



House of Commons
Committee on
Standards and Privileges

Shahid Malik

Second Report of Session 2010–11

Report and Appendices, together with formal minutes

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The Committee on Standards and Privileges

The Committee on Standards and Privileges is appointed by the House of Commons to oversee the work of the Parliamentary Commissioner for Standards; to examine the arrangements proposed by the Commissioner for the compilation, maintenance and accessibility of the Register of Members' Interests and any other registers of interest established by the House; to review from time to time the form and content of those registers; to consider any specific complaints made in relation to the registering or declaring of interests referred to it by the Commissioner; to consider any matter relating to the conduct of Members, including specific complaints in relation to alleged breaches in the Code of Conduct which have been drawn to the Committee's attention by the Commissioner; and to recommend any modifications to the Code of Conduct as may from time to time appear to be necessary.

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Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at: www.parliament.uk/sandp.

Committee staff

The current staff of the Committee are Mr Steve Priestley (Clerk), Miss Rhiannon Hollis (Second Clerk) and Ms Jane Cooper (Committee Assistant).

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Shahid Malik

Introduction

1. Shahid Malik served as the Member for Dewsbury from the 2005 General Election to the 2010 General Election. In December 2009, the Parliamentary Commissioner for Standards received a complaint from a resident of Dewsbury that Mr Malik had claimed against his Parliamentary second home allowance (the Additional Costs Allowance (ACA)) for the cost of insuring his wife's engagement ring. The complaint was supported by evidence published in a local newspaper.¹

2. The Commissioner investigated the complaint, completing his investigation in July 2010, by which time Mr Malik was no longer a Member of Parliament. The Commissioner's report of his investigation was submitted to the Committee in the form of a memorandum, which is published at Appendix 1 to this Report. In accordance with the Committee's usual procedure, we supplied Mr Malik with a copy of the Commissioner's memorandum and invited him to give evidence, in person or in writing. Mr Malik chose to submit written evidence, which is published at Appendix 2.

3. Our predecessor Committees made clear their view that a complaint against a former Member should be accepted for investigation only in exceptional circumstances.² At our first meeting, in July 2010, we resolved to continue to apply this policy. In the case which is the subject of this Report, the Commissioner commenced his investigation while the subject, Mr Malik, was still a Member of Parliament. The Commissioner completed his investigation following Mr Malik's defeat at the General Election. Notwithstanding our firm view that the Commissioner's priority must continue to be to deal with complaints against sitting Members, we fully support his decision to complete investigations already under way into complaints against Members who stood down or lost their seats at the General Election.

The Commissioner's findings

4. The Commissioner's memorandum records that in 2008–09 and 2009–10, Mr Malik took out and claimed against his ACA for optional extra insurance cover for a diamond engagement ring with a declared value of £8,000. This extra cover applied to the ring when it was away from Mr Malik's second home and also insured it against accidental loss or damage. The cost of the additional cover was £98 for 2008–09 and £137 for 2009–10. Mr Malik did not consult the Department of Resources before he submitted his claims for the full cost of the insurance and the Department, failing to notice that the sums claimed for included additional cover in respect of the ring, paid the claims in full without raising any query.³

¹ Appendix 1, paragraphs 2 to 5

² Guide to the Rules relating to the conduct of Members, paragraph 104 source ref?

³ Appendix 1, paragraphs 39 and 40

5. Having been consulted by the Commissioner, the Department accepted that it should not have met Mr Malik's claims in full, although it pointed out that the additional cover included protection for the ring while it was within the second home, which could have been an allowable cost. In January 2010, Mr Malik voluntarily repaid £235, which was the full cost of the additional premiums in respect of the ring. Mr Malik told the Commissioner that he did this both to show leadership and to avoid any doubt whatsoever. However, Mr Malik also told the Commissioner that the Department had failed in its duty of care to him when processing the two claims. He further noted that the issue had not been raised during Sir Thomas Legg's audit of ACA claims, which Mr Malik concluded must be either because Sir Thomas felt the expenses were eligible, or because Sir Thomas's review had also failed in its duty of care.⁴

6. The Commissioner told Mr Malik that he was minded to conclude that he had been in breach of the rules by claiming the full cost of the extra cover, but that he was minded also to resolve the complaint using the rectification procedure. Repayment alone is not enough to rectify a breach of the rules; in order for a matter to be rectified, the Member concerned also needs to accept that he or she breached the rules and has to apologise for the breach.⁵ Under the procedure, the Commissioner would have reported the outcome to this Committee but he would not have submitted a formal memorandum and the Committee in turn would not have made a report to the House. The Commissioner notes that he twice offered Mr Malik an opportunity to complete the rectification process. However, Mr Malik did not in terms reply to the Commissioner's offers of rectification.⁶ The Commissioner was thus unable to rectify the matter.

7. The offer of rectification having been left on the table by Mr Malik, the Commissioner has made a formal report to us of his conclusions. The Commissioner considers that Mr Malik's claim from ACA in 2008–09 and 2009–10 for the cost of optional extra insurance cover on his wife's diamond engagement ring was "a clear-cut breach of the rules."⁷ He points out that the claim for the cost of this optional extra cover was not necessary in order to meet the costs of Mr Malik's overnight stays away from his main home on Parliamentary duties and that it added some 70% to the cost of the contents cover for both 2008–09 and 2009–10.

8. As to Mr Malik's evidence that he did not remember any discussion with the insurers about the extra cover but that he simply received the insurance bill, paid it, and sent it to the Department of Resources for reimbursement, the Commissioner concludes that Mr Malik had a particular responsibility to check carefully the cover he was offered before seeking to have it funded from Parliamentary allowances. Although the Department has accepted that it too should have checked the claims more closely, the Commissioner does not believe that that absolves Mr Malik from the primary responsibility.⁸

⁴ Appendix 1, paragraph 41

⁵ Appendix 1, paragraphs 28 and 34

⁶ Appendix 1, paragraph 35

⁷ Appendix 1, paragraph 43

⁸ Appendix 1, paragraph 44

9. Finally, the Commissioner notes that “This complaint has taken far too long to resolve.”⁹ He identifies Mr Malik’s failure to respond in a timely manner to the questions in his letter of 22 January 2010 as the primary reason for this. He points out that this delay occurred despite regular reminders from him and a series of undertakings from Mr Malik. The reply was eventually made just days before the Dissolution of Parliament on 12 April. The Commissioner concludes that:

... it is to Mr Malik’s credit that he decided quickly to repay the cost of the premiums for both years, a total cost of £235. I think that he was also right to have felt uncomfortable about these costs once they were drawn to his attention. But he was mistaken in thinking that, following my receipt of a substantiated complaint, the matter could have rested there. It is my responsibility in accepting a complaint to form a judgement about whether on the basis of the evidence, the Member was in breach of the rules of the House. It is, in my view, therefore, unfortunate that Mr Malik did not recognise this and demonstrate the same dispatch in responding to the complaint as he did in making the repayment. I think it is also unfortunate that Mr Malik has declined to recognise his personal responsibility, even for that part of the error which he appears to have accepted. As a result of both his lack of timeliness and his avoidance of responsibility, in my judgement he made more serious what would otherwise have been an unfortunate but not serious error.¹⁰

Mr Malik’s evidence

10. Mr Malik’s written evidence is reproduced in full at Appendix 2. His comments are presented under five headings.

Substance of the complaint

11. Mr Malik welcomes the Commissioner’s support for his decision to repay the cost of the extra insurance premiums. He points out that the House authorities were and remain content that a Member should claim for the cost of providing insurance cover for an item of jewellery while it is in the Member’s second home and that neither the Department of Resources nor Sir Thomas Legg’s inquiry raised any concerns with him. Mr Malik states that “My actions had so far as I was concerned duly remedied the matter ... logic would dictate that at worst this is a partial breach but one where I have happily paid back the full amount and content at having done so.”

‘Timeliness’ criticism

12. Mr Malik is disappointed by “the weight and emphasis on timeliness given by the Commissioner in his memorandum.” He informs us that during the same period that this inquiry was under way (from January 2010) he was also in contact with the Commissioner about an inquiry into another, substantive complaint against him. He was also a busy MP and government Minister. Mr Malik suggests that the inquiry into his insurance cover was

⁹ Appendix 1, paragraph 48

¹⁰ Appendix 1, paragraph 49

“relatively trivial” and the matter had to all intents and purposes been remedied when he repaid the additional premiums in full. Mr Malik prioritised the substantive inquiry, which was finally resolved with the complaint being dismissed on 6 April. He replied to the Commissioner’s letter of 22 January on 7 April. Mr Malik has told us:

During this ‘timeliness’ period I sent at least 12 emails to the Commissioner, wrote at least three substantive responses totalling 21 pages and 9,000 words, and received 18 documents/files of crucial evidence, which I had to go through myself with a fine toothcomb and pull out key elements to formulate responses.

Hence, if I am touchy and sensitive about the issue of ignoring the Commissioner, not responding to the Commissioner or not respecting the Commissioner – I think it is too often forgotten that MPs are at the end of the day just human beings with limitations.

Taking responsibility

13. Mr Malik suggests that his decision to repay the cost of the additional premiums before the Commissioner’s inquiry was fully under way shows that he took responsibility. He also accepts the Commissioner’s point that Members must take primary responsibility for their claims. However, he also suggests that the Department of Resources was primarily responsible for scrutinising and processing claims and that Sir Thomas Legg’s inquiry was responsible for auditing them and he reminds us that neither the Department nor Sir Thomas raised concern over the additional premiums.

14. Under this heading, Mr Malik also suggests that “in the whole report ... there is no criticism of my actions in relation to the insurance premium”. He feels that his decision to repay the premiums cost him a “heavy political price” and that that should have been the end of the matter. Finally in this section, Mr Malik proposes that the complaints system should be modernised so that the Commissioner does not have to devote resources to resolving minor breaches of the rules.

Confusion about the insurance policy

15. Mr Malik has supplied an extract from the relevant insurance policy which makes it clear that the additional cover for the ring included accidental loss or damage and also extended to anywhere in the world. From this, he concludes that the ‘away from home’ element of the cover was not “the major element” in the additional cover. His contention is that the ‘away from home’ cover was included as part of the package of additional cover for the ring and that it could not be disaggregated. He was not aware of it at the time he took out the cover.

16. Mr Malik criticises the Commissioner for, as he puts it, failing to spot an obvious issue—the fact that he also took out additional cover to protect household goods from accidental loss or damage while they were at and away from the second home. The Commissioner has not commented on this additional cover in his memorandum. Mr Malik suggests that this demonstrates that standard insurance cover is inadequate and that most people will require additional cover.

Specific accusation and defamatory complaint

17. Finally, Mr Malik tells us that the complaint against him, which was made by a political opponent, amounts to “a very serious defamatory accusation”. He suggests that if the complaint were upheld it would set an unhelpful precedent “and every MP that may have insured in this way will be accused of making bogus claims”.

Conclusion and recommendation

18. We are surprised by the view taken by the Department of Resources that it is acceptable for a Member to claim for the cost of insuring an item of jewellery belonging to a partner under a policy relating to a second home. In our view, it might be expected that such an item of jewellery would be covered by the policy in respect of the Member’s main home.

19. Mr Malik’s view is that by repaying in full the additional insurance premiums which were the subject of this complaint, he effectively “remedied” the matter. The Commissioner holds that repayment alone is not enough. We agree with the Commissioner. The established procedure for rectifying a minor and unintended breach of the rules requires three actions by the Member concerned: repayment; acceptance that the breach occurred; and an apology. In this case, the second criterion has not, in our view, been fully satisfied and the last has not been met at all.

20. Mr Malik’s disappointment at the emphasis given by the Commissioner in his memorandum to his failure to reply promptly to the letter of 22 January is understandable. As he points out, he was at the same time responding to the Commissioner’s letters concerning another, more serious complaint against him, which was eventually dismissed. He was a busy Minister and MP. Notwithstanding this, we do not understand why it took Mr Malik so long to deal with a quite straightforward question about the additional insurance premium in respect of cover for his wife’s ring. Once Mr Malik did turn his attention to this, he appears to have dealt with it in a day. He could surely have done this much earlier. Mr Malik’s references in his evidence to the “heavy political price” he has paid may be a pointer to the consideration that was uppermost in his mind at the time.

21. The fact that neither the Department of Resources nor Sir Thomas Legg’s inquiry found fault with Mr Malik’s claims for the additional premiums does not, in our view, absolve Mr Malik from the primary responsibility that he bears for deciding to put in the claim in the first place. We do not accept Mr Malik’s view that there is no criticism in the Commissioner’s memorandum of his actions in relation to the insurance premiums—the Commissioner has made it clear that it was Mr Malik’s failure to check with sufficient care the cover he was taking out that led to a breach of the rules.

22. The Commissioner has concluded that the ‘away from home’ part of Mr Malik’s additional cover insurance package was “a” (not “the”) major element. He has not suggested that there was a particular alternative package available, offering cover at home, but not away from home, and he has pointed out that Mr Malik did not seek different cover. We agree with the Commissioner that the ‘away from home’ element was a major element of the additional cover, sufficient to render Mr Malik’s claim for the entire cost of the additional premiums invalid and, therefore, a breach of the rules.

23. We note Mr Malik's strongly expressed view that the Commissioner was "less diligent and attentive than might have been expected" when reviewing the evidence about Mr Malik's additional cover. We reject this view. The Commissioner was inquiring into a complaint about the additional premium claimed by Mr Malik in respect of his wife's engagement ring. Additional cover for accidental damage to household goods in the second home was not part of the complaint.

24. We have also noted Mr Malik's comments about an undesirable precedent being set. We would not wish the Commissioner to be deterred from reaching a finding on the basis of the evidence available to him, simply because it might set a precedent. Each complaint that meets the criteria for investigation should be fully investigated. This also answers Mr Malik's point about proportionate use of resources. The seriousness of a breach of the rules may not become apparent until the end of an investigation. We would not wish the Commissioner to prioritise some inquiries over others on the basis of his judgment as to the seriousness of the complaint.

25. We conclude that Shahid Malik breached the rules of the House when he claimed for the cost of additional insurance premiums in respect of his wife's engagement ring for accidental loss or damage or when it was away from his second home. We agree with the Commissioner that this was not a serious breach. We welcome Mr Malik's decision to repay the additional premiums in full. However, we share the Commissioner's disappointment that Mr Malik did not rectify this matter when he had an opportunity to do so and that he caused the resolution of this complaint to be postponed until after the general election.

26. Mr Malik is no longer a Member of the House. If he had been a Member, we would have invited him to apologise in writing, both for the breach of the rules and for his failure to respond sufficiently promptly to the Commissioner's investigation. In our view, this is still the appropriate step for Mr Malik to take. **We recommend that within ten days of publication of this Report Shahid Malik apologise to the House through this Committee in writing, both for breaching the rules of the House when he was a Member of Parliament and for his failure while still a Member to respond sufficiently promptly to the Commissioner's investigation.**

Appendix 1: Memorandum from the Parliamentary Commissioner for Standards

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Complaint against Mr Shahid Malik

Introduction

1. This memorandum reports on my inquiries into a complaint that Mr Shahid Malik, then the Member for Dewsbury, claimed against his Additional Costs Allowance (ACA) in March 2009 for costs which were not wholly, exclusively and necessarily incurred for the purpose of performing his parliamentary duties, namely the optional extra insurance cover he bought for a diamond engagement ring.

The Complaint

2. On 14 December 2009, Mr Jonathan Scott of Earlsheaton, Dewsbury wrote to me “*further to newspaper allegations and the examination of Mr Malik’s ACA expenses for 2008–09*” to complain against Mr Malik.¹¹ Mr Scott said that, according to his ACA expenses forms, Mr Malik had claimed £550 for buildings and contents insurance on his designated second home, and that £137 of the overall claim of £550 was a premium to cover “*the diamond engagement ring that Mr Malik had purchased for his wife*”. Mr Scott said that “*This part of the claim is clearly in breach of the rules and is in no way whatsoever an expense that Mr Malik incurred to ensure he could properly perform his parliamentary duties.*” Mr Scott attached copies of Mr Malik’s claim form of 18 March 2009,¹² of what he described as “*the unredacted insurance policy details*”¹³ and of a newspaper article from the *Dewsbury Press* of 11 December 2009.¹⁴

3. The policy summary which Mr Scott had sent¹⁵ showed that Mr Malik had bought standard contents cover costing £160 for his additional home for 2009–10. This included replacement cover for valuables and personal belongings costing £1,500 or more where these were specified in the policy. Under this heading Mr Malik had specified a diamond ring to the value of £8,000. Mr Malik had also bought optional extra cover for this ring. This provided cover away from the home and, in addition, for accidental loss or damage. The additional premium was £137. The total cost of the insurance for both contents and buildings was £550.

4. The article in the *Dewsbury Press*¹⁶ said that, according to expenses claims recently published by the House, Mr Malik had given his bride-to-be an £8,000 diamond engagement ring, and that “*taxpayers are footing the bill for insuring the ring.*” The article said that the ring was itemised on Mr Malik’s home contents policy for his second home, the cost of which he had claimed from his allowances, and that “*the cost of insuring the ring is listed at £136.87.*”

¹¹ WE 1. Mr Scott’s letter was incorrectly dated 14 November.

¹² Not included in the written evidence.

¹³ WE 2

¹⁴ WE 3

¹⁵ WE 2

¹⁶ WE 3

5. The newspaper also reported that Mr Malik's office had issued the following statement: *"Mr Malik is pleased that these latest figures have been released. He has consistently spoken (and voted) in favour of transparency and disclosure. Mr Malik is also pleased that Sir Thomas Legg has had the chance to audit these claims thoroughly. As you will remember Sir Thomas found that Mr Malik has acted fully within the ACA rules at all times, both in this year and in previous years. He concluded that Mr Malik has nothing to pay back, and nothing further to explain."*

Relevant Rules of the House

6. The Code of Conduct for Members of Parliament provides in paragraph 14 as follows:

"Members shall at all times ensure that their use of expenses, allowances, facilities and services provided from the public purse is strictly in accordance with the rules laid down on these matters, and that they observe any limits placed by the House on the use of such expenses, allowances, facilities and services."

7. The Green Book on Parliamentary Salaries, Allowances and Pensions set out the rules for the Additional Costs Allowance. As Mr Malik's claim for insurance for the period February 2009 to January 2010 was made against his Additional Costs Allowance for 2008–09, the relevant edition in this case is that of July 2006. In his introduction to the 2006 Green Book, Mr Speaker Martin wrote:

"Members themselves are responsible for ensuring that their use of allowances is above reproach. They should seek advice in cases of doubt and read the Green Book with care. In cases of doubt or difficulty about any aspect of the allowances or how they can be used, please contact the Department of Finance and Administration. The Members Estimate Committee, which I chair, has recently restated the Department's authority to interpret and enforce these rules."

8. Section 3.1.1 set out the scope of the Additional Cost Allowance as follows:

"The Additional Costs Allowance (ACA) reimburses Members of Parliament for expenses wholly, exclusively and necessarily incurred when staying overnight away from their main UK residence (referred to below as their main home) for the purpose of performing Parliamentary duties. This excludes expenses that have been incurred for purely personal or political purposes."

9. Section 3.2.1 set out the eligibility requirements as follows:

"You can claim ACA if:

- a) You have stayed overnight in the UK away from your only or main home, and
- b) This was for the purpose of performing your Parliamentary duties, and
- c) You have necessarily incurred additional costs in so doing, and
- d) You represent a constituency in outer London or outside London."

10. Sections 3.3.1 and 3.3.2 set out two of the principles applying to the Additional Costs Allowance. Section 3.3.1 provided:

“You must ensure that arrangements for your ACA claims are above reproach and that there can be no grounds for a suggestion of misuse of public money. Members should bear in mind the need to obtain value for money from accommodation, goods or services funded from the allowances.”

Section 3.3.2 provided:

“You must avoid any arrangement which may give rise to an accusation that you are, or someone close to you is, obtaining an immediate benefit or subsidy from public funds or that public money is being diverted for the benefit of a political organisation.”

11. Section 3.10.2 gave information on what qualified as allowable expenditure. It provided:

“Subject to paragraphs 3.1.1 to 3.10.1 you can claim reimbursement for the expenses listed provided that they are wholly, exclusively and necessarily incurred in the course of your parliamentary duties.”

12. Paragraph 3.13.1 listed examples of expenditure allowable under the Additional Costs Allowance. One of these was buildings and contents insurance for a home in respect of which the allowance was claimed.

My Inquiries

13. I wrote to Mr Malik on 14 January.¹⁷ I asked him why he had purchased this extra cover from the contents insurance of his additional home; why he had put the extra cover on the insurance policy for his second home; and who owned the ring in question. I also asked Mr Malik whether and if so why he considered that his claim against the Additional Costs Allowance in respect of the extra cover for this jewellery was for a cost wholly, exclusively and necessarily incurred in the performance of his parliamentary duties. I asked him whether he had previously claimed for optional extra insurance cover for such jewellery, and if so for how much. In this context, I noted from his redacted claim of 19 December 2008¹⁸ that Mr Malik had also claimed for a premium for extra cover for his 2008–09 home contents insurance.¹⁹ Finally I asked Mr Malik whether he had had any discussions with the House authorities about claims for his contents insurance, together with copies of any related documentation.

14. Mr Malik replied on 19 January.²⁰ He said that he had written to the Fees Office in the previous week and had repaid the amount of £137.²¹ Mr Malik went on to say, “I was

¹⁷ WE 4

¹⁸ Not included in the written evidence

¹⁹ According to the policy summary that had accompanied this claim (not included in the written evidence), the additional premium charged was £98, and the cost of the standard contents cover was £110.

²⁰ WE 5

unaware of the second amount until I received your letter ... I am checking with Finance and Admin this morning to establish what the second insurance item might be and if it is linked with the repayment I have already made then I will voluntarily repay a further £97.97.” He continued, “I note however that Mr Scott’s letter of complaint relates to the £136.87 which has been repaid and as such that matter is resolved. With respect to the element (£97.97) that you have highlighted in your letter I will deal with that today, although it is not the subject of the complaint.”

15. Mr Malik went on to say, *“With respect to the amount I have repaid voluntarily, although it had been accepted, processed, and paid as legitimate and also externally audited and accepted as being within the rules, I do not feel comfortable. Rather than putting forward a powerful argument and explanation I felt that the best course of action was to voluntarily repay money and avoid any doubt whatsoever in relation to my ACA.”*

16. Mr Malik sent me a copy of his letter to the Fees Office of 14 January.²² In that letter he said that the sum of £137 had been *“approved and paid by the House authorities as part of an insurance bill in 2008–09 and was subsequently successfully audited against the rules by Sir Thomas Legg’s audit”*. However, Mr Malik went on to say that he intended to repay the amount to the House. He commented, *“As stated, although it was accepted, paid and audited as legitimate, I feel slightly uncomfortable and would rather repay the amount to avoid any doubt whatsoever. I know that this is probably quite a unique case in that the bill has been approved at all levels of the House, including external audit, but I hope you will nonetheless respect my decision.”*

17. I replied to Mr Malik on 22 January.²³ I asked him to let me know as soon as possible about the second insurance item, which was included in the claim he had submitted on 19 December 2008. I also asked if, in responding to this point, Mr Malik could respond specifically to a number of matters I had previously asked him about in my letter of 14 January.²⁴ These were why he had put the extra cover on the insurance policy for his second home and who owned the ring in question and whether he had had any discussions with the House authorities about the claim for his contents insurance. I also asked for any comment that Mr Malik might have about the application of the rules to this particular part of his claim. I also told Mr Malik that, once I had his response, I would need to seek information and advice from the Department of Resources, and would then need to come to my own view on whether he was in breach of the rules in making these claims, while noting that he had already paid them (or at least one of them) back.

18. Despite a number of reminders from my office and undertakings to respond by particular dates, Mr Malik did not in fact reply until 7 April.²⁵ In his e-mailed response, Mr Malik apologised for the delay in responding, and said that the second insurance item, as with the first, related to his wife’s engagement ring. He commented, *“As I recollect the insurance was initiated over the phone where I was asked if I had any items in the home*

²¹ WE 6. See paragraph 16 below.

²² WE 6

²³ WE 7

²⁴ WE 4

²⁵ WE 8

worth £1,500 plus. The only item worth that much that needed to be in my second home was the ring, as obviously it came with my wife. I do not recollect any discussion about extra cover but I would have been anxious to simply answer the questions asked honestly and to give full disclosure.” Mr Malik said that he had received the insurance bill, paid it and sent it to the Department of Resources for processing. He added, “They duly processed it and it was later cleared by Sir Thomas Legg’s audit. When I became aware of the extra cover, in December I think, I felt the best course of action was to pay back the extra cover amount to avoid any doubt whatsoever.” Mr Malik also said that he “did not have any discussions with the House authorities nor did they ever question the payment and as stated it was also cleared by Sir Thomas Legg.” Mr Malik continued, “Irrespective of the outcome of your deliberations I have no intention of claiming the money back.”

19. I responded to Mr Malik on the same day, 7 April.²⁶ I told him that I had written to the Department of Resources to invite their comments and advice on this matter.²⁷ I asked Mr Malik to confirm that he had repaid £98 for 2008–09 (as well as £137 for 2009–10). I asked him also for confirmation that that was the first year in which he had taken out (and subsequently claimed for) that particular item of insurance.

20. Mr Malik e-mailed my office on 17 April.²⁸ In this e-mail, he confirmed that he had repaid the premium for 2008–09, and that 2008–09 had been the first year in which he had taken out (and subsequently claimed for) that particular item of insurance.

21. As mentioned in paragraph 19, I had also written on 7 April to the Director of Strategic Projects at the Department of Resources.²⁹ I asked him if the Department could confirm whether Mr Malik had repaid the insurance premium of £98 for the optional extra cover for the year 2008–09, as well as the sum of £137 for 2009–10. I also asked for any information available to the Department about whether this matter had been considered in the course of Sir Thomas Legg’s audit; whether there was any record in the Department of this particular part of Mr Malik’s invoice being considered before the payment had been made; and for the Director’s views on whether, in the light of the information now available, he considered that the claim was eligible under the Additional Costs Allowance, taking into account that it appeared that the cover was to insure valuables while the holder was away from the home, as well as against accidental loss or damage. Finally, I told the Director that Mr Malik had asked whether it would be possible for me to have resolved this complaint before the Dissolution of Parliament, and that I had told him that it must be likely that it would not be possible for me to do so.³⁰ On 26 April, after the House had dissolved on 12 April, I wrote to the Director again,³¹ and sent him a copy of Mr Malik’s e-mail of 17 April,³² so he could take it into account when preparing the Department’s advice on the complaint.

²⁶ WE 9

²⁷ WE 11, summarised in paragraph 22 below.

²⁸ WE 10

²⁹ WE 11

³⁰ Mr Malik had telephoned me on 7 April, shortly before sending me his e-mailed response, to ask about this.

³¹ WE 12

³² WE 10

22. The Director of Strategic Projects responded on 26 April.³³ The Director said he had first seen my letter on 9 April, that Mr Malik had contacted the Department the same day, and that he had spoken to him. The Director said that he had explained to Mr Malik that he would not be able to respond before the Dissolution of Parliament and that Mr Malik “understood this”. He said that Mr Malik had repaid both the extra insurance premium of £137 for 2009–10 and the premium of £98 for 2008–09.³⁴ He also said that the Department had no knowledge of the issues considered during Sir Thomas Legg’s inquiry, other than those referred to in the published report.³⁵

23. As to whether Mr Malik’s claim for insurance cover for a diamond engagement ring had been eligible under the Additional Costs Allowance or its successor, the Personal Additional Accommodation Expenditure (PAAE)³⁶, the Director commented, “*The purpose of ACA/PAAE was to reimburse Members for the additional expenses necessarily incurred in staying overnight away from their main home. Insurance was an eligible cost. It was also always understood that spouses were entitled to stay at a Member’s additional home and that the marginal extra costs of doing so would be an acceptable charge on ACA/PAAE.*” The Director continued, “*It would be possible therefore to argue that, if Mr Malik’s wife had an engagement ring of which the value was not covered against perils arising in the additional home without an additional premium, the cost of that premium ought to be an eligible expense. Engagement and wedding rings are symbolic of marriage and regarded differently from other jewellery, and it might be thought to be unreasonable to expect Mrs Malik not to wear the ring when she stayed with Mr Malik at the home, or for the ring to be uninsured when she wore it there. Otherwise, if Mr and Mrs Malik had paid for the insurance themselves, they would thus personally have incurred a cost in respect of additional expenses necessarily incurred in staying overnight away from their main home when Mr Malik performed his parliamentary duties.*”

24. However, the Director also said that he “*would have expected the Department to have spotted that an extra premium was being charged in respect of the ring, and to have asked Mr Malik why it was not possible for the risk to be borne on the insurance for his main home and thus paid for from his private funds. They should also have noticed that the cover extended to perils away from the home and to accidental loss or damage. Since this element would not have been eligible for reimbursement under ACA/PAAE, they should have questioned whether Mr Malik could not have opted out of the elements of cover which extended beyond perils in the additional home and paid a lower premium.*” The Director continued, “*If Mr Malik had demonstrated that his main home insurer would not insure the ring against perils such as theft while it was in the additional home, then insurance for this particular risk might have been regarded as allowable.*”³⁷ The Director added that there was “*no record that the part of Mr Malik’s invoice relating to insurance cover for the engagement ring was specially considered by the Department, and we agree with Mr Malik’s statement in his e-mail to you*

³³ WE 13

³⁴ The Department has since confirmed that these payments were recorded on 18 January and 21 January respectively.

³⁵ First Report of the Members Estimate Committee, Session 2009–10, HC 348.

³⁶ As Mr Malik’s claim for insurance for 2009–10 was made against his 2008–09 Additional Costs Allowance, the rules on PAAE (which was effective from 1 April 2009) did not apply.

³⁷ Insurance against perils such as theft arising in the additional home appears to have been included in the standard contents cover. The ring was disclosed in the policy as a valuable item (see WE 2).

of 7th April³⁸ that the matter was not discussed with the Department and the payment was not questioned. Therefore there is no evidence that the process of reasoning and due diligence which the Department should have shown did, in fact, occur.”

25. Summing up, the Director commented, “In essence, while it is conceivable that a case may have been made that the additional insurance for the ring was allowable, there should have been careful and documented consideration of the issues involved. Even then, I suspect that it is unlikely that the full cost of insurance for the ring would have been regarded as eligible for reimbursement under ACA/PAAE. I therefore believe that it was right for Mr Malik to reimburse the Department.”

26. The Director wrote to me again on 27 April.³⁹ He said that my letter to him of 26 April⁴⁰ had crossed with his letter to me of the same date,⁴¹ and confirmed that nothing in that letter, or in the e-mail from Mr Malik which I had sent with it,⁴² would cause him to change the advice he had given in his letter of 26 April.⁴³

27. I wrote again to Mr Malik on 18 May, the day the new Parliament assembled.⁴⁴ I told him that I did still need to resolve this complaint even though I recognised that he had not been successful in the recent General Election. I enclosed copies of my letters of 7 and 26 April to the Department,⁴⁵ and of their responses of 26 and 27 April.⁴⁶

28. I told Mr Malik that I needed now to consider how best to resolve this complaint. Having carefully considered the matter, including the Department’s advice, I said that I was minded to conclude that he should not have claimed the full amount for the optional extra cover for his wife’s engagement ring against the parliamentary allowances and that he was, therefore, in breach of the rules for having done so. I also told Mr Malik that I was minded also to conclude that he had taken the necessary and appropriate action to rectify the matter by reimbursing the Department for the two sums involved, at a total cost of £235. I said that if he agreed with these conclusions, it would be open to me to rectify the complaint on this basis. If I did so, I would write to the complainant, setting out the facts of the case and my conclusions on it. I told Mr Malik that the Committee on Standards and Privileges would also expect in such circumstances that he would have apologised. I said to Mr Malik that, on that basis, I would close the complaint and, in due course, report the outcome to the Committee on Standards and Privileges.

29. I also told Mr Malik that if he did not agree to my conclusion that the matter could be resolved by way of rectification, then, subject to any further points he might wish to put to me, I would need to consider, despite the nature of the breach, preparing a full

³⁸ WE 8

³⁹ WE 14

⁴⁰ WE 12

⁴¹ WE 13

⁴² WE 10

⁴³ WE 12

⁴⁴ WE 15

⁴⁵ WE 11 and WE 12

⁴⁶ WE 13 and WE 14

memorandum to the Committee on Standards and Privileges so that it could consider the matter and make any appropriate recommendations to the House.

30. Mr Malik emailed my office on 21 May to say that he had spoken to a call centre for an insurance company (different to the one who insured his second home at the time).⁴⁷ Mr Malik told my office that the call centre had said that there would be an extra premium today for anything named in the household above £2,000 but if it was for home cover only and not cover outside the home then the extra premium would be less. Mr Malik added, “*This clearly demonstrates that it is possible to disaggregate the premium and indeed it is the everyday business of [the insurer] to do so.*”

31. Mr Malik replied on 7 June to my letter of 18 May.⁴⁸ He said that, as stated by the Department of Resources, he “*had attempted to bring the matter to a conclusion in April but they felt there was insufficient time*”, a view he said he “*respected*”. He said that prior to this he “*was unable to give the matter the time [he] would have liked between [his] ministerial and MP roles and while giving consideration to [my] substantive inquiry.*”⁴⁹

32. Mr Malik said that, “*In essence the Department's response states firstly, that the extra insurance premia of £97.97 (2008–09) and £136.87 (2009–10) [were] fully or at least partially eligible. Secondly, the Department concedes that had it dealt with the matter in an appropriate manner with due diligence and provided the necessary advice on two separate occasions then the current situation would not have arisen.*” He continued, “*If the premia [are] only partially eligible, as the letter from the Department of Resources suggests, then this matter should have been picked up not only by the Department but also by Sir Thomas Legg's audit team. Had his team raised the matter while conducting their audit, then like some 400 other MPs, I would simply have repaid the amount in question. For my part, I am pleased that there is a consensus that I did at all times act honestly, openly and in good faith. In addition, even though at least part of the insurance premia [have] been deemed as eligible, and insurers have confirmed that they could disaggregate the premia, I have no intention of asking for any money back. I unilaterally took the decision to pay the money to Parliament to show leadership and for the avoidance of any doubt. The Department's retrospective judgement, although obviously very welcome, will not alter that decision.*”

33. Mr Malik commented, in light of the Department's letter, that “*there has undoubtedly been a failure to provide a duty of care when processing my two claims. In addition, it stands to reason that Sir Thomas Legg's audit team didn't raise the issue either because they felt it was eligible or because they were part of a collective failure in terms of a duty of care. The result is a wholly unnecessary and completely avoidable situation which diverts you from much more important work and causes me unwarranted anxiety and anguish. This type of*

⁴⁷ WE 16

⁴⁸ WE 17

⁴⁹ The expression “*substantive inquiry*” used by Mr Malik is a reference to a complaint against him that I investigated and did not uphold. The essence of the complaint was that Mr Malik had made claims against his Incidental Expenses Provision for a second constituency office which were not wholly, exclusively and necessarily incurred for the purpose of performing his parliamentary duties and whose proceeds may have been used to meet his personal costs. On reading this footnote when commenting on the accuracy of the factual sections of this memorandum, Mr Malik asked on 2 July that I should record that the inquiry took ten months. He has told me that he considers that it “*cleared him of any wrongdoing.*”

situation can do nothing to help restore public confidence in Parliament's ability to understand and follow its own procedures, nor the confidence of MPs in getting fair and competent advice and audit services. I deeply regret the current scenario and can only hope relevant lessons have been learnt that help to rebuild confidence ... In conclusion, having unilaterally and swiftly repaid the premia to show leadership and avoid any doubt in December,⁵⁰ on payments which were twice approved by Parliament and then successfully audited by Parliament, will I hope now bring this matter to a close."

34. I wrote to Mr Malik again on 8 June.⁵¹ I said that my letter of 18 May⁵² had set out the circumstances in which I was ready to resolve this complaint through the use of the rectification procedure. I told Mr Malik that I had carefully considered the points he had set out in his e-mail of 7 June,⁵³ but had concluded that his arguments were not such as to enable me to come to a different view on this matter. I also told Mr Malik that, like him, I did not consider, on the merits, that resolution of this matter should require submission to the Committee on Standards and Privileges, but on the assumption that he was not prepared to accept rectification on the basis I had proposed, I would now need to submit the matter formally to the Committee when it had been appointed. I added that, as well as commenting on the need for this course of action, I would clearly need also to draw attention to the length of time it had taken Mr Malik initially to respond to this complaint, a point which I acknowledged he had addressed in his letter and which I undertook clearly to note. I therefore asked Mr Malik to confirm by close on 10 June my understanding that he did not accept rectification on the lines set out in my letter of 18 May, for the reasons set out in his letter of 7 June.

35. Mr Malik did not respond. I therefore proceeded to prepare the factual sections of this memorandum, which I sent to him on 21 June, so he could comment if necessary on its factual accuracy. Mr Malik responded by e-mail on 2 July.⁵⁴ He referred me to his email to my office of 21 May.⁵⁵ He commented that this "*clearly demonstrates that an extra premium was required for items over £1,500 at the time—although the extra premium would be less if cover outside the home were not included.*" He said that, using the logic of the Department of Resources, this showed that the claim was "*at least partially eligible*".

36. Mr Malik said that if he had thought there was a problem then he "*would have discussed the matter or if there had been a problem then I would correctly have expected the Department to make me aware on either of the two occasions they potentially could. I did not hide any facts nor attempt to mislead in any way, I simply gave full information in an open and completely transparent format to the Department.*" He said that it was "*quite obviously the role of the Department to scrutinise [his] claims*". If the Department had felt they were inappropriate in any way he would have expected them to make him aware, and he would then have followed their guidance. "*The undeniable fact is that they have failed me not the*

⁵⁰ The payment for 2009-10 was recorded on 18 January and that for 2008-09 on 21 January.

⁵¹ WE 18

⁵² WE 15

⁵³ WE 17

⁵⁴ WE 19

⁵⁵ WE 16

other way around yet it is I who appear to be in the dock. They were the experts paid to scrutinise and if in this case there is a potential partial breach it is fair and proper to put it down to their negligence.” He added that he had no doubt that many other MPs would fall foul of this breach if their claims were scrutinised.

37. Mr Malik added that “...*the alleged partial unwitting breach took place after twice transparently and fully submitting my insurance bills and it subsequently also being cleared by external auditors brought in precisely to look into compliance. These were not any old auditors but Legg was charged with helping restore public confidence in our democracy and as such was to take a tooth and comb approach...*” He said that if his claim had been a problem for Sir Thomas Legg, Sir Thomas would have asked him to pay it back, “*nothing more*”, and Mr Malik would have done so. Mr Malik said he believed that fairness dictated that the same should apply equally now. He noted that he had already repaid the money.

38. Mr Malik concluded by saying that “*There is a belief in parts of this country that nothing is too bad for MPs, but your job must surely be to stand up against this lynch mob pressure and to deliver fairness in your findings and to uphold and promote decent honest standards.*”

Findings of Fact

39. Mr Malik claimed against the ACA for an insurance policy in respect of the buildings and contents of his additional home. In relation to the cover for both 2008–09 and 2009–10, Mr Malik took out and claimed for optional extra cover for a diamond engagement ring with a declared value of £8,000, at an additional cost of £98 for 2008–09 and £137 for 2009–10. This additional premium provided cover for the ring whilst away from his additional home, and in addition cover against accidental loss or damage. The ring was already covered under the standard contents cover for perils within his additional home, for which the total premium was £110 for 2008–09 and £160 for 2009–10. Any additional cost under the standard cover on account of the value of the ring would have been included in the premium for that cover. Mr Malik did not discuss with the Department his claims for the optional extra cover before making them. Both claims were met by the Department of Resources in full and without comment. Mr Malik voluntarily repaid the 2009–10 premium of £137 on 18 January and the 2008–09 premium of £98 on 21 January, a total sum of £235.

40. The Department of Resources accepts that it did not spot that an extra premium was being charged in respect of the ring, and that the cover provided extended to perils away from the home and to accidental loss or damage: this element would not have been eligible for reimbursement. The overall judgement of the Department is that it is unlikely that the full cost of insurance for the ring would have been regarded as eligible for reimbursement. The Department therefore considers that Mr Malik had been right to repay the premiums.

41. Mr Malik takes the view that the Department of Resources now accepts that the extra premiums were at least partially eligible for reimbursement from the allowances. Both payments had at the time been accepted by the Department of Resources, and subsequently by Sir Thomas Legg’s audit of Members’ expenses. Nonetheless, when he became aware of the extra cover he had felt that the best course of action was voluntarily to repay the premiums both to show leadership and to avoid any doubt whatsoever. He says that there is a consensus that he at all times acted honestly, openly and in good faith. He nonetheless

feels that the Department failed in its duty of care to him when processing the two claims, and that Sir Thomas Legg's audit team had not raised the issue, either because they felt the expenses were eligible, or because they were part of a collective failure in terms of a duty of care. Mr Malik believes that he had no reason himself to consult the Department since he did not believe there was a problem with his claim. He provided full details of his claim on two separate occasions and considers that it was the Department's responsibility to raise any issues with him. If there was any breach, it was down to their negligence. He believes that the Department and Sir Thomas Legg's audit team should shoulder the weight of responsibility in this case. He considers the matter should have been ended by his repayment of the sums concerned without the necessity for me to make a finding in respect of any breach of the rules.

Conclusions

42. The issue I am to resolve is whether Mr Malik was in breach of the rules in claiming in 2008–09 and 2009–10 from parliamentary resources for the cost of optional extra insurance cover on his wife's diamond engagement ring. This insurance provided cover when the ring was away from their second home and, in addition, for accidental loss or damage.

43. I consider this element of Mr Malik's claims to have been a clear-cut breach of the rules. The claim for the cost of this optional extra cover was not necessary in order to meet the costs of Mr Malik's overnight stays away from his main home on parliamentary duties. Mr Malik's standard insurance cover for the second home was an acceptable expense. And that already covered the ring for the specific perils provided by the standard contents cover. The cost of this was thus included in the premium for which Mr Malik was entitled to receive reimbursement. The additional premium for the optional extra cover added some 70% to the cost of the contents cover for both 2008–09 and 2009–10. It was cover which specifically related to the ring when it was away from Mr Malik's second home. It could not therefore be part of the cost of Mr Malik staying overnight in that house. It also made provision for accidental loss or damage to the ring. It was self-evidently an extension of the standard cover. In my judgement, it was not necessary for the additional cost of any of this optional extra cover to be met from parliamentary resources.

44. Mr Malik's evidence is that he did not remember any discussion with the insurers about the extra cover. He simply received the insurance bill, paid it, and sent it to the Department for reimbursement. While anybody would be wise to check an insurance policy before accepting it, I consider that Mr Malik had a particular responsibility to check carefully the cover he was offered before seeking to have it funded from parliamentary allowances. The Department of Resources has accepted that they too should have checked the claims more closely, but I do not believe that that absolves Mr Malik from the primary responsibility.

45. Mr Malik has criticised both the Department and Sir Thomas Legg's audit for not picking up any problems with these claims. But he does not appear to have recognised or accepted his own responsibility for these errors. I believe it would have been right for him to have done so, both because he should have checked the cover offered and because any perceived shortcoming by others does not, under the rules, absolve Members of their personal responsibility for their use of parliamentary allowances.

46. Mr Malik has argued, bolstered by his interpretation of the Department's comments, that he would have been entitled to claim for insurance for accidental loss or damage to the ring within his second home, which formed part of the optional extra cover. If it was an error, it was therefore only a partial one. The Department itself makes a number of interesting hypothetical points, including that this additional cost should have been part of the Member's main home insurance. But the fact is that this extra cover was a package, and a major element of the package was cover for the ring whilst it was away from Mr Malik's second home. That particular package could not in my view be justified as necessary in order to meet the costs of Mr Malik's overnight stays away from his main home on parliamentary duties.

47. It is, I believe, artificial and unconvincing to try retrospectively to fillet out parts of the package. I therefore come to no conclusion on any alternative, other than to recognise that it might have been possible to have developed a different package, as Mr Malik has sought to demonstrate by retrospectively checking possible options with insurers. But the fact is that, at the time, Mr Malik did not seek different cover. He accepted the optional extra cover package offered by the company in respect of the ring, and claimed the additional cost thus incurred against his allowances. In doing so, he was in my judgement in breach of the rules, and that breach related to the total optional extra package which he bought for the ring.

48. This complaint has taken far too long to resolve. The primary reason is that, despite regular reminders and a series of undertakings from Mr Malik, he failed to respond to the questions in my letter of 22 January⁵⁶ until 7 April.⁵⁷ This was shortly before the Dissolution of Parliament on 12 April. The result has been that this comparatively straightforward matter has taken much longer to conclude than it need have done had Mr Malik responded more promptly.

49. Mr Malik is right, in my view, to point out that he was open in submitting his claims to the Department of Resources, and it was unfortunate that they did not spot the nature of the extra cover bought and challenge it. And it is to Mr Malik's credit that he decided quickly to repay the cost of the premiums for both years, a total cost of £235. I think that he was also right to have felt uncomfortable about these costs once they were drawn to his attention. But he was mistaken in thinking that, following my receipt of a substantiated complaint, the matter could have rested there. It is my responsibility in accepting a complaint to form a judgement about whether on the basis of the evidence, the Member was in breach of the rules of the House. It is, in my view, therefore, unfortunate that Mr Malik did not recognise this and demonstrate the same dispatch in responding to the complaint as he did in making the repayment. I think it is also unfortunate that Mr Malik has declined to recognise his personal responsibility, even for that part of the error which he appears to have accepted. As a result of both his lack of timeliness and his avoidance of responsibility, in my judgement he made more serious what would otherwise have been an unfortunate but not serious error.

⁵⁶ WE 7

⁵⁷ WE 8

19 July 2010

John Lyon, CB

Evidence received by the Parliamentary Commissioner for Standards

1. Letter to the Commissioner from Mr Jonathan Scott, 14 December 2009

Further to newspaper allegations and the examination of Mr Malik's ACA expenses for 2008–09 I would like to make the following complaint and ask that you consider this matter with a view to bringing an investigation into my complaint.

The Green Book Rules clearly state that:

“Claims must only be made for expenditure that it was necessary for a Member to incur to ensure that he or she could properly perform their parliamentary duties.”

You will note from Mr Malik's ACA expenses forms that Mr Malik claimed £549.68 for buildings and contents insurance on his designated tax payer funded second home.

£136.87 of the overall claim of £549.68 was a premium to cover the diamond engagement ring that Mr Malik had purchased for his wife. This part of the claim is clearly in breach of the rules and is in no way whatsoever an expense that Mr Malik incurred to ensure he could properly perform his parliamentary duties. It is a bogus claim that should have never been allowed to be processed.

I have attached the evidence of the newspaper article¹ and the unredacted insurance policy details² which clearly shows the claim.

I would be grateful if you would investigate this matter and agree with me that the that the £136.87 claimed by Mr Malik to insure his wife's engagement ring was in no way wholly and exclusively an expense incurred whilst performing his parliamentary duties and as such the monies claimed should be returned.

I look forward to hearing from you.

14 December 2009

¹ WE 3

² WE 2

2. Buildings and Contents Insurance for Mr Shahid Malik MP's Additional Home 2009-10: Policy Summary



Insurance Services

Home Insurance Renewal



POLICY SUMMARY

This document is intended to provide you with basic details of your insurance contract. This is not a statement of the full terms and conditions of your policy, these can be found in your policy booklet and should be read in conjunction with your statement of insurance. In addition please see specific Endorsements which apply to your policy as some sections may be restricted or excluded depending on your individual circumstances.

THE INSURED **POLICY NUMBER**

Mr S Malik &

Period of Insurance from 01/02/2009 To 01/02/2010

The Authorised Insurer is: Halifax General Insurance Services Ltd
Who administers on behalf of St Andrew's Insurance Plc,
Registered office St Andrew's House, Portsmouth Road,
Esher, Surrey, KT10 9SA. Registered in England 3104671

This insurer is authorised and regulated by the Financial Services Authority.
www.fsa.gov.uk/register or telephone 0845 606 1234.

CONTENTS COVER

	Maximum Insured Value	Gross Premium
STANDARD CONTENTS COVER		
1. This provides cover for the replacement of contents as new (see your policy booklet for exceptions) for specific perils within the home based upon the present day replacement value of all your contents not exceeding £40000. This includes valuables and personal belongings up to a total limit of £15500. A single article limit of £1500 applies for valuables and personal belongings other than the items listed below. INCLUDES LEGAL EXPENSES COVER (UP TO £25,000) underwritten by Saga Insurance Company Limited, 57-63 Line Wall Road, Gibraltar. Registered Number 88719 (Gibraltar). UK branch address: Saga Insurance Company Limited, The Saga Building, Enbrook Park, Folkestone Kent, CT20 3SE. Saga Insurance Company Limited is authorised and regulated by the Commissioner of Insurance, Financial Services Commission, Gibraltar, and regulated by the Financial Services Authority, United Kingdom. Saga Insurance Company Limited is a member of the Association of British Insurers.	£40000	£160.21
OPTIONAL EXTRA COVER FOR HOUSEHOLD GOODS		
2. Extends cover to include accidental damage to household goods (except valuables and personal belongings) in and temporarily away from your home.		£29.38
OPTIONAL EXTRA COVER FOR VALUABLES, PERSONAL BELONGINGS AND MONEY		
3. The values shown here are included within the total value shown under section 1. Provides cover whilst away from your home and, in addition, against accidental loss or damage anywhere in the world. Each item not exceeding £1500.		NO COVER
OPTIONAL EXTRA COVER FOR VALUABLES AND PERSONAL BELONGINGS SPECIFIED ON YOUR POLICY		
3a. The values shown here are included within the total value shown under section 1. Provides cover whilst away from your home and, in addition, against accidental loss or damage. Each item valued in excess of £1500.	£8000	£136.87

BUILDINGS COVER

	Maximum Insured Value	Gross Premium
4. Gives cover against the stated perils to buildings (including fixtures and fittings). Buildings cover includes Home Emergency Cover. Underwritten by Inter Partner Assistance SA, The Quadrangle, 106-118 Station Road, Redhill, Surrey RH1 1PR	UNLIMITED	£223.22

The total premium payable includes any discounts we have been able to arrange for you. Where applicable, your premium is inclusive of the Government's insurance Premium Tax (IPT) at the prevailing rate.

TOTAL PREMIUM PAYABLE
£549.68

DESCRIPTION

ITEMS COVERED UNDER SECTION 1
DIAMOND ENGAGEMENT RING £8000

ITEMS COVERED UNDER SECTION 3A
DIAMOND ENGAGEMENT RING £8000

PLEASE CHECK THAT THE VALUES SHOWN ABOVE ARE SUFFICIENT TO COVER FULL REPLACEMENT COSTS, AND THAT ALL THE COVER PROVIDED IN THIS SUMMARY IS SUITABLE FOR YOUR NEEDS AND ADVISE US IF ANY ALTERATION IS REQUIRED ON 0870 606 1617

3. Extract from article in the *Dewsbury Press*, 11 December 2009

“Diamond geezer” Malik claims insurance for £8,000 ring on expenses

DEWSBURY and Mirfield MP Shahid Malik gave his bride-to-be an £8,000 diamond engagement ring, the latest Commons expenses reveal.

And documents published by Parliament yesterday (Thurs) show that taxpayers are footing the bill for insuring the ring.

A new raft of expenses claims, receipts and correspondence were published on the internet and include Mr Malik's claim for house insurance on his second home in [London].

The lavish ring is itemised on Mr Malik's home contents policy with the Halifax.³

Last year the policy, paid for by taxpayers, cost £382.46, but his renewal for this year rose to £549.68.

The cost of insuring the ring is listed at £136.87.

Mr Malik, 42, married trainee solicitor [name], 26, in February 2008.

...

The Press asked Mr Malik whether he thought it was “reasonable” to claim for the ring insurance, his decking cleaning and a wall bracket for his TV.

He did not answer the question but his office issued the following statement: “Mr Malik is pleased that these latest figures have been released.

“He has consistently spoken (and voted) in favour of transparency and disclosure.

“Mr Malik is also pleased that Sir Thomas Legg has had the chance to audit these claims thoroughly.

“As you will remember Sir Thomas found that Mr Malik has acted fully within the ACA rules at all times, both in this year and in previous years. He concluded that Mr Malik has nothing to pay back, and nothing further to explain.”

11 December 2009

4. Letter to Mr Shahid Malik MP from the Commissioner, 14 January 2010

I would welcome your response to a complaint I have received from Mr Scott about your claim against your Additional Costs Allowance for insurance costs.

I attach copies of the complainant's letter of 14 December (dated 14 November), of the *Dewsbury Press* article of 11 December, and of your invoice for home insurance for 2009-10. I attach also a copy of the relevant claim form taken from the parliamentary website. In essence, the complaint is that in March 2009 you claimed for costs which were not wholly, exclusively and necessarily incurred for the purpose of performing your parliamentary duties, namely the insurance premium for a diamond ring, contrary to the rules of the House.

The Code of Conduct for Members of Parliament provides in paragraph 14 as follows:

“Members shall at all times ensure that their use of expenses, allowances, facilities and services provided from the public purse is strictly in accordance with the rules laid down on these matters, and that they observe any limits placed by the House on the use of such expenses, allowances, facilities and services.”

³ The policy was actually with AA Insurance: see WE 2.

The Green Book on Parliamentary Salaries, Allowances and Pensions set out the rules for the Additional Costs Allowance. The relevant edition is that of July 2006. In his introduction, Mr Speaker Martin wrote:

“Members themselves are responsible for ensuring that their use of allowances is above reproach. They should seek advice in cases of doubt and read the Green Book with care. In cases of doubt or difficulty about any aspect of the allowances or how they can be used, please contact the Department of Finance and Administration. The Members Estimate Committee, which I chair, has recently restated the Department’s authority to interpret and enforce these rules.”

Section 3.1.1 sets out the scope of the allowance as follows:

“The Additional Costs Allowance (ACA) reimburses Members of Parliament for expenses wholly, exclusively and necessarily incurred when staying overnight away from their main UK residence (referred to below as their main home) for the purpose of performing Parliamentary duties. This excludes expenses that have been incurred for purely personal or political purposes.”

Paragraph Section 3.2.1 sets out the eligibility requirements as follows:

“You can claim ACA if:

- a) You have stayed overnight in the UK away from your only or main home, and*
- b) This was for the purpose of performing your Parliamentary duties, and*
- c) You have necessarily incurred additional costs in so doing, and*
- d) You represent a constituency in outer London or outside London.”*

The principles of the allowance are set out in paragraphs 3.3.1. to 3.3.3. as follows:

“You must ensure that arrangements for your ACA claims are above reproach and that there can be no grounds for a suggestion of misuse of public money. Members should bear in mind the need to obtain value for money from accommodation, goods or services funded from the allowances.

You must avoid any arrangement which may give rise to an accusation that you are, or someone close to you is, obtaining an immediate benefit or subsidy from public funds or that public money is being diverted for the benefit of a political organisation.”

Section 3.10.2 provides:

“Subject to paragraphs 3.1.1 to 3.10.1, you can claim reimbursement for the expenses listed provided that they are wholly, exclusively and necessarily incurred in the course of your parliamentary duties.”

Paragraph 3.13.1 lists examples of allowable expenditure, including:

- *“Insurance*
- *Buildings and contents.”*

I would welcome your response to the complaint, taking account of the rules which I have summarized above. In particular, it would be helpful if you would explain:

1. the reasons for the purchase of this extra cover from your contents insurance; why you put the extra cover on the insurance policy for your second home; and who owned the ring in question;
2. whether and if so why you consider that your claim against the Additional Costs Allowance in respect of the extra cover for this jewellery was for a cost wholly, exclusively and necessarily incurred in the performance of your parliamentary duties;

3. whether you have previously claimed for optional extra insurance cover for such jewellery and if so for how much. (I have seen the redacted claim which you submitted on 19 December 2008,⁴ which shows that you also claimed for a premium for extra cover for your 2008–09 home contents insurance.)

4. whether you have had any discussions with the House authorities about claims for your contents insurance, together with copies of any related documentation.

Any other points you may wish to make would, of course, be very welcome.

I attach a note which sets out the procedures I follow. I am letting the complainant know that I have accepted this complaint and am writing to you about it. It would be most helpful to have a response to this letter within the next three weeks. If there is any difficulty about that or you would like a word about any matter, do please get in touch with me at the House.

I would be very grateful for your help on this matter.

14 January 2010

5. E-mail to the Commissioner from Mr Shahid Malik MP, 19 January 2010

Thank you for your letter regarding my insurance bill and ACA claim 2008/09. I wrote to the Fees Office last week and have repaid the amount of £136.87 but I was unaware of the second amount until I received your letter (last page of your letter point 3.).

I am checking with Finance and Admin this morning to establish what the second insurance item might be and if it is linked with the repayment I have already made then I will voluntarily repay a further £97.97. I note however that Mr Scott's letter of complaint relates to the £136.87 which has been repaid and as such that matter is resolved. With respect to the element (£97.97) that you have highlighted in your letter I will deal with that today, although it is not the subject of the complaint.

Mr Scott is part of a gang, including [names] ... who are obsessed with ousting me at the next general election and are desperate for another front page headline of yet more inquiries. They will obviously be using your office to attempt to get as many inquiries as possible running leading into the general election.

[Material not relevant to this inquiry]

With respect to the amount I have repaid voluntarily, although it had been accepted, processed, and paid as legitimate and also externally audited and accepted as being within the rules, I do not feel comfortable. Rather than putting forward a powerful argument and explanation I felt that the best course of action was to voluntarily repay money and avoid any doubt whatsoever in relation to my ACA.

I hope you can try to ensure that you convey my action to Mr Scott et al - this may (or may not) be adequate to get a balanced front page on Friday.

19 January 2010

6. Letter to the Department of Resources from Mr Shahid Malik MP, 14 January 2010

A sum of £136.87 was approved and paid by the House authorities as part of an insurance bill in 2008–09 and was subsequently successfully audited against the rules by Sir Thomas Legg's audit. However, I intend to repay the amount to the House.

⁴ Not included in the written evidence

As stated, although it was accepted, paid and audited as legitimate, I feel slightly uncomfortable and would rather repay the amount to avoid any doubt whatsoever. I know that this is probably quite a unique case in that the bill has been approved at all levels of the House, including external audit, but I hope you will nonetheless respect my decision.

If you require any further clarification, please do not hesitate to contact me.

14 January 2010

7. Letter to Mr Shahid Malik MP from the Commissioner, 22 January 2010

Thank you for your email of 19 January responding to my letter to you of 14 January about this complaint in respect of your claims against Additional Costs Allowance for insurance costs and for forwarding a copy of your letter of 14 January to the House authorities.

I was grateful for this prompt response. I would be grateful if you could tell me as soon as possible about the second insurance item in respect of the claim you submitted on 19 December 2008. It would be helpful if, in responding to this point, you could also let me know why you put the extra cover on the insurance policy for your second home and who owned the ring in question; and whether you have had any discussions with the House authorities about the claim for your contents insurance. I would also welcome any comment you may have about the application of the rules to this particular part of your claim. These were the matters which I asked you about in my letter of 14 January.

Once I have your response, I will need to seek information and advice from the Department of Resources. I will then need to come to my own view on whether you were in breach of the rules in making these claims, while noting that you have already paid them (or at least one of them) back. I will try to conclude this as soon as possible, but I know you will understand that it will not be possible for me to have concluded this by the end of this week, even if you are able to give me a fuller response to my initial letter straightaway.

[Material not relevant to this inquiry]

22 January 2010

8. E-mail to the Commissioner from Mr Shahid Malik MP, 7 April 2010

I apologise for the delay but I am now responding to your letter on 22nd January 2010.

The second insurance item, as with the first, relates to my wife's engagement ring. As I recollect the insurance was initiated over the phone where I was asked if I had any items in the home worth £1500 plus. The only item worth that much that needed to be in my second home was the ring, as obviously it came with my wife. I do not recollect any discussion about extra cover but I would have been anxious to simply answer the questions asked honestly and to give full disclosure.

I received the insurance bill, paid it and sent it to the Dept of Resources for processing. They duly processed it and it was later cleared by Sir Thomas Legg's audit.

When I became aware of the extra cover, in December I think, I felt the best course of action was to pay back the extra cover amount to avoid any doubt whatsoever.

I did not have any discussions with the House Authorities nor did they ever question the payment and as stated it was also cleared by Sir Thomas Legg.

Irrespective of the outcome of your deliberations I have no intention of claiming the money back.

7 April 2010

9. Letter to Mr Shahid Malik MP from the Commissioner, 7 April 2010

Thank you for your email of 7 April responding to my letter of 22 January.

I was grateful for this response, although, as you appreciate, it has taken much longer than I would have wished. I have now written to the Department of Resources to invite their comments and advice on this matter. I am also asking them to confirm that you have repaid the relevant premium for 2008–09 of £97.97, as well as £136.87, which was the premium for the following year.

It would be helpful if you could also just confirm that for me, and confirm that 2008–09 was the first year in which you took out (and subsequently claimed for) that particular item of insurance.

I look forward to hearing from you. I will be back in touch when I hear from the Department of Resources. If, as must be likely, it is not possible for me to resolve this matter before the Dissolution of Parliament, I will contact you once the new Parliament has assembled.

7 April 2010

10. E-mail to the Office of the Commissioner from Mr Shahid Malik, 17 April 2010

The Commissioner asked: “*It would be helpful if you could also just confirm that for me, and confirm that 2008-09 was the first year in which you took out (and subsequently claimed for) that particular item of insurance?*”—The answer is YES.

The repayments were made to [name of official in Department]

I would appreciate sight of any correspondence that you receive from the Dept of Resources.

[Material not relevant to this inquiry]

17 April 2010

11. Letter to the Director of Strategic Projects, Department of Resources, from the Commissioner, 7 April 2010

I would welcome your advice and comments on a complaint I have received against Mr Shahid Malik MP in respect of an ACA claim he made in March 2009 for the insurance of his wife’s engagement ring.

I attach a copy of the complainant’s letter of 14 December (dated 14 November), together with copies of the ACA claim and invoice in question, and a newspaper article of 11 December 2009. I enclose also my letter of 14 January to Mr Malik, together with a redacted insurance policy statement for the previous year; Mr Malik’s email response of 19 January; my response to him of 22 January; and Mr Malik’s e-mail response of 7 April.

In essence, the complaint is that in March 2009 Mr Malik claimed for costs which were not wholly, exclusively and necessarily incurred for the purpose of performing his parliamentary duties, namely the insurance premium for a diamond ring, contrary to the rules of the House.

I would welcome your comments and advice on this matter. It would be helpful if, in doing so, you could confirm whether Mr Malik had repaid the insurance premium for this optional extra cover of £97.97 for the year 2008–09, as well as the sum of £136.87 for the subsequent year. It would be helpful to have any information available to you about whether this matter was considered in the course of Sir Thomas Legg’s audit; whether there is any record in the Department of this particular part of Mr Malik’s invoice being considered before the payment was made; and your views on whether, in the light of the information now available, you consider that the claim was eligible under the Additional Costs Allowance, taking account that it appears that the cover was to insure valuables while the holder was away from their home, as well as against accidental loss or damage.

Mr Malik has asked whether it would be possible for me to have resolved this complaint before the dissolution of Parliament. I have told him that it must be likely that it will not be possible for me to do so.

I look forward to hearing from you. Thank you for your help.

7 April 2010

12. Letter to the Director of Strategic Projects, Department of Resources, from the Commissioner, 26 April 2010

I last wrote to you on 7 April about this complaint about Mr Malik's claim for the insurance premium for a diamond ring.

When I wrote to Mr Malik on 7 April I asked him to confirm that 2008-09 was the first year in which he had claimed for such an insurance premium, and that he had repaid the sum claimed for the year beginning February 2008, which was £97.97, as well as the £136.87 which he had claimed for the following year. I have now received his e-mailed response, of which I enclose a copy.⁵ I would be grateful if you would take Mr Malik's response into account in the advice which you are preparing on this complaint.

26 April 2010

13. Letter to the Commissioner from the Director of Strategic Projects, Department of Resources, 26 April 2010

Thank you for your letter of 7th April. I saw this first on 9th April. Mr Malik contacted the Department that day and I spoke to him. I explained that I would not be able to respond before the Dissolution of Parliament and he understood this.

Mr Malik has repaid the extra insurance premium of £136.87 for 2009-10. He has also repaid the premium of £97.97 for 2008-09.

I am afraid that the Department has no knowledge of the issues considered during Sir Thomas Legg's inquiry, other than those referred to in the published report.

You ask whether the claim for insurance cover for a diamond engagement ring was eligible under ACA/PAAE.⁶ The purpose of ACA/PAAE was to reimburse Members for the additional expenses necessarily incurred in staying overnight away from their main home. Insurance was an eligible cost. It was also always understood that spouses were entitled to stay at a Member's additional home and that the marginal extra costs of doing so would be an acceptable charge on ACA/PAAE.

It would be possible therefore to argue that, if Mr Malik's wife had an engagement ring of which the value was not covered against perils arising in the additional home without an additional premium, the cost of that premium ought to be an eligible expense. Engagement and wedding rings are symbolic of marriage and regarded differently from other jewellery, and it might be thought to be unreasonable to expect Mrs Malik not to wear the ring when she stayed with Mr Malik at the home, or for the ring to be uninsured when she wore it there. Otherwise, if Mr and Mrs Malik had paid for the insurance themselves, they would thus personally have incurred a cost in respect of additional expenses necessarily incurred in staying overnight away from their main home when Mr Malik performed his parliamentary duties.

However, I would have expected the Department to have spotted that an extra premium was being charged in respect of the ring, and to have asked Mr Malik why it was not possible for the risk to be borne on the insurance for his main home and thus paid for from his private funds. They should also have noticed that the

⁵ WE 10.

⁶ As Mr Malik's claim for insurance for 2009-10 was made against his 2008-09 Additional Costs Allowance, the rules on PAAE (which was effective from 1 April 2009) did not apply.

cover extended to perils away from the home and to accidental loss or damage. Since this element would not have been eligible for re-imburement under ACA/PAAE, they should have questioned whether Mr Malik could not have opted out of the elements of cover which extended beyond perils in the additional home and paid a lower premium. If Mr Malik had demonstrated that his main home insurer would not insure the ring against perils such as theft while it was in the additional home, then insurance for this particular risk might have been regarded as allowable.

However, there is no record that the part of Mr Malik's invoice relating to insurance cover for the engagement ring was specially considered by the Department, and we agree with Mr Malik's statement in his e-mail to you of 7th April that the matter was not discussed with the Department and the payment was not questioned. Therefore there is no evidence that the process of reasoning and due diligence which the Department should have shown did, in fact, occur.

In essence, while it is conceivable that a case may have been made that the additional insurance for the ring was allowable, there should have been careful and documented consideration of the issues involved. Even then, I suspect that it is unlikely that the full cost of insurance for the ring would have been regarded as eligible for reimbursement under ACA/PAAE. I therefore believe that it was right for Mr Malik to reimburse the Department.

Please let me know if I can help further.

26 April 2010

14. Letter to the Commissioner from the Director of Strategic Projects, Department of Resources, 27 April 2010

Thank you for your letter of 26th April which crossed with mine to you of the same date.

I can confirm that nothing in your letter, or in the e-mail from Mr Malik which you sent with it, would cause me to change the advice I gave you in my letter yesterday.

Please let me know if I can help further.

27 April 2010

15. Letter to Mr Shahid Malik from the Commissioner, 18 May 2010

Now that the new Parliament has assembled, I have resumed my inquiry into this complaint about the insurance premium for the extra cover for your wife's engagement ring. I do still need to resolve this complaint even though I recognise that you were not successful in the recent General Election.

I last wrote to you about this matter on 7 April. I was grateful for the response you sent to my office with your e-mail of 17 April. As you will know from my letter of 7 April, I consulted the Department of Resources about this matter. I enclose a copy of my letters of 7 and 26 April to the Department, and a copy of their responses of 26 and 27 April. As you will see, the Director of Strategic Projects has confirmed the information you provided in your e-mail of 17 April. But he considers that it is unlikely that the full cost of the insurance of the ring would have been regarded as eligible for reimbursement against parliamentary allowances. He therefore concludes that it was right for you to reimburse the Department, as you have done.

I need now to consider how best to resolve this complaint. Having carefully considered the matter, including the Department's advice, I am minded to conclude that you should not have claimed the full amount for the optional extra cover for your wife's engagement ring against the parliamentary allowances and that you were, therefore, in breach of the rules for having done so. I am minded also to conclude that you took the necessary and appropriate action to rectify the matter by reimbursing the Department for the two sums involved, at a total cost of £234.84. If you agree, it would be open to me to rectify the complaint on this basis. I would write to the complainant, setting out the facts of the case and my conclusions on it. The Committee would also expect in such circumstances that you would have apologised. On that basis, I would close the complaint and, in due course, report the outcome to the Committee on Standards and Privileges. If you were not to agree to

the conclusion, then, subject to any further points you may wish to put to me, I would need to consider, despite the nature of the breach, preparing a full memorandum to the Committee on Standards and Privileges so that it could consider the matter and make any appropriate recommendations to the House.

I enclose an extract from a draft letter⁷ which, if you were to agree to rectification, I would propose to send to the complainant. While the content of the letter is matter for me, I would welcome any points you may wish to make on its factual accuracy if you agree to rectifying this matter. If the House agrees to a recommendation made in the last Parliament, this letter, and the evidence collected in the course of my inquiry, would then in due course be made available on my parliamentary webpages.

It would be very helpful if I could hear from you within the next two weeks so that I can bring this to as early a conclusion as possible. If you would like a word about any of this, please contact me at the House of Commons.

[Material not relevant to this inquiry]

16. E-mail to the Commissioner's office from Mr Shahid Malik, 21 May 2010

I have just spoken to [name of insurance company employee]. She has said that there would be an extra premium for anything named in the household above £2,000. But if it was for home cover only and not cover outside the home, then the extra premium would be less.

This clearly demonstrates that it is possible to disaggregate the premium and indeed it is the everyday business of [name of insurer] to do so.

I hope this is helpful.

21 May 2010

17. E-mail to the Commissioner from Mr Shahid Malik, 7 June 2010

Thank you for sending me a copy of the response from the Department of Resources dated 26th April 2010, which I have now read. As stated by the Department I had attempted to bring the matter to a conclusion in April but they felt there was insufficient time, a view I respected. Prior to this I was unable to give the matter the time I would have liked between my Ministerial and MP roles and while giving consideration to your substantive inquiry, which I was pleased completely exonerated me in April. For the record the originator of this complaint was the election agent of a non-mainstream party opponent at the General Election.

In essence the Department's response states firstly, that the extra insurance premia of £97.97 (2008–09) and £136.87 (2009–10) [were] fully or at least partially eligible. Secondly, the Department concedes that had it dealt with the matter in an appropriate manner with due diligence and provided the necessary advice on two separate occasions then the current situation would not have arisen.

If the premia [are] only partially eligible, as the letter from the Department of Resources suggests, then this matter should have been picked up not only by the Department but also by Sir Thomas Legg's audit team. Had his team raised the matter while conducting their audit, then like some 400 other MPs, I would simply have repaid the amount in question.

For my part, I am pleased that there is a consensus that I did at all times act honestly, openly and in good faith. In addition, even though at least part of the insurance premia [have] been deemed as eligible, and insurers have confirmed that they could disaggregate the premia, I have no intention of asking for any money back. I unilaterally took the decision to pay the money to Parliament to show leadership and for the avoidance of any

⁷ Not included in the written evidence

doubt. The Department's retrospective judgement, although obviously very welcome, will not alter that decision.

In light of the Department's letter, there has undoubtedly been a failure to provide a duty of care when processing my two claims. In addition, it stands to reason that Sir Thomas Legg's audit team didn't raise the issue either because they felt it was eligible or because they were part of a collective failure in terms of a duty of care.

The result is a wholly unnecessary and completely avoidable situation which diverts you from much more important work and causes me unwarranted anxiety and anguish.

This type of situation can do nothing to help restore public confidence in Parliament's ability to understand and follow its own procedures, nor the confidence of MPs in getting fair and competent advice and audit services.

I deeply regret the current scenario and can only hope relevant lessons have been learnt that help to rebuild confidence—I am only sorry I won't be there to experience the changes at first hand.

Indeed, in narrowly losing my seat in the recent General Election, many in my campaign team understandably pointed to the negativity emanating from the high profile media coverage surrounding my two substantive investigations—this was particularly galling considering that I was repeatedly cleared of any wrongdoing.

To be so unfairly singled out and to become the focus of a witch-hunt in certain parts of the media was I am sure you can imagine a daunting experience. Unfortunately political opponents and their allies making baseless malicious complaints rely on the fact that if they throw enough mud—some of it will stick. I cannot pretend that I will miss this aspect of public office.

In conclusion, having unilaterally and swiftly repaid the premia to show leadership and avoid any doubt in December, on payments which were twice approved by Parliament and then successfully audited by Parliament, will I hope now bring this matter to a close.

I stand ready to offer any further assistance you may require and I thank you for your endeavours.

7 June 2010

18. Letter to Mr Shahid Malik from the Commissioner, 8 June 2010

Thank you for your email which you sent to me on 7 June in response to my letter to you of 18 May about the resolution of this complaint in respect of the insurance premiums for the optional cover for your wife's engagement ring.

My letter of 18 May set out the circumstances in which I was ready to resolve this complaint through the use of the rectification procedure. It invited you to accept that the additional premium you paid for insuring your wife's engagement ring while away from your second home, and for accidental loss or damage, should on balance not have been claimed and that you were therefore in breach of the rules for having done so. It invited you to apologise. And it noted that you had anyway decided immediately to pay back the extra insurance premium, the total sum of £235.

I have carefully considered the points you have set out in your e-mailed letter of 7 June. But I have concluded that your arguments are not such as to enable me to come to a different view on this matter. While, like you, I do not consider, on the merits, resolution of this matter should require submission to the Committee on Standards and Privileges, on the assumption that you are not prepared to accept rectification on the basis I have proposed, I will now need to submit the matter formally to the Committee when it is appointed. As well as commenting on the need for this course of action, I will clearly need also to draw attention to the length of time it took you initially to respond to this complaint (a point you address in your letter and which I shall clearly note).

I would be grateful, therefore, if you could confirm my understanding that you do not accept rectification on the lines set out in my letter of 18 May, for the reasons set out in your email of 7 June; and that I will, therefore, need to submit this matter to the Committee when it is appointed. I will let you have a copy of the factual sections of the draft memorandum I will now prepare so that you can comment on its factual accuracy. I will then add my conclusions to the memorandum and submit the full memorandum to the Committee. The Clerk of the Committee will let you have a copy of the full memorandum for any comments you may wish to make before the Committee come to consider the matter. As you know, my memorandum, and the evidence on which it is based, together with the Committee's report, will all be published.

Could you confirm my understanding that you have not accepted rectification? I would be grateful if you could do that by close on 10 June. I will then be back in touch.

8 June 2010

19. E-mail to the Commissioner from Mr Shahid Malik, 2 July 2010

"I have just spoken to [name of insurance company employee]. She has said that there would be an extra premium for anything named in the household above £2,000. But if it was for home cover only and not cover outside the home, then the extra premium would be less.

This clearly demonstrates that it is possible to disaggregate the premium and indeed it is the everyday business of [the insurer] to do so.

*I hope this is helpful.*⁸

The above clearly demonstrates that an extra premium was required for items over £1,500 at the time - although the extra premium would be less if cover outside the home were not included. Using the logic of the Department of Resources in their letter of 26th April it shows that the claim was at least partially eligible.⁹

[Various comments on drafting of memorandum]

... If I had thought there was a problem then I would have discussed the matter or if there had been a problem then I would correctly have expected the Department to make me aware on either of the two occasions they potentially could. I did not hide any facts nor attempt to mislead in any way, I simply gave full information in an open and completely transparent format to the Department.

It was quite obviously the role of the Department to scrutinise my claims and if they felt they were inappropriate in any way I would have expected them to make me aware - I would then of course have acted in accordance with their guidance.

The undeniable fact is that they have failed me not the other way around yet it is I who appear to be in the dock. They were the experts paid to scrutinise and if in this case there is a potential partial breach it is fair and proper to put it down to their negligence. I have no doubt whatsoever that there will be many other MPs who would fall foul of this breach if their claims were scrutinised. Your actions potentially will set a precedent and it may lead to requests for the disclosure of any extra premia paid by other MPs. Of course I am not making any comment on whether this is a good thing or not but I do believe that all MPs must be dealt with by the same rules.

It is important to re-state that the alleged partial unwitting breach took place after twice transparently and fully submitting my insurance bills and it subsequently also being cleared by external auditors brought in precisely to look into compliance. These were not any old auditors but Legg was charged with helping restore public confidence in our democracy and as such was to take a tooth and comb approach looking at every

⁸ WE 16

⁹ WE 13

minutiae of each and every claim knowing full well that the country's media is watching them and expecting them to get it right.

[Further comments on drafting of memorandum]

SUMMARY

If this were a problem for Sir Thomas Legg he would have asked me to pay it back – nothing more, and I would have done so. I believe that fairness dictates that should equally apply now. I have of course already repaid the money.

My overarching concern is that there is insufficient balance from a reasonable person's perspective in the report. The onus at all times must rightly be on the Department of Resources and the Legg audit team – if I had attempted to hoodwink any of them or not given anything less than full and transparent details then I think the weight of responsibility for the current situation would rightly fall to me. However, it is clear that it is they who must collectively shoulder the weight of responsibility in this case and what is more the letter from the Department fully accepts responsibility. In addition there is no criticism of my role whatsoever.

There is a belief in parts of this country that nothing is too bad for MPs, but your job must surely be to stand up against this lynch mob pressure and to deliver fairness in your findings and to uphold and promote decent honest standards.

...

2 July 2010

Appendix 2: Shahid Malik's response to the Memorandum of the Parliamentary Commissioner for Standards, 13 September 2010

I would like to commence by thanking the Parliamentary Commissioner for Standards for compiling the memorandum and to state that I accept the general thrust of his memorandum. There are however one or two areas of the report which require a response for the sake of context, perspective and completeness.

A. SUBSTANCE OF THE COMPLAINT

Naturally I am pleased that the main area of any criticism within the memorandum to the select committee does not focus on the substance of the complaint itself i.e. my integrity and honesty in the context of the submission of my ACA claim.

Indeed, on page 11, para 28, lines 7-10 the Commissioner states:

“I also told Mr Malik that I was minded also to conclude that he had taken the necessary and appropriate action to rectify the matter by reimbursing the Department for the two sums involved, at a total cost of £235.”

In his conclusion (page 18, para 49) the Commissioner reinforces this point by stating that it is to my (Mr Malik) credit that I swiftly repaid the amount in question and that he (the Commissioner) supports my judgement in feeling uncomfortable and making the decision to repay. He also points out that I was open and honest in making my submissions to the department of resources (its claim processing functions have now I believe been shifted to IPSA).

In terms of the substance of the complaint, the department makes clear its judgement both in the memorandum, and in particular, via the emails from the department to the Commissioner and myself. Helpfully the Commissioner underlines the vital role played by the department in ‘interpreting and enforcing the rules’. In his memorandum on page 4, para 5, line 6, he picks out a key quote from the then Speaker which was used in the introduction section of the Green Book in 2006:

“Members themselves are responsible for ensuring that their use of allowances is above reproach. They should seek advice in cases of doubt and read the Green Book with care. In cases of doubt or difficulty about any aspect of the allowances or how they can be used, please contact the Department of Finance and Administration. The Members Estimate Committee, which I chair, has recently restated the Department's authority to interpret and enforce these rules.”

The facts from the memorandum and the additional emails that I have attached from the department are central to fully understanding the issue at hand. Put simply the facts are as follows:

1. Buildings & contents insurance are explicitly allowable costs. (Memorandum: page 5, para12).

2. The department is not opposed 'in principle' to extra cover for the ring being an allowable cost. (Memorandum: page 9, para 23, line 11-14 & my emails of 13th September 2010 in Annex A, Emails 1 & 2).

3. However, the case for this optional extra cover for the ring could only be made for accidental loss or damage in the second home – it is explicit from the various communications that cover 'away from home' was ineligible. (Memorandum: page 9-10, para 25, line 27-2 & page 11, para 28, line 5).

In order to verify the above, I wrote to the Director of Strategic Projects at the department of resources on Monday 13th September 2010. I asked for confirmation that the department had no 'in principle' objection to the claim for the ring in question as long as that cover was confined to the second home and did not extend to the 'away from home' category. The Director responded by stating that this was indeed the view of the department of resources. (See Annex A, Emails 1 & 2).

4. Due to 1 and 2 above I did not think that there was any 'doubt or difficulty' in the context of the claim. The claim was completely transparent with all costs and the breakdown and detail of the various elements of cover clearly visible.

If I thought there was a problem I would have discussed it with the department as I normally did. If they thought there was a problem then they would correctly have discussed the matter with me on two occasions. Failing this, if the Legg team thought there was a problem they would have highlighted the matter and asked me to repay in the same way as hundreds of other MPs did and I would have happily obliged.

5. The department of resources accepts in the memorandum (page 10, para 9) that they did not fulfil their duty of care, due to their failure on two occasions to carry out the necessary diligence expected:

“Therefore there is no evidence that the process of reasoning and due diligence which the department should have shown did, in fact, occur.”

6. Sir Thomas Legg's team were commissioned to deploy a 'fine toothcomb' approach to auditing all MP's allowances. This was a uniquely thorough auditing process with extremely high stakes given the problems that existed and the need to rebuild confidence and trust in our democracy.

It is certainly worth noting in relation to Sir Thomas Legg's audit firstly, that his team did identify insurance cover, which it felt was inappropriate, and asked the relevant MPs to repay sums of money relating to such cover claims. Secondly, that Sir Thomas Legg's team looked at both my claims for extra cover insurance but did not identify any problem with them.

On this second point I wrote to the Strategic Director at the department of resources on the 4th August 2010 to confirm that Sir Thomas Legg's audit team had not raised any such insurance queries in relation to my affairs. He confirms that the Legg team did not raise the issue of insurance premium with me nor did they ask me to repay any claimed insurance premia. (See Annex A, Emails 3 & 4)

7. When I became aware that my claim had the potential to cause controversy and to damage the reputation of Parliament, not because it was ineligible, but simply because it had the potential to become a story at the mercy of media interpretation I decided to take responsibility, take action, remove doubt and show leadership. I did so in the full knowledge that my repaying would leave me open to attack from political and media enemies in the run up to the general election - indeed, it was hurled at me quite viciously by these enemies during the general election campaign itself.

My actions had, as far as I was concerned, remedied the matter although left me exposed to unjustified criticism, which duly followed. I believed it was important to be seen to do the right thing even if I had not proven to have done anything wrong in the first place, in order to close the issue, protect parliament and take responsibility.

8. The department in its initial email to the Commissioner left the matter a little ambiguous, hence I emailed the department (13/09/10) and specifically asked:

“From our various bits of communication would I be correct in summarising the Department’s view as being one where it would have no ‘in principle’ objection to claims for cover for the ring as long as that cover was confined to the second home and did not extend to the ‘away from home’ category.” (See Annex A, Email 1)

The response of the strategic director was straight forward:

“Yes I can confirm this is in principle (the department’s view).”
(See Annex A, Email 2)

It is clear that the accidental loss and damage in the home is not potentially problematic and as such the claim is at least partially eligible. Hence, logic would dictate that at worst this is a partial breach but one where I have happily paid back the full amount and am content at having done so.

B. ‘TIMELINESS’ CRITICISM

I would like to register my disappointment at the weight and emphasis on timeliness given by the Commissioner in his memorandum. Though this issue does not relate in anyway to the complaint itself, I feel it nonetheless has the potential to distort and undermine. This is due to the fact that it fails to provide adequate context or perspective

to the many interactions between the Commissioner and myself during the period he highlights, January 22nd to April 7th 2010.

There is an impression that Honourable and Right Honourable Members on the select committee may wrongly be led to draw from the memorandum in its current format – namely, that I gave insufficient attention and importance to the commissioner and his office. I will develop this point and also below provide just a couple of emails by way of evidence that have either been inadvertently omitted or not considered important.

On page 12, para 31, line 16 in the memorandum the Commissioner makes mention of a ‘substantive inquiry’ that I cite as a key factor in my difficulty in responding to various other requests he was making of me at the time. There is no further mention of this matter.

The substantive inquiry had the power to become ‘life altering’ and needed to be resolved prior to the general election. In comparison, this inquiry was relatively trivial and had been to all intense and purposes remedied – I had repaid the complained of amount (£137) prior to the inquiry and also repaid the non-complained of amount (£97.97) at the beginning of the inquiry.

There is a real danger that readers of the Commissioner’s memorandum may wrongly draw the impression that I somehow decided not to cooperate with him or perhaps the impression is left that I had all this free time but could not be bothered with him or perhaps I did not pay him due respect.

The Commissioner mentions timeliness on a number of occasions, on page 18 alone he states:

Line 8: “.....*he failed to respond to the questions in my letter of 22 January until 7 April.*”

Line 10: “.....*this comparatively straightforward matter has taken much longer to conclude than it need have done had Mr Malik responded more promptly.*”

Line 21: “*It is, in my view, therefore, unfortunate that Mr Malik did not recognise this and demonstrate the same dispatch in responding to the complaint as he did in making the repayment.*”

Line 26: “.....*his lack of timeliness..... he made more serious what would otherwise have been an unfortunate but not serious error.*”

I am somewhat concerned by the logic in the line 26 quote – how has ‘timeliness’ made more serious something that would otherwise be unfortunate but not serious? These are two almost mutually exclusive issues and I don’t accept that one can impact on the other in the way described. Either it is a serious matter or it is not. If it were serious the Commissioner would not have offered rectification. He acknowledged that I repaid the cover claimed before the inquiry ever began for reasons previously highlighted and did so despite not knowing whether the cover would be deemed ineligible.

Of course the Commissioner is entitled to complain about timeliness but that is very separate to the specific complaint and its substance. This is especially true since all monies had voluntarily been repaid, there was no question of dishonesty, and at worst, the Commissioner accepts it was an “inadvertent error” made collectively by myself, the department of resources and the Legg team.

The truth is that this is more of a mundane administrative matter. Most people will find it extraordinary that a completely disproportionate amount of time energy and effort has been spent on something of this nature when it could better have been spent on other more serious matters - such as the substantive inquiry that the Commissioner was simultaneously investigating into my office expenses.

There are as stated a couple of emails, which are not in the memorandum bundle, which I believe, are useful in at least setting the scene:

On 6TH February 2009 I wrote the following email to the Commissioner’s office:

“Dear

I am very keen indeed to fully cooperate and to do so in a timely fashion but as per my last email I humanly have simply been unable to find the time to put together an adequate response.

I work a near 90-hour week and travel 400 miles a week. As well numerous other significant ministerial and non-ministerial work, as a Minister I have had to commit considerable time and effort into the following areas of Parliamentary business that I have led in the Chamber or in Westminster Hall:

5 January 2010 - Main Chamber ‘Regeneration’ Adjournment Debate

18 January 2010 - CLG Select Committee ‘Preventing Extremism’ Hearing

20 January 2010 - Westminster Hall Adjournment Debate (Rossington Inland Port Development)

26 January 2010 – Main Chamber Departmental Oral Questions (New Build, Interfaith Projects, Green Belt, Topical Questions)

28 January 2010 – Main Chamber Topical Debate (Holocaust Memorial Day)

29 January 2010 – Main Chamber Private Member's Bill (Mortgage Repossessions (Protection of Tenants Etc.) Bill)

29 January 2010 – Main Chamber Private Member's Bill (Town and Country Planning Act 1990 (Amendment) Bill)

8 February 2010 - CLG Select Committee Hearing (Fire Control)

In addition I am preparing for a Select Committee hearing on the Olympics in my role as the Olympic Legacy Minister.

I merely set out the above to explain that I have the deepest respect for the Commissioner and his important work and I apologise for responding later than I had

hoped. I will however be in a position within a week to have responded to all outstanding matters relating to the complaint from Mr Cole.

I hope you find this email helpful.

Best Wishes

Shahid”

On 11th March 2009 I wrote the following email to the Commissioner’s office:

“Dear

I am currently ill at home and on anti-biotics. I know that the long standing inquiry is almost concluded and I will focus on this and hopefully be able to respond over the weekend.

Regards

Shahid”

In both emails I am referring to the substantive inquiry and prioritising that as it had received considerable national media attention and it challenged significantly my integrity and honesty. I had decided to turn my attention to the insurance complaint only after the infinitely more serious substantive complaint had been resolved.

NB – I have looked through my correspondence with the Commissioner and it shows weighty exchanges between the 22nd January and the 7th April.

I sent all the below emails to the Commissioner during the period he has identified as being problematic in terms of timeliness. I also wanted to highlight one incredibly time consuming email sent to me from the Commissioner’s office:

- 24th January;
- 6th February;
- 11th February;
- 15th February – I wrote a 4 page and 1,200 word response to substantive inquiry;
- 16th February; I received an email from Commissioner 17th February – this email came in three batches and contained a total of 18 documents/files of evidence, which the Commissioner expected me to go through and respond to in relation to the substantive inquiry. This was incredibly time consuming and energy sapping.
- 21st February – my time consuming rebuttal and comment in relation to the 17th February email received. My attached response was 12 pages and 6,000 words long.
- 24th February;
- 11th March;

- 18th March;
- 25th March – 5 page and 1800 word response to the substantive inquiry. Time consuming, energy sapping and demoralising... but necessary.
- 6th April – substantive inquiry resolved after 10 months and much anxiety and pain. Following receipt of the evidence compiled by the Commissioner in February 2010, the Department of Resources concluded that:

‘Mr Malik’s office arrangements were both within the rules and within the spirit of the rules’.

In his letter to the complainant the Commissioner concludes:

“Mr Malik’s arrangements for his second constituency office from 2005-08 were reasonable and were within rules of the House. The second constituency office was established and used for Parliamentary purposes and Mr Malik was charged, and claimed for, a fair market rent, from which there is no evidence that he received a personal benefit. I do not therefore uphold this complaint.”

- 7th April – having been cleared by the substantive inquiry before the general election I now attempted to conclude this matter before the general election. As per page 8, line 24 of the memorandum I was unable to do so despite my best efforts – I fully understood and respected the reasons given by the department.

During this ‘timeliness’ period I sent at least 12 emails to the Commissioner, wrote at least three substantive responses totalling 21 pages and 9,000 words, and received 18 documents/files of crucial evidence, which I had to go through myself with a fine toothcomb and pull out key elements to formulate responses.

Hence, if I appear touchy or sensitive about the issue of ignoring the Commissioner, not responding to the Commissioner or not respecting the Commissioner then that is perhaps understandable. I think it is too often forgotten that MPs are at the end of the day just human beings with limitations and of course there are only so many hours in the day.

I understand not being an MP or a Minister the Commissioner focuses narrowly on his perspective but we really are not robots and our perspective, our context and our humanity is equally valid.

C. TAKING RESPONSIBILITY

Again, I think the suggestion that I was not taking responsibility is one that I find quite curious. It feels like molehills have been turned into mountains in the memorandum. This is a case where the Commissioner himself in an email has stated that it was at worst an “inadvertent error”.

In addition, the assertion around responsibility appears completely at odds with the evidence contained in the memorandum itself. On page 11, para 28, lines 7-10 it is worth re-stating what the Commissioner states:

“I also told Mr Malik that I was minded also to conclude that he had taken the necessary and appropriate action to rectify the matter by reimbursing the Department for the two sums involved, at a total cost of £235.”

Above he concludes that I had taken the necessary and appropriate action to rectify the matter – in short, I had taken responsibility!

For the avoidance of any doubt whatsoever, I like all MPs take primary responsibility for submitting my claims to the department of resources (now IPSA). Equally, however, the Department of Resources (IPSA) must take primary responsibility for scrutinising and correctly processing claims. The department has a very clear duty of care to MPs and MPs must rightly take care when submitting their claims.

Additionally in my case the Legg audit team had a duty of care and primary responsibility for auditing claims that had been scrutinised and processed by the department – especially as they were brought in and charged with adopting a ‘fine tooth comb’ approach in order to reassure MPs and the public.

As the Commissioner points out, I took responsibility by voluntarily and unilaterally taking the decision to repay the extra premium cover that had been incurred and I did so prior to his decision to initiate any inquiry and prior to any ruling on the eligibility of the claim.

On this point, the ‘facts and findings’ element of the memorandum states:

“Nonetheless, when he became aware of the extra cover he had felt that the best course of action was voluntarily to repay the premiums both to show leadership and to avoid any doubt whatsoever.” (page 16)

Importantly, this is despite the fact that there was no evidence that the payment was incorrect – if anything the actions of the Department of Resources, twice accepting the claims as legitimate and processing them as such; and then Sir Thomas Legg’s in-depth auditing of the claims as proper and legitimate pointed squarely to the claim being perfectly correct.

However, as previously stated, given the need to increase the public’s confidence following the allowances saga I believed it was important to protect the reputation of Parliament and our democracy by taking responsibility and simply repaying the amount – irrespective of whether it was legitimate.

I judged that not repaying swiftly would have left ‘doubt’ which would have damaged democracy. By taking responsibility in this way was obviously going to cause me difficulties in the local media and be dredged up during the general election campaign.

In the climate that existed however, I felt uncomfortable and was prepared to take the media hit knowing that the argument would be deployed that I was repaying due to some dodgy claim. Indeed in a vicious local independent newspaper that has targeted me for years ran this story three times (including front pages) in December, January and two weeks before the general election.

Having carefully read the memorandum I do not feel on balance that the ‘facts and findings’ section logically leads to some elements of the ‘conclusions’ section – the ‘facts’ section obviously being less subjective than the ‘conclusions’ section.

Drawing towards the end of my response, I would for the sake of clearing any confusion like to comment on a few further salient parts of the memorandum.

NB – The most important fact in the whole report is that there is no criticism of my actions in relation to the insurance premium, which the Commissioner describes in his conclusions as *“unfortunate but not serious”* and *“comparatively straight forward”*. Indeed, the Commissioner accepts that I was open in submitting my claim and that it is to my credit that I repaid the amount of £235 voluntarily and promptly.

Hence, it appears that the Commissioner’s concern is not about the act of the claim i.e. about the complaint, but about my engagement with him during his inquiry.

I believe the above clearly demonstrates me taking responsibility not avoiding it. The fact is that any politician in that climate just before the general election knows full well that repaying allowances, in the way that I did, would lead to elements of the media and political foes using it to malign my reputation.

My decision to repay was a heavy political price and in practical terms that should have ended the matter without unnecessary headlines about further inquiries.

There was no question of dishonesty, hoodwinking, not being transparent, not taking responsibility and not at the earliest opportunity remedying the matter voluntarily. The resources that have gone into a bog standard and basic administrative issue will beggar belief for many. I believe there is a great need to modernise this element of Parliament’s work so the Commissioner can focus on the kind of complaints, which truly test the public’s confidence in their democracy.

D. CONFUSION AND INACCURACIES ABOUT THE INSURANCE POLICY

It is worth noting that the insurance policy standard cover is inadequate for the majority of households – it is similar to 3rd party fire and theft for cars i.e. a very basic and minimum cover. It does not cover accidental loss or damage for example. Please see my email exchange in Annex A, Emails 5 & 6 with my insurers, AA insurance, where they confirm that valuables in excess of £1,500 can only be covered for accidental loss or damage by taking cover in 3a.

On page 17, line 25 the Commissioner asserts that:

“a major element of the package was cover for the ring while it was away from Mr Malik’s second home.”

Unfortunately, this is somewhat misleading. I have attached a page from the policy booklet, which deals specifically with this matter. I have over a month ago emailed the entire insurance policy document to the Commissioner for his perusal. On Page 22 of the insurance document (a copy has been scanned and attached to the end of the response) it states:

“Section 3a extends the cover provided by Section 1 (standard cover) for valuables and belongings of high value to include accidental loss or damage and also extends where they are covered to anywhere in the world”

I think it would be incorrect to deduce from the above that the major element relates to ‘away from home’.

I am also somewhat surprised that in his conclusion, the Commissioner on page 17, para 44, line 4 states:

“Mr Malik’s evidence is that he did not remember any discussion with the insurers about the extra cover. He simply received the insurance bill, paid it, and sent it to the Department for reimbursement. While anybody would be wise to check an insurance policy before accepting it, I consider that Mr Malik had a particular responsibility to check carefully the cover he was offered before seeking to have it funded from parliamentary allowances.”

NB – the above paragraph is a dangerous, offensive and illogical assumption. Just because I don’t remember the full details of a conversation two years earlier does not lead to a conclusion that there was no diligence whatsoever. Indeed evidence in the memorandum itself conflicts with this assumption.

My email on 7th April at page 25, line 31, (which the Commissioner says he had been waiting for since 22nd January) states I did for example recollect a discussion about extra cover for accidental damage and loss for any item in excess of £1,500. Hence, I am well aware why the cover was being taken, if not fully aware of the ‘away from home’ element.

In addition, although I was not specifically asked, I was also aware for example that I took out extra cover (Section 2 of the policy document) for accidental damage to household goods, which was not part of the standard cover but which excluded valuables. This is clearly visible on the two policy summary key facts sheets in the memorandum (although I think only one may be in the bundle). The cost of this was £24.92 and £29.38 in 2008-09 and 2009-10 respectively.

The proposition being put forward that standard cover is adequate is incorrect – most people take cover for accidental loss or damage in the home and this is precisely what I opted for taking extra cover under section 2 & 3.

Despite the focus on the ‘away from home’ element of my insurance premia I find it difficult to grasp that despite the Commissioner having for 8 months had access to the two page insurance summary key facts sheets (one for each year) has failed to spot an obvious issue. The two pages show that extra cover was taken out in section 2 also, yet, the Commissioner has neither questioned nor commented upon, the fact that it also clearly incorporates cover for household goods ‘temporarily away from the home’. The Commissioner’s role is expected to be thorough, where he carefully checks key pieces of evidence before coming to any conclusions and I am surprised that he appears to have been less attentive than one might have expected from someone in such an important role.

As a result of the above I have made arrangements with Parliament to repay the £24.92 and £29.38 under section 2 in order to avoid doubt and remain consistent.

Of course the real challenge is that insurance policy comes in packages, and if this is precedent setting, it will become very difficult to find insurance cover, which specifically caters for MPs and the rules covering tow homes. You are not it seems able to disaggregate the various elements of cover. This will invariably have implications for every MP claiming for insurance in the future and indeed all those who have ever claimed will potentially be required to repay the whole of any extra premium taken out if it incorporates any 'away from home' element.

E. SPECIFIC ACCUSATION AND DEFAMATORY COMPLAINT

It seems to me that the select committee could conclude, if it wished, that there was this partial unintended breach but it cannot uphold the specific complaint made by Mr Scott who is a serial protagonist and was the election agent of one of the independent candidates in Dewsbury at the 2010 general election.

Mr Scott's complaint itself specifically states that insurance premium of £136.87 is 'a clear breach of the rules' and is a 'bogus claim' according to Scott.

It is unambiguously clear from the memorandum and emails that rings of this nature are not in principle ineligible and it is the principle that the complainant is challenging. Mr Scott does not focus at all on the accidental loss or damage or the away from home element of the premium – his argument is very narrow in that he simply asserts that the principle of insuring such an item is a breach irrespective of anything else. He goes on to use typical defamatory language concluding that any such claim is 'bogus'.

This is a very serious defamatory accusation, claiming that I have made a 'bogus claim' and as such am involved in criminality and not a fit and proper person to be involved public life. I have taken Mr Scott and the local independent newspaper to the High court in 2007 for defamation at which point Mr Scott did a u-turn and the independent local newspaper, which printed his lies, was forced to print the truth.

To give you a flavour of the work of this publication I have below a recent extract from the paper written by its founder for your perusal:

"I thought twice about drawing this next analogy, because it could smack of insensitive opportunism. But in the end I kept being brought back to the thought that if Derrick Bird had been carrying a Koran, he would have been celebrated as a hero by tens of thousands – possibly more – of so-called 'British' Muslims.

Those are the numbers of our supposed fellow-Britons who believe the indiscriminate murder of 'non-believers' is an act of heroic Islamic martyrdom...."

Getting back to the matter in hand, it seems to me to be prudent, fair and proper to be able to conclude if one wished, that there was a partial unintended breach but that the complaint about the 'principle' of the cover and the accusation of it hence being 'bogus' is not founded.

If it were upheld without appropriate wording then it would set a precedent and every MP that may have insured in this way will be accused of making bogus claims and of course there may be potential legal implications.

F. ANNEX A – NEW EMAIL EVIDENCE

Email 1: My email to the Strategic Director at the Department of Resources on 13th September 2010

Dear Paul

From our various bits of communication would I be correct in summarising the Department's view as being one where it would have no 'in-principle' objection to claims for cover for the ring as long as that cover was confined to the second home and did not extend to the 'away from home' category.

Many thank in anticipation of your response.

Regards

Shahid

Email 2: Response from the Strategic Director at the Department of Resources on 13th September 2010

Dear Mr Malik

Yes, I can confirm this in principle.

Yours sincerely

Paul Silk

PAUL SILK
Director of Strategic Projects

Email 3: My email to the Strategic Director at the Department of Resources on 4th August 2010

Dear Paul

I write further to your letter to John Lyon in April.

Sir Thomas Legg

The very narrow area where I would appreciate your assistance is with regards to Sir Thomas Legg's findings in relation to my expenses (which you have access to and which are also in the public domain) and please confirm that:

In my case, Sir Thomas Legg DID NOT highlight the insurance premia as problematic and DID NOT state that any of the premia should be paid back.

Thank you in advance for your cooperation.

Best wishes

Shahid

Email 4: The response from Strategic Director at the Department of Resources on 5th August 2010

Dear Mr Mailk

Thank you for your e-mail and letter.

I can confirm that Sir Thomas Legg made no mention of insurance premia in relation to you in his report.

Yours sincerely

PAUL SILK
Director of Strategic Projects
House of Commons, London SW1A 0AA

Email 5: Email sent from me to AA insurance who covered my second home on 9th August 2010

Dear Kath

Can you please confirm that section 1 (standard cover) would not cover accidental loss or damage in the home and the only way to get this accidental loss or damage covered for an item valued above £1,500 in the home would be to take out extra cover under section 3a.

Thank you.

Yours sincerely

Shahid Malik

Email 6: The response from the AA to my email dated 10th August 2010.

Hi ,Mr Malik

I can confirm that no cover for accidental damage or loss to items of £1,500 & over would be covered under section 1

Thanks

Donna

This electronic message contains information from The Automobile Association which may be privileged or confidential. The information is intended to be for the use of the individual(s) or entity named above. If you are not the intended recipient, please delete

this e-mail immediately. The contents of this e-mail must not be disclosed or copied without the sender's consent.

Section 2, 3 and 3a Optional extra cover

What is it?

This part of your policy booklet describes the optional extra cover available for the following items:

- Accidental loss or damage to household goods, including furniture and furnishings Section 2 Page 23
 - Extends the cover provided by section 1 for valuables and personal belongings to include accidental loss or damage and also extends where they are covered to anywhere in the world; Section 3 Page 26
 - Extends the cover provided by section 1 for valuables and personal belongings of high value to include accidental loss or damage and also extends where they are covered to anywhere in the world. Section 3a Page 28
- If you have paid for this optional extra cover, please read the following pages carefully to make sure that you understand what you are covered for.

Important: If you have asked for this extra cover, please check your summary to make sure that we have arranged it. If we have not, or you would now like to add these sections to your policy, please phone our **Customer Services Helpline** on **08706 061617**.

Formal minutes

Tuesday 14 September 2010

Members present:

Mr Kevin Barron, in the Chair

Annette Brooke	Mr Oliver Heald
Mr Tom Clarke	Eric Ollerenshaw
Mr Geoffrey Cox	Heather Wheeler
Mr Jim Cunningham	Dr Alan Whitehead

Draft Report [Shahid Malik], proposed by the Chair, brought up and read.

Ordered, That the Chair's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 15 read and agreed to.

A paragraph—(*The Chair*)—brought up, read the first and second time and inserted (now paragraph 16).

Paragraph 16 (now paragraph 17) read and agreed to.

Another paragraph—(*The Chair*)—brought up, read the first and second time and inserted (now paragraph 18).

Paragraphs 17 to 20 (now paragraphs 19 to 22) read and agreed to.

Another paragraph—(*The Chair*)—brought up, read the first and second time and inserted (now paragraph 23).

Paragraph 21 (now paragraph 24) read and agreed to.

Paragraphs 22 and 23 (now paragraphs 25 and 26) read, amended and agreed to.

Two Papers were appended to the Report.

Resolved, That the Report, as amended, be the Second Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

[Adjourned till Tuesday 12 October at 9.30 am