

## What to do when a spending crisis poses a risk to Parliament

*Ian Todd is head of Britain's Independent Parliamentary Standards Authority (IPSA), a statutory body that sets and pays the salaries of UK MPs and their staff – and monitors their expenditure.*

IPSA was established in the wake of a major political scandal in the UK in 2009 over MPs' expenses claims and allegations of their abuse of their allowances. The furore, which is still remembered in Britain as "the expenses scandal", resulted in a large number of MPs' resignations, sackings and early retirements, with public apologies and the repayment of expenses. Several Members of the House of Commons and the House of Lords were prosecuted and served prison sentences.

The expenses scandal became a significant crisis for Britain's democracy as it exposed an apparent disregard for essential ingredients of democracy – accountability, transparency and openness – by the very people whose job it was to preserve and defend that democracy.

MPs acted swiftly to rebuild public trust and ensure that a similar democratic crisis could not happen again by creating an independent body to set, regulate and administer MPs' pay and business costs in terms of the [Parliamentary Standards Act 2009](#). This became known as IPSA.

Todd opened his online presentation to the workshop by paying tribute to Nelson Mandela on the 10<sup>th</sup> anniversary of his passing, suggesting this was a time of reflection on whether his legacy had been fulfilled and "whether there are further opportunities" to do so.

He made it clear that he would not be offering solutions, but presenting an example from the UK's experience that could be used to "enhance confidence in Parliament and democracy".

The [Westminster Foundation for Democracy](#) has said: "Democracy is not easy or inevitable. Countries must have a commitment to accountability, inclusion, representation, and openness to protect individual rights to achieve sustainable economic growth and effective social policies." Todd added, "democracy requires there to be trust in elected representatives".

Todd's presentation on the purpose and functioning of IPSA provided a useful example of statutory action taken to curb what was perceived as excessive and illegitimate spending of taxpayers' money by members of the British Houses of Parliament.

As Todd pointed out, strictly speaking those MPs acted within the terms of the law and the rules of Parliament. However, public outrage over what was perceived to be MPs' excessive spending and disdain for their responsibilities as keepers of the national purse was sufficient for Westminster to act speedily to call parliamentary representatives to account.

Some employed wives and close relatives as their staff and claimed for homes they did not actually stay in. Todd gave an example of a representative who claimed expenses for refurbishing the ducks' enclosure on the moat in his

ancestral home.

The UK has a representative, constituency-based 'First-Past-the-Post' parliamentary democracy where power is granted to elected representatives who are trusted to make decisions on behalf of the people they represent.

Power is based on public support – therefore trust is a vital ingredient in democracy – and IPSA's role is to support MPs and ensure they have the money and resources they need to conduct their constituency work and undertake their parliamentary duties.

As the primary financial regulator of MPs IPSA has three main functions:

- To determine MPs' pay and pension arrangements.
- To regulate MPs' staffing and business costs:
  - set MPs' annual budgets;
  - define the rules by which they can spend;
  - monitor compliance; and
  - ensure transparency through publication.
- To provide a payroll function for MPs and their staff.

In the past, IPSA had a reputation for only being interested in 'catching MPs out,' but its emphasis now is on regulation. Todd emphasised that it's focus doesn't have to be solely punitive.

He described how over the past two years IPSA had developed a dedicated support team to help MPs "get things right first time". The team works with MPs and their staff to advise, to assist when genuine errors occur, and to "enable MPs to focus on what really matters by providing an exemplary, seamless regulatory service".

IPSA's role is to look after public funding of MPs and determines their levels of pay, strictly in accordance with standards in the public sector. The aim is to ensure that MPs are paid a reasonable wage; salaries must not be so low that they exclude anyone without alternative private sources of income from taking up a seat in the legislature. This would "disenfranchise a huge percentage of the population". Their salaries need to cover MPs' expenses to discourage the temptation to engage in corruption by accepting bribes or any other kinds of political inducements.

IPSA believes that the public's confidence in their elected leadership is increased by successful independent regulation. Todd said there is a need for a public regulator that not only supports MPs but that also "has teeth and is determined to find [offenders] and fight them where they exist".

*Listen to Ian Todd's speech in full on IFAA's YouTube page at <https://youtu.be/OFCyygGjvqU>*

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