



House of Commons
Members Estimate Committee

Communications Allowance

First Report of Session 2006–07

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Members Estimate Committee

The Members Estimate Committee has the same Members as the House of Commons Commission:

Rt Hon Michael Martin MP, Speaker
Rt Hon Jack Straw MP, Leader of the House
Rt Hon Mrs Theresa May MP, Shadow Leader of the House
Sir Stuart Bell MP
Nick Harvey MP
Rt Hon David Maclean MP

The Committee is appointed under Standing Order No 152D (*House of Commons Members Estimate Committee*):

152D.—(1) There shall be a committee of this House, called the House of Commons Members Estimate Committee.

(2) The members of the committee shall be those Members who are at any time members of the House of Commons Commission pursuant to section 1 of the House of Commons (Administration) Act 1978; the Speaker shall be chairman of committee; and three shall be the quorum of the committee.

(3) The functions of the committee shall be—

- (a) to codify and keep under review the provisions of the resolutions of this House relating to expenditure charged to the Estimate for House of Commons: Members;
- (b) to modify those provisions from time to time as the committee may think necessary or desirable in the interests of clarity, consistency, accountability and effective administration, and conformity with current circumstances;
- (c) to provide advice, when requested by the Speaker, on the application of those provisions in individual cases;
- (d) to carry out the responsibilities conferred on the Speaker by the resolution of the House of 5th July 2001 relating to Members' Allowances, Insurance, &c., except the responsibility of appointing the Advisory Panel provided for in paragraph (5)(1) of that Resolution.

(4) Paragraph (3)(b) above does not empower the committee—

- (a) to create a new form of charge on the Estimate for House of Commons: Members; or
- (b) to increase any rate of charge or payment determined by resolution of this House.

(5) The committee shall report to the House from time to time, and in any case not less than once a year, the provisions of the resolutions of this House relating to expenditure charged to the Estimate for House of Commons: Members, as codified and modified pursuant to paragraph (3) of this order.

(6) The committee shall have power to sit notwithstanding any adjournment of the House.

Committee staff

The staff of the Committee are Andrew Kennon, Jenny McCullough and Louise Sargent.

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Introduction

1. On 1 November 2006 the House approved by 290 votes to 199 the principle of a Communications Allowance:

Resolved, That this House welcomes the principle of establishing, from 1st April 2007, a separate Allowance for Members of Parliament to assist in the work of communicating with the public on parliamentary business and instructs the Members Estimate Committee to prepare a detailed proposal for such an allowance.

2. The Members Estimate Committee has considered this matter at three meetings. We have taken into account the views expressed in the debate on 1 November and commissioned work from the Department of Finance and Administration on how such an allowance could work in practice. We commend the work of staff in the Department of Finance and Administration in drawing up this scheme to a tight timetable. We have also received the advice offered in the debate by the Chairman of the Committee on Standards and Privileges. This report sets out our recommendations for the approval of the House.

3. A draft Motion for consideration by the House is set out in the Appendix.

Background

4. The House has been advised by committees of the House as well as by external bodies to put more effort into communicating with the public¹. Developments in technology have provided new opportunities for doing so, while at the same time calling into question the rules and resources affecting Members' ability to contact and hear from their constituents.

5. Over the same period the traditional method of communicating by letter has shown no sign of abating. Indeed, the cost of the long-standing arrangements for providing unlimited pre-paid envelopes and other House stationery to Members for this purpose has risen significantly. The rules governing the use of pre-paid envelopes and other House stationery have become confusing and the relationship between that regime and the Incidental Expenses Provision (IEP)—introduced in 2001—has produced anomalies.

6. The current Incidental Expenses Provision allows printing and distribution of unsolicited reports, newsletters and contact cards, which are not allowed to be issued through the pre-paid envelopes regime. The rules do not however allow printing or distribution of petitions, questionnaires or mailshots targeted at particular demographic groups.

7. Taking these factors into account, our unanimous view is that a new Communications Allowance should only come into effect in parallel with a limit on the annual amount of pre-paid envelopes and other House stationery each Member may use. In drawing up our proposals for the allowance we fully support the decision of Mr Speaker to restrict the

¹ (a) *Connecting Parliament with the Public*—First Report of the Select Committee on Modernisation of the House of Commons, Session 2003–04, HC 368, (b) *Members Only? Parliament in the Public Eye*—Report of the Hansard Society Commission on the Communications of Parliamentary Democracy chaired by Lord Puttnam 2005, (c) *Power to the People*—An Independent Inquiry into British Democracy—The centenary project of the Joseph Rowntree Charitable Trust and the Joseph Rowntree Reform Trust 2006.

amount of pre-paid envelopes and other House stationery to the value of £7,000 a year per Member with effect from 1 April 2007.

8. We have considered the case for combining the new Communications Allowance with the allocation of pre-paid stationery. While this seems attractive in the long term, the financial and administrative difficulties to be overcome would delay unduly the introduction of the Communications Allowance.

Scope of the allowance

9. The Communications Allowance (CA) should be available to meet the cost of Members engaging proactively with their constituents through a variety of media. It could be used for the production of unsolicited communications within the parameters set out in the rules which will be issued. We are clear that this new allowance—like others—should be for parliamentary and not party political or personal business.

10. The Communications Allowance may only be used to help Members inform their constituents about what they have been doing and to consult them on key issues, especially of a local nature. It cannot be used to meet personal costs, or the costs of party political activities or campaigning. The main areas of expenditure available from the Communications Allowance are outlined below. We emphasise the fact that it will be each Member's responsibility to ensure that any expenditure funded by the Communications Allowance is wholly, exclusively and necessarily incurred for the purpose of performing their parliamentary duties. The content of any communications paid from the allowance must not seek to compare the Member's party favourably with another, promote one party at the expense of another or seek to undermine the reputation of political opponents.

11. The Communications Allowance is an entirely separate allowance, not just a ring-fenced extension of the IEP. Most costs of communicating with constituents will now be reimbursed from the Communications Allowance, not IEP. Some communications costs, however, will continue fall to the IEP and to the pre-paid envelope regime. Pre-paid envelopes cannot now be purchased using the IEP and will not be purchased in future using the Communications Allowance.

Purpose of the allowance

12. Detailed rules for the operation of the Communications Allowance will be set out in a separate booklet—including new rules for pre-paid envelopes and other House stationery—and will be incorporated into the next edition of the Green Book. These will be revised by the Members Estimate Committee in the light of experience and after consideration by the Advisory Panel on Members' Allowances. The following paragraphs set out *in broad terms* how the allowance may be used. The Communications Allowance can be used to meet the cost of engaging proactively with constituents through a variety of media, including the following items:

- regular reports and constituency newsletters
- questionnaires and surveys
- petitions

- targeted communications
- contact cards
- distributions costs including direct mailing and postage
- websites
- some capital costs on acquiring equipment for the specific purpose of producing the above items.

13. The nature of the material which would be allowable in Members' newsletters or on their websites would be broadly what is currently allowed under the Incidental Expenses Provision rules. The rules will allow websites to include suitable podcasts and blogs. Subject to the detailed rules, the type of information which would be allowed includes:

- information about the Member
- information about Parliament, debates etc
- details of how to get in touch, which may include an on-line forum
- on-line surgeries
- details of surgeries
- newsletters
- news eg press releases, about work as a Member
- links to public service and other websites eg Parliament, local council and services etc
- bought in staffing costs for website design and maintenance
- computer mediated communications eg blogs.

14. Publications or websites funded from the Communications Allowance should **not** be used:

- to conduct business activities or to obtain inappropriate private benefit
- for fund raising
- to encourage people to join a particular political party
- to publish or promote any publication, unless it meets the rules to be published separately
- to advertise on behalf of any other entity
- to campaign on behalf of or against any person seeking election

- to promote, criticise or campaign for or against anyone seeking election
- for the purpose of advancing perspectives or arguments with the intention of promoting the interests of any political party or organisation, or damaging the interests of any other such party or organisation
- for petitions, surveys or questionnaires associated principally with national campaigning or local elections.

Rate of the allowance

15. We recommend that the new Communications Allowance be set at £10,000 for the year beginning 1 April 2007 and that it be adjusted annually in line with the movement in the Retail Prices Index. This is linked directly to the new annual limit of £7,000 for pre-paid stationery.

16. If set at £10,000 p.a. and assuming similar take-up to the other allowances, it is estimated that the total annual cost of the Communications Allowance would be about £6 million. In 2005/06, some £3 million was spent by all Members on stationery and postage. A cap on pre-paid envelopes and other House stationery spending of £7,000 per Member per year would limit annual expenditure to a maximum of £4 million, with the likelihood that it would be less because many Members would not use the full allocation. It is estimated that, currently, about £2 million is spent annually on annual reports, newsletters and websites mainly from the IEP.

Transfers

17. Limited transfers will be possible from the Staffing Allowance to the Communications Allowance—as they are at present to the IEP—but the total transferred from the Staffing Allowance to all other allowances must not exceed 10% of the SA in any one year. Funds would be transferable from the Incidental Expenses Provision into the Communications Allowance. No funds will be transferable from the Communications Allowance to any other allowance.

Practical arrangements

18. A separate, comprehensive, booklet will be published covering the Communications Allowance (including the proposed sections for the Green Book) and the use of pre-paid envelopes and other House stationery. The new system will also be communicated to Members through party whips and the all-party whip. Seminars will be arranged for Members and their staff.

19. To implement Mr Speaker's decision to limit annual spending on pre-paid envelopes and other House stationery to £7,000 from 1 April 2007, officials are being instructed to operate a system (similar to that used on Members' allowances) to alert Members whose ordering of envelopes risks taking them over the limit. Staff will refuse to issue pre-paid envelopes in excess of the limit. Members will not be able to purchase pre-paid envelopes in excess of this limit using money from other allowances.

20. The existing arrangements for paying allowances will apply to the Communications Allowance:

- rules set out in separate booklet and in due course the Green Book;
- the costs of items of expenditure either met directly or reimbursed by the House following receipt of a claim; and
- staff in the Department of Finance and Administration applying the rules to each claim to validate eligibility.

21. The Committee strongly encourages Members to seek advice from the Director of Finance and Administration on the operation of the new allowance and from the Serjeant at Arms on the new system for pre-paid envelopes and other House stationery in advance of committing parliamentary resources.

22. The administration of the new allowance will require the employment of a small number of additional staff to be determined by the Clerk of the House. While the cost of the allowance itself will fall on the Members Estimate, the cost of administering it will fall on the Administration Estimate. Based on assumed take-up of 90 per cent of the total available, there would be 6,000 extra claims per year. This will be a significant extra task for the Department of Finance and Administration—not just because of the additional volume, but also because of the added complexity. The initial estimate of staff costs is approximately £150,000 to £200,000 based on a requirement for up to five additional staff.

23. The Committee notes that under the House's Freedom of Information publication scheme the total expenditure by each Member from the Communications Allowance will be disclosed annually.

Conclusion

24. The Members Estimate Committee recommends that the House agrees these detailed proposals for a Communications Allowance of £10,000 for each Member from 1 April 2007.

Appendix: Communications Allowance Motion

COMMUNICATIONS ALLOWANCE

(1) That this House approves the First Report of the Members Estimate Committee 2006-07 (HC 319) on a Communications Allowance, and is of the opinion that provision should be made with effect from 1 April 2007 for a Communications Allowance in accordance with paragraphs (2)–(4) below.

(2) The allowance shall be for the purpose of assisting Members with expenditure incurred wholly, exclusively and necessarily in communicating with the public on parliamentary business, and the scope of the allowance shall be as set out in the first report of the Members Estimate Committee.

(3) The allowance shall be at a rate of £10,000 per year for each Member, updated annually in line with any increase in the Retail Price Index.

(4) The detailed rules and guidance for the Allowance shall be determined and reviewed from time to time by the Members Estimate Committee.