropriate to set the abatement at 20% and that this would provide adequate resources to meet shared office costs. This would also take into account that the office space required is likely to be larger and more telephones will be required. The following table sets out the office cost financial limit for regional Members (with a 20% abatement for additional Members (rounded to the nearest £100)), based on the number of Members sharing an office.

Number of Regional Members Sharing an Office	One Office in the Region (amount per Member)	Two Offices in the Region (amount per Member)
1	£15,000	£15,000
2	£9,000	£15,000
3	£7,000	£12,000
4	£6,000	£9,800
5	£5,400	£8,400

**Recommendation 39.** Where there is only one regional office for a party in any region or a regional office for a regional Member not aligned to a party, the regional Member should be entitled to financial support in respect of that office up to a maximum level of £15,000 per annum.

**Recommendation 40.** Where there is more than one regional office for the same party in any of the qualifying regions or where more than one Member is sharing a regional office, the maximum financial entitlement for each additional Member should be abated by the calculation set out in paragraph 6.17.

6.18. We are aware that in making this recommendation it is possible that there could be Members who decide not to have a local office, and instead work out of the Parliament. We see nothing wrong with this arrangement providing it does not impact adversely on the accommodation the Parliament makes available within the parliamentary complex to individual Members.

6.19. These Members will not have any costs related to leases, utilities or rates and it is not reasonable to give them access to the same level of financial support as Members with local offices.

**Recommendation 41.** Where a Member decides not to enter into a lease for a local office, but to undertake constituency or regional duties from the parliamentary complex at Holyrood his or her entitlement to the office costs provision should be abated by 75%

*Other Office Accommodation Issues*

6.20. As we have explained in paragraph 6.7 above, we also recognise that there are regional variations in lease costs with unavoidably higher costs in some areas.

**Recommendation 42. Members who cannot realistically lease office accommodation and meet other office costs can apply to the SPCB for a determination on an increase to this capped amount. Any increase should be limited to 10% of the maximum office costs provision.**

6.21. Looking again to the principles in chapter 3, the principle of “integrity” states:-

“A Member must ensure that any claim is above reproach and there can be no grounds to suggest misuse of public money. Any payments made must not relate to party political activity, nor should any arrangement entered into give the appearance of a benefit to a party political organisation.”

6.22. Applying this principle means that local offices should only be used for parliamentary purposes in support of constituents for the area represented by the Member. All Members should ensure that the arrangements for office accommodation fall within that principle.

6.23. Leasing of accommodation from a political party does not offend this principle provided necessary safeguards are in place. It is a matter for each Member to determine how best to provide accommodation which meets the needs of constituents. Party political organisations may well be able to provide suitable accommodation and it would be foolish to disallow leasing arrangements simply on the basis that it is a party political organisation which has suitable accommodation for lease.

6.24. We note that the SPCB does obtain relevant leasing documentation and does request (but cannot currently require) an independent valuer’s opinion on the rent agreed with a party political organisation. We consider that such a valuation should be a requirement.

6.25. In the unlikely event that the independent valuation report advises that the rent proposed exceeds a fair market rent for the area and property concerned we consider that the Parliament should empower the SPCB to direct the Member concerned not to proceed to lease that property unless the SPCB is satisfied that there are exceptional circumstances which warrant a higher rent being payable.

**Recommendation 43. Where a Member proposes to lease an office from a party political organisation, then the Member concerned must obtain an independent valuation to certify that the rental proposed does not exceed a fair market rent for the property concerned. This independent valuation report should be lodged with the SPCB prior to the completion of any contractual arrangements.**

**Recommendation 44. The SPCB should have powers to direct the Member concerned not to proceed with the lease of the property where the independent valuation report advises that the rent exceeds a fair market rent.**

6.26. While we recommend that it is acceptable for Members to lease accommodation from party political organisations, provided the arrangements are transparent, we note that under the existing scheme some Members also sub-let part of their office accommodation to party political organisations.

6.27. Again, we see no reason not to permit such arrangements provided they are transparent and clear rules are provided to Members by the SPCB to deal with the income generated to Members under such arrangements. The office space occupied by the Member must, under no circumstances, be used for party political activity which includes electioneering.

**Recommendation 45. Part of the office accommodation leased by a Member may be sub-let to party political organisations, but only where such arrangements are transparent. Clear rules should be provided to Members by the SPCB on how to deal with income generated under such arrangements. The office space occupied by the Member must, under no circumstances, be used for party political activity including electioneering.**

**Recommendation 46. Where it is proposed to sub let an office to a party political organisation, the Member concerned must obtain an independent valuation to certify that the rental proposed is a fair market rent for the property concerned. The independent valuation report should be lodged with the SPCB prior to the completion of any contractual arrangements.**

6.28. These recommendations deal with leasing arrangements with party political organisations. Some Members lease offices from commercial organisations, while some Members prefer to share a local office with the Member of the House of Commons or European Parliament. We see no difficulty with these arrangements provided they are transparent. However we have concerns if leasing arrangements involve family members or business associates.

**Recommendation 47. Office accommodation should not be leased from a family member, a business associate, or any organisation, including a trust, in which a Member, a partner, family member or business associate has a pecuniary interest.**

**Recommendation 48. Where a Member shares a local office with a Member of the House of Commons or European Parliament a formal agreement should be established setting out how the costs will be separated and this should be lodged with the SPCB.**

6.29. We have considered whether or not a Member can use their home as an office instead of opening up a local office, and also whether or not staff can use their own home as a working place. There would be tax implications for this arrangement and potentially some health and safety issues. We are clear that no claims should be made for office costs in these circumstances.

**Recommendation 49. A Member should not be entitled to claim from the local office costs provision for using his or her home as an office.**

6.30. Taking account of the geographical spread of offices and cost variations in different parts of the country, we consider it appropriate that the Parliament should empower the SPCB to review the office cost provision, from time to time, and that the SPCB should have discretion to implement any changes arising from any such review. These reviews should be carried out at such times as the SPCB considers appropriate. This power would allow change without the necessity of an amending resolution.

**Recommendation 50. The SPCB should have powers to review and approve changes to the office cost provision at such times as the SPCB considers appropriate.**

6.31. We recognise that Members can use the office cost provision to issue newsletters, circulars and annual reports etc. We strongly urge the SPCB to produce a policy for Members in respect of these communications as we are aware that frequent complaints are made by members of the public about the alleged misuse of such material.

6.32. The House of Commons has issued comprehensive information, for example, on the use of newsletters,<sup>6</sup> and we consider this to be equally relevant to the Scottish Parliament.

### *Equipment and Furniture*

6.33. In order to perform their parliamentary duties all Members require equipment and furniture. At present this is supplied centrally within the parliamentary complex and through an Equipment and Furniture Scheme for the local offices. Office supplies are also provided to Members. We recognise that while there is no provision within the office costs for a home to be used as a local office, Members do require to use parliamentary supplied equipment, such as laptops and printers, in their home.

6.34. We do not consider that the provision of equipment and furniture is an 'allowance'. To enable Members to provide a professional service to constituents they should have the appropriate means to communicate – paper, postage – and tools to do so – IT equipment as a basic requirement whether this is in the Parliamentary complex or in local offices. We believe

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<sup>6</sup> The Communications Allowance and the use of House stationery issued by the Department of Finance and Administration and the Sergeant at Arms Department, House of Commons, April 2007.

that these should be available as a central provision instead of forming part of any new scheme.

6.35. Any centrally provided equipment service should be sufficiently flexible to allow Members a degree of choice about the equipment appropriate to their needs.

6.36. While equipment and furniture no longer forms part of any scheme, in terms of transparency and accountability, we consider that it is appropriate for such provision - whether located in the Parliament or in local offices - to be monitored and reported. We would suggest that this could be achieved with the preparation of a rolling asset register which would record what equipment and furniture is held by each Member.

**Recommendation 51. Provision should be made centrally to provide Members with equipment, furniture and office supplies which must be sufficiently flexible to allow Members a degree of choice as to the equipment they require. Equipment and furniture should be recorded on an asset register.**

#### *Office Adaptations*

6.37. Some of the evidence we received on office costs said that the existing provisions do not take account of the cost of providing a local office that is accessible to people with disabilities.

6.38. The Parliament already makes what we consider to be reasonable provision for office adaptations to be made. This is through a Disability Allowance, up to a maximum of £12,173 per session to each Member. This can be used for:

- making reasonable adjustments to his or her local office to accommodate a Member's employee who has a disability and/or facilitating access for disabled members of the public;
- providing equipment and/or parking spaces for disabled people;
- facilitating meetings for disabled people by hiring (on an occasional basis) alternative office and meeting premises; and
- contracting sign language interpreters for meetings with members of the public.

6.39. It is our view that if any modifications are required to comply with legislation this is outside the control of the Member and making the office accessible is imperative.

**Recommendation 52. Reasonable costs for office adaptations should be met from a central fund available to all Members on application to the SPCB.**

(ii) *Surgery Advertising*

6.40. Some of the evidence we have received suggested that there should be a separate 'communications allowance' similar to the recent provision made in the House of Commons, but we believe that such communications should form part of the office costs provision. We confirm that the SPCB should produce a policy to assist Members with the ground rules for engagement.

6.41. Under the present arrangements, provision exists within the Support Fund – Employees and Contingencies, to meet the cost of advertising (which includes the production of posters and leaflets) confirming a Member's availability to the public in the relevant constituency or region. The present provision is up to a maximum of £1,460 per annum and this is reviewed from time to time by the SPCB.

6.42. We consider such communications to be an essential element of democracy and suggest a separate provision within the office costs provision for a maximum of £1,500 per annum (in addition to the office costs provision) for each Member.

<b>Recommendation 53. Separate provision should be made for surgery advertising up to a maximum financial limit of £1,500.</b>
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## CHAPTER 7: TRAVEL

7.1. At present Members can claim reimbursement of travel costs which are incurred on parliamentary business. There are four categories of allowance which provide for the reimbursement of travel expenses: Members' travel, Members' support, employee travel and family travel.

7.2. The Members' Travel Allowance provides for the reimbursement of travelling expenses within Scotland. Any travel outside the UK must be authorised in advance by the SPCB.

7.3. The Members' Support Allowance is a capped allowance out of which a Member also employs staff and operates a local office. Within this allowance provision exists to meet Members' expenses for:

- travel from Scotland to destinations within the UK whilst undertaking parliamentary duties;
- travel costs to attend a seminar or conference incurred by staff or volunteers who are assisting the Member in his or her parliamentary duties; and
- travel to Brussels or Strasbourg for meetings with Members of the European Parliament and/or representatives of European Union institutions.

7.4. There is also an Employee Travel Allowance under which staff employed by a Member can claim reimbursement of travelling expenses for journeys undertaken in support of the Member. Daily commuting journeys by an employee to and from his or her normal place of work do not qualify for payment under this allowance. The maximum number of journeys for which reimbursement can be claimed under this allowance is 74 journeys (66 in an election year).

7.5. The existing arrangements also provides for a Family Travel Allowance. Under this, each Member is eligible for an allowance in respect of the travelling expenses of 12 single journeys per annum between his or her constituency, region or main residence and Edinburgh for each member of his or her immediate family (partner and children).

7.6. We consider that, based on the existing arrangements outlined above, there is scope to simplify the reimbursement of travel expenses, making it clearer and more convenient for Members and those who have to administer the scheme.

**Recommendation 54. There should be a single travel category covering the reimbursement of all forms of travel expenses in relation to parliamentary duties.**

7.7. The provision for travel should cover the reimbursement of mileage costs, costs of public transport, car hire costs, taxis and car parking charges. We are strongly of the view that, in line with the principles we have recommended in chapter 3, achieving value for money should be uppermost in Members' minds for any travel undertaken.

(i) *Mileage Rates*

7.8. Under the existing arrangements the motor vehicle allowance is based on the maximum rate set for local government under section 46 of the Local Government (Scotland) Act 1973 and applies to all motor vehicles irrespective of engine size or annual mileage. The rate is 49.3p per mile.

7.9. The motor cycle mileage allowance is based on the maximum rate set for employees of the Scottish Government and currently stands at 24p per mile. A pedal cycle allowance which is payable at 20p per mile, the level of the maximum tax free allowance set by HM Revenue and Customs, is also available.

7.10. In evidence submitted to the review, while it was acknowledged that Members should be reimbursed for travel expenses incurred while carrying out their parliamentary duties there were also a number of calls for changes to be made. Some of the evidence submitted commented that the Members' motor mileage rate should be brought into line with HM Revenue and Customs approved levels.

7.11. In looking at the mileage rates we considered that there were two realistic options open to us: (i) to have a standard rate based on a single source or (ii) to maintain the status quo.

7.12. In looking at a standard rate based on a single source we considered the rates set by HM Revenue and Customs. The current rates are:

- Motor vehicles    40p per mile for the first 10,000 miles in a tax year  
                          25p per mile for each additional mile over 10,000 miles
- Motor cycles        24p per mile
- Bicycles             20p per mile

7.13. One immediate advantage with these rates is that they would bring the Parliament into line with most other public and private sector organisations operating in Scotland, and also other United Kingdom legislatures.

7.14. We understand these rates, when announced by the then Inland Revenue in 2000, were intended so that individuals who have larger cars for business journeys might set a better example on environmental issues. In the guidance provided when these rates were introduced, it was explained that the rates were based on a proportion of routine costs such as depreciation, servicing, insurance and road tax, and all running costs such as fuel attributed to business miles travelled.

7.15. The alternative option we considered was to continue with the status quo. The existing mileage rates have been in place for some time and are therefore firmly established. However, apart from the public perception that Members are treated too generously we were also concerned that there is no uniformity in the motor mileage rates paid to Members (49.3 p per mile) and those paid to their staff (40p). Evidence submitted to us also highlighted that the administration of the existing rates can also be cumbersome with each claim requiring a tax computation on the 9.3p taxable element, and this is further complicated by rules as to what journeys are treated as non-taxable.

7.16. We can see no reason why Members should not be subject to the same mileage rates as other public and private sector organisations and consider that it would send a more positive message to the public if the Parliament adopted rates for Members that were more widely recognised.

<p><b>Recommendation 55. Mileage rates should be based on those set by HM Revenue and Customs, and the rates should apply to both Members and their staff.</b></p>
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7.17. We also considered whether or not there should be any financial limit placed on the amount of travel that can be claimed. It is our view that no such limit should be set as any travel specifically undertaken by a Member on parliamentary duties is on behalf of the electorate he or she represents.

7.18. As a matter of course, Members are required to travel to the Parliament to consider legislation that will affect their constituents, to take part in debates, to raise awareness through debate of issues impacting on their constituents and to attend committee meetings. Members are also required to travel locally to meet with constituents, to hold surgeries and to attend meetings with various organisations.

7.19. There are also geographical factors to be taken into account. A Member representing a Highland constituency is far more likely to incur greater travel costs than a Member in a Lothian constituency. It is therefore difficult to envisage how any financial limitation can be placed on a Member in relation to the amount of travel he or she undertakes. Setting an artificial limit could impact on his or her role as an elected representative.

7.20. Some evidence received suggested that mileage should not be reimbursed for travel between the Member's home and their place of work. The argument put forward is that this is commuting and for most employees in both the private and public sector travel from home to the normal place of work is not reimbursed.

7.21. We fully accept the argument that employees do not normally receive reimbursement for commuting. Members, however, are not employees, but elected representatives who attend Parliament on behalf of their constituents and attend local offices to assist constituents with any problem that is brought to the Member's attention.

7.22. We also note the fact that HM Revenue and Customs apply taxation rules to Members specifically in relation to travel between their home and constituency or regional boundary.

**Recommendation 56. Members should be eligible to claim for travel between their home, the Parliament and local offices given the representative function of Members.**

*(ii) Travel outside Scotland*

7.23. We recognise that there will be occasions when a Member is required to travel within the United Kingdom (but outside Scotland) or abroad in relation to their parliamentary duties. Examples of such travel include meetings with organisations whose headquarters are in England, Wales or Northern Ireland and meetings in Brussels or Strasbourg with elected representatives of the European Parliament or European Union institutions.

7.24. We consider that such journeys within the United Kingdom, provided they are in relation to parliamentary duties, are a legitimate function of a Member and accordingly the Member should be reimbursed his or her travel costs. We take a similar view for travel for meetings with Members of the European Parliament and/or representatives of European Union institutions on Parliamentary business in Brussels and Strasbourg. For travel to Brussels and Strasbourg, we consider the SPCB should be notified in advance.

7.25. In respect of all other travel on parliamentary duties outside the United Kingdom, we consider that such journeys should be agreed in advance with the SPCB to ensure proper accountability.

**Recommendation 57. Journeys outside the UK (except for travel to Brussels and Strasbourg), should be agreed by the SPCB in advance.**

7.26. Having a travel provision with no financial ceiling does not mean that there should be any diminution of transparency and accountability. We are pleased to note that all travel expenses currently have to be certified as having been undertaken on parliamentary business and are published on the Parliament's website on a regular basis so that the electorate can see what travel has been undertaken. As such, travel by individual Members is already transparent. We fully support the continuation of this arrangement.

*(iii) Members' Staff Travel*

7.27. Many staff travel to meetings with constituents and organisations on behalf of Members, and also between the Parliament and the local office for a variety of reasons.

7.28. We are aware that following a review of allowances in 2001, it was recommended that the number of journeys undertaken by staff should be increased (from the previous 40 journeys) to one return journey per week, equal to the number of weeks Parliament is sitting to provide greater flexibility

in assisting Members. Under the present arrangements this equates to 74 single journeys.

7.29. We consider that this limit is reasonable and recommend that there should be no change to the 74 single journeys.

**Recommendation 58. Staff should be reimbursed for any travel undertaken in support of a Member's parliamentary duties up to a maximum of 74 single journeys. Any staff claims for the reimbursement of travel costs must be certified by the employing Member.**

*(iv) Family Travel*

7.30. In considering family travel, James Selkirk mentioned an interest since he has claimed this allowance under the respective schemes as an MP and a Life Peer, although not as an MSP. He therefore considered that he should not participate in this decision.

7.31. The existing family travel provision is historically based on arrangements which exist in the House of Commons at Westminster and, which we understand, were established because of the longer sitting hours in Westminster at the time.

7.32. The Senior Salaries Review Body (SSRB), in its report on the initial allowances for the Scottish Parliament in 1999<sup>7</sup> commented that given the intention for the Parliament to have more family friendly hours and the greater proportion of representatives living within daily travelling distance of the Parliament there may be less call for such a provision.

7.33. The SSRB recommended that the cost of agreed journeys between home and Edinburgh for a spouse and children under the age of 18 should be reimbursed up to an annual limit to be set by the Parliament. Provision currently exists for the travelling expenses of 12 single journeys for each financial year between a Members' constituency, region or main residence and Edinburgh for each member of his or her immediate family (partner and children).

7.34. We fully agree with the comments made by the SSRB in 1999 about the different working patterns in the Scottish Parliament and the House of Commons, but would go further and recommend that there should not be any provision for reimbursing family travel given that in any parliamentary sitting week, a Member is normally only away from his or her main residence for 2 to 3 nights a week and, in addition, Parliament normally only sits for 37 weeks.

7.35. While we do have some sympathy with the current provision for those Members who live in the islands and in the far north of the country, we are not

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<sup>7</sup> Report No. 42 of the Senior Salaries Review Body : Initial pay, allowances, pensions and severance arrangements for Members of the Scottish Parliament, National Assembly for Wales and Northern Ireland Assembly. March 1999 (Cm 4188)

aware of many other public or private sector bodies which would fund the travel of immediate family to visit an employee who is working away from home, and therefore do not consider it appropriate to include this as part of any new scheme.

**Recommendation 59. Family travel should not be funded out of public funds.**

## CHAPTER 8 : PARTY LEADER'S PROVISION

8.1. The panel believes that providing adequate support to party leaders in the Parliament and ensuring that non-executive parties have the resources needed to hold the Government to account are essential pre-requisites in the Scottish system. We consider that there is a clear need to support the party leaders and, whilst we do not have sufficient evidence to make a specific recommendation on the maximum sum to be provided for party leaders, we feel that some increase may well be necessary to bolster present staffing levels.

8.2. The existing party leader's scheme provides for reimbursement of specified expenses incurred by a qualifying party leader. The maximum levels for 2007/08 are: £13,094, in respect of a registered political party with 15–29 Members and £24,959 in respect of a registered political party with 30 or more Members. The case for increasing these amounts should be examined in detail by the SPCB.

8.3. We received one substantive submission from a member of staff working for the Scottish Labour Group in the Parliament, and the chair of our panel met with the leaders of the Scottish National Party, Scottish Conservatives and the Scottish Green Party. We were also able to consider this issue alongside the 'Short Money' provision (which provides financial assistance for registered, non-executive parties). We believe that this provides another important means of supporting the party leaders and Members in holding the Government to account. However, 'Short Money' falls outside the remit of this review and we are unable to make specific recommendations on this issue. In our view there is a case for reviewing the levels of 'Short Money' provision.

8.4. It may be helpful to explain the present arrangements for 'Short Money'<sup>8</sup>. In the House of Commons, 'Short Money' provision entitles opposition parties to the following financial assistance (2007/08 figures):

Conservative Party	£3,816,074
Liberal Democrats	£1,626,225
Scottish National Party	£135,103
Plaid Cymru	£63,378
Democratic Unionist Party	£152,448
Social Democratic and Labour Party	£56,817

8.5. In addition, the Leader of the Opposition's Office is entitled to claim for the running costs of his or her office and from 1 April 2007 the maximum entitlement was £622,223. This provision was introduced in 1999 to recognise the constitutional role and the specific demands on Leader of the Opposition.

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<sup>8</sup> The current scheme is administered under a Resolution of the House of Commons of 26 May 1999. HC Deb 26 May 1999 Volume 332 c427-9

8.6. The non-executive parties in the Scottish Parliament are entitled to financial assistance under a separate scheme which calculates the levels of support in a different way to the House of Commons' 'Short money' provision. This provision for the Scottish Parliament is determined by a statutory instrument made by the House of Commons<sup>9</sup> and is based on the number of Members a registered, non-executive political party has in the Parliament. The amount per Member for the year 2007/08 is £6,216.77 and the overall distribution to the parties is as follows<sup>10</sup>:

Scottish Labour Party	£247,475
Scottish Conservative & Unionist Party	£106,522
Scottish Liberal Democrats	£84,165
Scottish National Party	£21,759
Scottish Green Party	£16,618
Scottish Socialist Party	£5,021
Scottish Senior Citizens Unity Party	£837

8.7. There is a fine balance in the political composition of the Scottish Parliament and this carries with it a substantial responsibility on all party leaders to ensure that the Parliament works effectively. It also gives rise to significant management responsibilities and puts a premium on central group activities and staffing support for the leaders.

8.8. We consider that the SPCB and party leaders should work together to determine new arrangements which will have to be broadly acceptable to the Parliament and the public. We also recommend that in these discussions consideration should be given to increasing the staffing support for party leaders and reviewing the 'Short Money' arrangements as a means of ensuring that party leaders and non-executive party Members have the resources they need to hold the Government to account.

**Recommendation 60. The SPCB should engage with party leaders to reach an agreement on an acceptable level of support for party leaders, and should also review the 'Short Money' arrangements as a means of supporting the non-executive parties.**

8.9. While we are disappointed not to have been able to make a definitive recommendation for this provision, the SPCB may find it helpful if we set out some of the background to our observations.

8.10. We note with interest that in its 2001 report<sup>11</sup> on pay and allowances in the Scottish Parliament, the Senior Salaries Review Body (SSRB) recommended an additional salary for the main non-executive party leader.

<sup>9</sup> The Scottish Parliament (Assistance for Registered Political Parties) Order 1999: Statutory Instrument 1999 No. 1745

<sup>10</sup> Includes financial assistance available for parties between 1 April 2007 and the Scottish Parliamentary election on 3 May 2007.

<sup>11</sup> Review body on Senior Salaries. Report No. 50. Scottish Parliament: Review of Pay and Allowances. December 2001.

They drew on their 1999 report where they had recognised that there might be a case for additional remuneration for holders of this office, but at that time they were unable to form a clear view on the weight of responsibility associated with the role.

8.11. As part of the 2001 review the SSRB reached the conclusion that the role of the leader of the largest party not in the Executive bore similarities to that of the leader of the Opposition at Westminster as the post was politically important and managerially demanding and should be recognised and paid. The SSRB recommended that the salary should have the same relationship as exists between that of the leader of the Opposition and a Cabinet Minister at Westminster.

8.12. However, on receipt of the recommendations for a party leader's salary, the Scottish Parliament decided that the recommended salary could be better utilised as an allowance and the total equivalent amount made available to all non-executive leaders.

8.13. The current party leader's scheme makes provision for:

- any work on the preparation of (i) briefing notes, (ii) speeches and (iii) attendance at an event to which the qualifying party leader has been invited to give a presentation on his or her party's policies in the Parliament; but
- excludes any work on the preparation of briefing notes and speeches and attendance at a party political conference or a seminar, workshop or meeting with party activists and canvassing for party political support, whether during an election or otherwise, and fundraising for a political party and any constituency case work.

8.14. Examples of what can be claimed from the allowance include:

- the employment of staff (which shall, in relation to employees include the costs of employer contributions);
- office costs; and
- travel and overnight expenses.

8.15. The interplay between these activities and the way in which parties organise themselves to support their Members in the Scottish Parliament and to hold the Government to account are difficult to judge from a distance. We regret that we have been unable to resolve this issue and believe that some increase in party leaders' staffing and 'Short Money' funding may provide a reasonable way forward. We also believe that this approach would have the added advantage of reducing the amount individual Members may have to contribute to a party group, ensuring that the staffing provisions recommended in chapter 5 can be focused on constituency and regional work.

## CHAPTER 9 : WINDING UP

9.1. Winding up provisions are available when a Member, for whatever reason, ceases to be a Member of the Parliament. The provision is designed to meet the costs associated with staff redundancy, closure of a local office and any other associated expenditure.

9.2. At present, the financial provision for winding up is set at the equivalent of one third of the Members' Support Allowance (MSA) currently - £20,233, with less for regional Members given that their MSA can be proportionally reduced depending on the number of regional offices in any one region. The winding up allowance exists to meet the following costs:

- statutory and contractual redundancy costs for staff employed by the Member;
- disconnection of office telephones;
- removal of office signage;
- removal of all website references to status as a Member of the Parliament;
- meeting all contractual liabilities including office closure; and
- travel costs incurred during the winding up period.

9.3. It is quite clear that winding up covers two distinct elements – staff redundancies and office closure. All the evidence we received on this particular provision was in relation to the current level of the allowance being insufficient to meet all potential staff redundancy costs due to accumulated years of service of staff.

9.4. We consider that an easy way to address this is to provide within the winding up provision separate arrangements to meet staff redundancy costs and separate arrangements to meet office closure and other associated costs.

**Recommendation 61. There should be a winding up provision with separate arrangements for reimbursing (i) staff winding up costs and (ii) office winding up costs.**

*(i) Staff Winding Up costs*

9.5. Staff redundancy costs should be the most significant part of any winding up provision, but of course redundancy could happen at other times, not only because a Member ceases to be a Member of the Parliament.

**Recommendation 62. The staff winding up provision should only apply when a Member ceases to be a Member of the Parliament for whatever reason.**

9.6. Under the existing arrangements, winding up is based on one third of the MSA, and while MSA is increased for cost of living purposes each year this does not reflect the potential liability, over time, of redundancy costs. We

recognise that the Parliament is now in its third 4–year session and as such a number of staff will have been employed for a significant period. Indeed, some staff could have been employed by Members whilst a Member was a Member at Westminster, meaning that they have been employed by a Member for a period in excess of 8 years to date.

9.7. As the length of service of a Members' staff increases then staff redundancy costs will also increase and it becomes increasingly likely that redundancy payments will absorb all, or a significant part, of the winding up provision. This would leave little, if anything, to meet costs associated with the office winding up.

9.8. We did consider setting a maximum financial limit specifically on staff redundancy costs, but the disadvantage with this is that it would need to be regularly reviewed. One of the aims of our review is to produce a scheme that can stand the test of time without the need for regular review.

9.9. We accept that statutory redundancy costs are unavoidable costs for a Member who ceases to be a Member of the Parliament and, as such, it is difficult to see how placing a financial cap on these costs would be practical. We therefore consider that it would be appropriate for the SPCB to provide an uncapped central fund as part of the winding up provision. Members should be required to certify the redundancy costs that are processed through the SPCB's payroll and all costs will ultimately be shown against individual Members.

**Recommendation 63. There should be a central provision for staff redundancy costs, the costs to be identified against the respective Member with the relevant claim(s) certified by the Member.**

9.10. Having an uncapped provision does require proper accountability for the use of public funds. There is the possibility that Members could also enter into employment contracts with their staff where contractual redundancy costs form part of the employment agreement.

9.11. In these circumstances, we consider that the SPCB should have the authority to determine whether any redundancy payments, over and above statutory redundancy payments, are reasonable. We accept this places an added burden on the SPCB, but we consider that some form of check is essential to ensure confidence in the system.

**Recommendation 64. Provision should be made to ensure that the SPCB is satisfied, when a Member makes an application for the payment of redundancy costs, that it is reasonable. The SPCB should have discretion to restrict payment to a sum which it considers to be reasonable.**

9.12. In the run up to a general election or a parliamentary by-election at which the winding up provisions will have effect, we would consider it beneficial to Members and their staff that the SPCB continue to issue

guidance on the practical arrangements for staff redundancies, such as the timescale for statutory notices.

*(ii) Office Winding Up Costs*

9.13. We consider that having a separate provision for the office cost element of winding up should make any scheme more transparent by readily identifying costs associated with the process of closing down an office. We consider that all reasonable costs are eligible on condition that they relate to the closing down of an office. These costs would include: meeting outstanding contractual obligations, the removal of signage and disconnection costs.

9.14. We considered placing a maximum financial limit on office closure costs. In chapter 6, we have recommended that the office cost provisions should be set at a maximum of £15,000. All winding up expenditure will have to be supported by invoices and receipts for proper transparency and accountability and it is our view that a maximum of one-third of this sum should be sufficient to enable a Member to wind up his or her office.

**Recommendation 65. The winding up provision to cover office costs should be up to a maximum of one-third of the local office costs provision.**

9.15 In terms of accounting, it is good practice to ensure that all invoices are paid as promptly as possible. We consider that a time limit for the payment of any claim for reimbursement in respect of winding up should be set. There may be instances where this timescale may not be possible and, in such circumstances, a Member should seek an extension of time from the SPCB.

**Recommendation 66. All claims for winding up in relation to office costs must be submitted not later than 6 months from the date the Member ceased to be a Member of the Scottish Parliament. In the unlikely event that this timescale is not possible an application should be made to the SPCB for an extension of time.**

## CHAPTER 10: SUPPLEMENTARY MATTERS

10.1. Finally, there are some supplementary matters which need to be tackled to ensure the sustainability of the scheme and avoid the need for constant review.

### *Uprating*

10.2. A number of recommendations we have made in this report set financial limits on the provision of expenses. We consider that it is only appropriate for these limits to be reviewed annually with a view to uprating them to keep in line with the inflation assumption set for other aspects of public spending.

**Recommendation 67. The SPCB should have powers to uprate any financial limits set on an annual basis using such indices as it considers appropriate. Where financial limits are set in accordance with the recommendations of other organisations, the financial limits should be updated in line with any changes recommended by these organisations.**

### *Contingency Fund*

10.3. It is clearly impractical to provide guidance for every possible eventuality where a Member might seek reimbursement of expenses in relation to his or her parliamentary duties.

10.4. We therefore consider that there should be a central contingency which could be used to meet exceptional circumstances. Whilst we would not suggest limiting the scope of this contingency, it should be applied taking account of the general principles set out in chapter 3 of this report. Any such costs would be identified against a Member and will form part of any disclosure of allowances.

**Recommendation 68. The SPCB should have powers to hold a central contingency fund to meet costs incurred in relation to exceptional circumstances. Any claim on this fund should be explicitly approved by the SPCB in advance of any expenditure being incurred.**

Constituency Groupings**Group One**

Edinburgh West  
 Edinburgh Pentlands  
 Edinburgh Central  
 Edinburgh North &  
 Leith  
 Edinburgh South  
 Edinburgh East &  
 Musselburgh  
 Linlithgow  
 Livingston  
 Midlothian

**Group Two**

East Lothian  
 North East Fife  
 Central Fife  
 Kirkcaldy  
 Dunfermline East  
 Dunfermline West  
 Ochil  
 Falkirk East  
 Falkirk West  
 Cumbernauld & Kilsyth  
 Airdrie & Shotts  
 Coatbridge & Chryston  
 Hamilton North & Bellshill  
 Motherwell & Wishaw  
 Hamilton South  
 Glasgow Anniesland  
 Glasgow Ballieston  
 Glasgow Cathcart  
 Glasgow Govan  
 Glasgow Kelvin  
 Glasgow Maryhill  
 Glasgow Pollok  
 Glasgow Rutherglen  
 Glasgow Shettleston  
 Glasgow Springburn  
 Strathkelvin & Bearsden  
 Paisley North  
 Paisley South  
 Stirling  
 Perth  
 Dundee East  
 Dundee West  
 Tweeddale, Ettrick and  
 Lauderdale

**Group Three**

Aberdeen Central  
 Aberdeen North  
 Aberdeen South  
 Aberdeenshire West &  
 Kincardine  
 Angus  
 Argyll and Bute  
 Ayr  
 Banff & Buchan  
 Caithness, Sutherland &  
 Easter Ross  
 Carrick, Cumnock & Doon  
 Valley  
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 Clydebank & Milngavie  
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 Cunninghame South  
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 Eastwood  
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 Kilmarnock & Loudon  
 Moray  
 North Tayside  
 Orkney  
 Renfrewshire West  
 Ross, Skye & Inverness  
 West  
 Roxburgh & Berwickshire  
 Shetland  
 Western Isles

Exceptional Needs Provision - Constituencies and Regions

**A: Constituencies of over 250,000 hectares**

Argyll & Bute  
Caithness, Sutherland & Easter Ross  
Galloway & Upper Nithsdale  
Inverness East, Nairn & Lochaber  
North Tayside  
Ross, Skye and Inverness West  
Roxburgh & Berwickshire  
West Aberdeenshire and Kincardine  
Western Isles

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**B: Constituencies which contain significant island communities**

Orkney  
Shetland  
Cunninghame North

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**C: The largest regions**

Highlands & Islands  
North East Scotland  
South of Scotland  
Mid Scotland and Fife

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**D : Others**

West of Scotland – Cunninghame North constituency area only

## SUMMARY BREAKDOWN OF EVIDENCE SUBMITTED TO THE REVIEW

### Edinburgh Accommodation Allowance (EAA)

42 submissions included comments on the Edinburgh Accommodation Allowance, which is 40% of the total number of submissions received. Of this number:

Comment	No. of similar comments	% in relation to total number of comments received about EAA
Members should not profit on the sale of an Edinburgh property	18	43%
Parliament should build or buy property to accommodate Members in Edinburgh	6	14%
Parliament owned property would be initially too expensive to the public purse	3	7%
The current allowance is adequate and should be retained as it is	4	10%
Changes to the allowance should not be retrospective	2	5%
Members should be forced to sell their Edinburgh properties (no specific follow-up suggestions provided)	1	2%
Members should only be allowed to rent a property or stay over in an hotel	6	14%
Paying for flats is cheaper than paying for hotel accommodation	2	5%
Council tax and TV licence costs should not be reimbursed	2	5%
Members who buy property in Edinburgh and are then defeated but returned again at a later election should not be penalised under the rules of the allowance	2	5%
The overnight hotel rate is too low and should be set at a realistic rate	2	5%

## **Staff Costs**

59 submissions commented specifically about staff costs. Staff salaries, bonuses and overtime are currently met from the MSA while NI and employers pension contributions are met from the ECSF. The 59 submissions equal 57% of the total number of submissions received.

Comment	No. of similar comments	% in relation to total number of comments received about staff costs
Salaries should be met from a budget separated from the MSA	30	51%
Salaries should remain as part of the MSA and not be separated	1	2%
Current allowance is inadequate to meet the cost of employing and retaining experienced staff	21	36%
Salaries should be paid on a grade and scale basis	17	29%
Salaries should be linked to those at Westminster	3	5%
Salaries should be linked to those of SPCB staff	3	5%
Current salaries are less than those paid for comparable jobs elsewhere	8	14%
Members are forced to rely on unpaid volunteers/interns	2	3%
Salary scales should be set by the SPCB	2	3%
Terms and conditions should be established by the SPCB	2	3%
Terms and conditions should be agreed between the Member and their staff	1	2%
The Member should remain as the employer	7	12%
The allowance should adequately provide for staff development and training costs	5	8%
Members should be provided with sufficient funds to employ 3 members of staff	5	8%
Members should be provided with sufficient funds to employ 2.5 members of staff	2	3%
Members who take on extra duties (committee etc) need more staff to deal with their increased workload	1	2%
Constituency Members need more staff than regional Members	1	2%
Members employing members of their family should be required to register this fact	1	2%

### **Members Support Allowance (MSA)**

43 submissions included comments on the Members Support Allowance, which is 41% of the total number of submissions received.

Comment	No. of similar comments	% in relation to total number of comments received about MSA
Current MSA is inadequate to meet the cost of running an office	14	33%
MSPs allowances' rates should be linked to those of MPs at Westminster	12	28%
Constituency Members workload is greater than that of regional Members	10	23%
MSA costs can vary across the country which impacts on the MSA	7	16%
The rules governing the number of offices in large regions needs to be reviewed	7	16%
Size and remoteness of a constituency/region should be taken into consideration when setting the MSA budget	4	9%
Regional Members should be provided with the same level of MSA as constituency Members	4	9%
Members who do not have a local office but who work out of Edinburgh spend less on MSA costs	6	14%
Members who have sole occupancy of their local office spend more on MSA than those who share with another MSP or an MP	2	5%
Members should be allowed to carry forward any underspend or overspend of their MSA into the next financial year	3	7%

### **Employees, Contingencies and Support Fund (ECSF)**

21 submissions included comments on the ECSF which is 20% of the total number of submissions received.

Comment	No. of similar comments	% in relation to total number of comments received about ECSF
Surgery advertising budget is restrictive and impractical	12	57%
Telephone line rental budget is restrictive	3	14%
The smaller budgets within the ECSF should be abolished and be incorporated into the main MSA	5	24%
Communication with constituents in larger areas can be a burden on resources	1	5%

### **Travel and Overnight Expenses (T&E)**

18 submissions included comments on the provision of Travel and Overnight Expenses which is 17% of the total number of submissions received.

Comment	No. of similar comments	% in relation to total number of comments received about T&E
Motor Mileage rate should be set at HMRC approved levels	6	33%
Regional Members travel should be capped	1	5%
Members should not be reimbursed for travel to their main place of work	2	12%
Members should be encouraged to use standard class public transport	2	12%
Members should submit diaries in support of their travel claims	1	5%
Vehicle insurance for work purposes should be paid by parliament	1	5%
Members should not be cross examined on the details of their expenses claims	1	5%
Staff staying overnight in Edinburgh should have their costs met centrally and not from the MSA	1	5%
Rules governing the Staff Travel Allowance should be reviewed	2	12%
Exceptional Needs rules need to be reviewed	2	12%
Members should not be allowed to travel abroad at the taxpayers costs	1	5%

## **Other Comments Received**

42 submissions raised issues not covered by the categories mentioned above which is 40% of the total number of submissions received.

Comment	No. of similar comments	% in relation to total number of comments received about other categories
Winding Up Allowance needs to be reviewed as it is inadequate to cover redundancy costs for staff who have worked for a Member for a number of years	15	36%
A new Communication Allowance should be introduced along the same lines as the allowance available to Members at Westminster	10	24%
There needs to be a review and an improvement of the provision of security	6	14%
A new Start Up Allowance should be introduced to assist new Members with the extra costs associated with opening up their first office	7	17%
There needs to be a review of pooled resources	4	10%
The Furniture and Equipment Scheme should be reviewed and improved	4	10%
The IT provision needs to be improved	3	7%
The Party Leaders Scheme needs to be improved	3	7%
It would be beneficial for leaders of small parties to receive some assistance through the Party Leaders Scheme	1	2%
The SPICe research facility needs to be improved	1	2%
The Allowances Office BACS payment procedures need to be improved	1	2%
There should be an allowance for one-off high value projects rather than these costs being met from the MSA	1	2%
Members and their Staff should be provided with training on new legislation	2	5%

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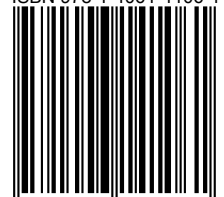
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