

Ms Sandra Gidley: Resolution Letter

Letter to Mr Ian Newnham from the Commissioner, 2 June 2010

I have now concluded my inquiries into the complaint you sent me on 26 May and 10 July last year against Mrs Sandra Gidley in respect of her claims against her Incidental Expenses Provision and her Staffing Allowance.

In essence, your complaint was that while a Member of Parliament Mrs Gidley made claims against the Incidental Expenses Provision and the Staffing Allowance in relation to her constituency office for costs which were not wholly, exclusively and necessarily incurred on parliamentary duties; and that these may have helped to meet the cost of party political activities, contrary to the rules of the House.

I am sorry that this inquiry has taken longer than I would have wished, but I thought it right to ensure that it was sufficiently thorough to enable me fully to establish the facts. In doing so, I consulted Mrs Gidley and the House Authorities. The Treasurer of Mrs Gidley's local party, Romsey and Southampton North Liberal Democrats, also provided information for my inquiry.

The position is as follows.

Mrs Gidley first leased her parliamentary constituency office in 2001, and extended the lease in 2008. From May 2007, a part-time organizer employed by the local party for two days a week was also based in her constituency office. The local party did not then have an office of its own. This individual was also employed by Mrs Gidley to assist with her parliamentary work for three days a week, and I return later to the basis of his employment. The local party made payments to the House authorities for its use of Mrs Gidley's office. These payments were credited by the House authorities against Mrs Gidley's claims for office costs.

Mrs Gidley told me that her office manager kept full records of office costs to be apportioned, going through all the bills and invoices and producing a spreadsheet outlining all the costs to be split. The spreadsheet was then passed to the local party Treasurer, who calculated the amount to be apportioned and sent a cheque to the Department of Resources. According to the Treasurer, the apportionment was based on the overall costs of the office, including rent, telephone, fax, internet, heating, lighting, rates, water, cleaning, waste and security, but excluding insurance and Data Protection registration. The costs attributable to the work of the party organizer were then determined by apportionment between the number of desks in the office and by reference to the number of days in the working week on which the organiser worked for the party. On the basis of five desks in the office, and two days a week of occupation as party organizer, the party paid 8% of total office costs for a full year, and pro-rata for part years. There was no formal document setting out this arrangement.

The Romsey and Southampton North Liberal Democrats made three payments to the House authorities to cover its share of office costs. I have seen copies of the spreadsheets on which these were based, and copies of the covering letters. Each of these outlined the basis on which the payment was calculated, and this was set out above. Mrs Gidley's evidence is that, at the end of the calendar year 2007, which was also the end of the financial year for her local party, a schedule was drawn up detailing office costs and apportioning them. Mrs Gidley then sought advice as to how the payment of the local party's share could be reimbursed to the House of Commons, and to her IEP account. This, she said, took a long time to resolve. The first payment, to cover the period from May to December 2007, was made in December 2008. The second, to cover the calendar year 2008, was made in October 2009 (a previous cheque sent in July 2009 apparently having gone astray) and the third, an interim payment to cover the bulk of the costs incurred in the calendar year 2009, was sent in March 2010.

In October 2009, the Department of Resources drew to Mrs Gidley's attention that the arrangements she had in place for the local party to make use of her office for the entire year constituted a sub-lease because it was being used by others (the Romsey and Southampton North Liberal Democrats) for more than 20 days a year. Sub-leases were not allowed under the rules set out in the Green Book. The Department advised Mrs Gidley to revisit her arrangements as a matter of urgency, and ensure that a separate agreement was drawn up between the landlord and the local party. The Department subsequently suggested either separate leases or a new lease

as cotenants, or alternatively that Mrs Gidley could reduce the amounts claimed through the allowance by 8%, and ask the local party to pay its share to the landlord directly. The Department added that (if this third option were to be followed) the split would need to be applied to all shared office costs, and a sharing agreement signed by both parties would need to be lodged with the Department.

The Department of Resources commented that it was "far from unusual" for Members to share office space with their local political party. The Department was satisfied that, with the exception of her misapplication of the rules about sub-letting, Mrs Gidley's arrangements for renting her constituency office from the landlord and meeting utility and telephone costs from her allowances were otherwise within the rules. The problem was described by them as a technical breach of the rules, in that the arrangements Mrs Gidley had with her local party constituted a sub-lease to them.

Mrs Gidley's evidence is that she assumed, because the first two payments had been accepted by the House authorities and the Fees Office had not queried the arrangements, that her arrangements were in order. She nonetheless accepted that the mechanism in place between the local party and herself was not in accordance with the rules of the House set out in the Green Book. She considers, however, that her arrangements ensured that the public purse was fully recompensed for the use made of the facilities by the local party.

Mrs Gidley told me that the local party moved to new premises on a short term lease on 15 March 2010. She also told me that from 1 March 2010 any bills forwarded to the Department of Resources for payment were accompanied where appropriate by a request that only 92% be paid by the Department. The remainder was to be paid by the Romsey and Southampton North Liberal Democrats.

As to Mrs Gidley's staffing arrangements, her evidence is that she employed two full-time and three part-time members of staff remunerated from her parliamentary allowances. One of the part-time members of staff in the period covered by the complaint was a joint appointment with the local party. Mrs Gidley said that these arrangements came about because, following various staff changes, there was a vacancy for a member of her parliamentary staff and a vacancy for a part time party organizer. As Mrs Gidley had advertised already for a full time post, some of the applicants were contacted to see if they were interested in either or both of the new roles. The individual appointed was employed by her for three days a week from May 2007 to September 2009 as a constituency researcher and link worker. I have seen his contract of employment, which was based on a standard model provided by the then Department of Finance and Administration. In this capacity, Mrs Gidley's evidence is that the individual attended local meetings on her behalf when she was engaged elsewhere, arranged constituency events such as summer surgery tours and open surgeries, produced Communications Allowance approved communications, acted as a photographer and maintained a photo library, dealt with office equipment and IT, and carried out some research to support casework.

For the remaining two days of the week, this individual was employed by the local party as its part-time organizer. He had a separate contract for this employment, which I have also seen. I understand that this was based on the standard Liberal Democrat party approved model, and that the two employment contracts were performance managed separately. The Party Treasurer's evidence is that Liberal Democrat headquarters provided payroll services to the local party, which had employed no staff before this, and handled all matters relating to the tax and National Insurance arising out of this employment.

Mrs Gidley's evidence is that she tried to keep as clear a line as possible between parliamentary activity and what could be regarded as political activity, but she accepted that a complete separation was difficult. Her evidence is that all staff solely employed by her were employed exclusively to help her in her parliamentary role and to provide assistance to constituents. With regard to the joint appointee, Mrs Gidley initially tried separating his working week into specific days so that there was absolute clarity over when he was working for each employer, but she said that this proved impractical as the public did not necessarily differentiate between the two roles. Her evidence is that she tried to keep the balance fair by setting a fair workload at the beginning of each week, and believes that she got more parliamentary work from him than the three days she paid for.

The Liberal Democrat poster mentioned by you as possible evidence of the use of her constituency office for party political purposes was, according to Mrs Gidley, removed over a year ago. She said it had been used when she first moved into the office.

Mrs Gidley says that, with regard to public communication, she always encouraged constituents to get in touch with her if they had any problems and this generated a good deal of casework. Her constituency office

was therefore used as a return address as she dealt with the bulk of problems raised. Other pieces of information were held until the relevant councillor came into the office, or forwarded, not at parliamentary expense. This, she says, was part of the responsibility of the party organizer in his party political time.

Mrs Gidley accepts that the constituency office was consistently used as a postal address, including in election literature. Her understanding is that the purpose of the address on election literature was to provide an address at which a writ could be served, and that party members do not always want their home addresses to be widely distributed. She understood that the costs of this usage, for any contacts which would be received and dealt with by the party organiser in his 'party political' time, were incorporated into the costs the constituency party paid for the use of office space and services. For "consistency of approach" a single address was used for the Electoral Registration Officer.

As to the leaflet 'Focus on Romsey Abbey' which you enclosed with your letter of 13 October and which you said did not contain the details of where it was published and printed, Mrs Gidley says that some versions did have an imprint but the omission of an address was a mistake. The constituency office address only appeared on the survey because that was where, for practical reasons, the party had registered the Freepost address.

Mrs Gidley says that the entry in the telephone book gave the same number for both the parliamentary and the party political offices, and that the phone costs were included in the apportioned costs.

I have considered your complaint against this summary of the evidence I have received. The principal questions I have to resolve are whether Mrs Gidley made claims against the Incidental Expenses Provision and the Staffing Allowance in relation to her constituency office for costs which were not wholly, exclusively and necessarily incurred on parliamentary duties; and whether these may have helped to meet the cost of party political activities, contrary to the rules of the House. A secondary question which arises from my inquiry is whether the terms on which the local party occupied space within Mrs Gidley's constituency office were within the rules set out in the Green Book.

Paragraph 5.15.5 of the relevant edition of the Green Book dealt with contracts for staff services, etc in combination with accommodation. It required separate written contracts for accommodation and for services, that charges were for actual services and service charges accurately reflected the level of service provided, and that copies of the agreement for services were lodged with the Department of Resources. Paragraph 5.12.7 prohibited in general the sub-letting of accommodation leased and paid for out of the allowances. In addition, paragraph 5.12.10 provided that Members might charge for occasional use of their premises by others, but that this was not to exceed 20 days per year. The charge was to be set at a level which reflected a proportion of the leasing costs and the cost of any services used. Also, Members were to ensure that full and proper accounts were kept of all relevant transactions.

As the Department of Resources noted, it was not unusual for Members to share office space with their local political party. It is clear from the evidence of Mrs Gidley, and also the local party Treasurer, that some care was taken to identify the costs of running the office and I have no evidence to suggest that proper records were not kept. I consider that the apportionment of those costs (based on the usage of the accommodation by the party) was reasonable. The evidence also suggests that the claims made were in accordance with this apportionment, and there is no evidence that the costs were not actually and reasonably incurred in accordance with the rules of the House.

My finding therefore in relation to the shared use of her office is that Mrs Gidley was not in breach of the rules in the way she apportioned the costs of her office between her parliamentary use and its political use and in the claims she made against her Incidental Expenses Provision.

The practical effect of the arrangements Mrs Gidley made for recouping from her local political party their share of the costs of her office was, however, to create a sub-lease. My finding is that she was in breach of the rules in that sub-leasing arrangement. I also find that she was in breach of the rules in that there were no written cost sharing agreements with her local party. Mrs Gidley has readily accepted these findings.

As to Mrs Gidley's use of the part-time staff member who was also employed by the local party as its organizer for the remainder of the working week, I have found no evidence that the party benefited improperly from this arrangement. The employment arrangements were transparent in that he had two separate contracts of

employment, separately administered. There is no evidence that the employee failed to work for Mrs Gidley on parliamentary matters for the hours for which he was contracted to do so.

I have also concluded that there is no evidence that any of the other matters you raised suggest a breach of the rules in relation to the use of a constituency office shared with a Member's political party. Given that the office was shared with the local party, I do not think it was unreasonable that its address should appear on party political material, or that it should be used as a return address. The telephone charges were apportioned between Mrs Gidley and the party as part of the general sharing of costs.

Mrs Gidley has therefore accepted her breach of the rules in relation to sub-leasing and the provision of sharing agreements. She has apologised. There is no evidence that these breaches were intentional. There is also no evidence that these breaches of the rules led to Mrs Gidley's political party receiving a subsidy from parliamentary resources in respect of the use it made of Mrs Gidley's constituency office, and I do not therefore uphold those aspects of your complaint.

I conclude that Mrs Gidley has made a satisfactory response to the breaches identified as a result of your complaint. I now regard the matter as closed.

You may wish to note that the Committee on Standards and Privileges in the last Parliament supported my recommendation, which will need to be approved by the House, that letters such as this and in due course the evidence on which they rely should be published.

I am copying this letter to Mrs Sandra Gidley.

2 June 2010

Ms Sandra Gidley: Written Evidence

1. Letter to the Commissioner from Mr Ian Newnham, 26 May 2009

I note from the guidance on payment of Members' Allowances and the existing Code of Conduct adopted in 1995, the explicit statements:

“Public money must not be used to give unfair political advantage to one political party” and

Occasional use of office premises by others

“You must charge for occasional use of your premises by others. This must not exceed 20 days per year.”

I regret to say it is my perception, as Chairman of the Romsey and Southampton North Conservative Association, that since the election of 2005 and indeed before then, that Mrs Gidley, Liberal Democrat MP for Romsey has persistently used public money to give herself political advantage in apparent breach of the Code of Conduct for Members.

I refer particularly to the use made by the Romsey Liberal Democrats of Mrs Gidley's constituency office at [address] Romsey and the political campaigning activities of her staff paid from her parliamentary allowance.

There appears to be no distinction between her Constituency Office and what is to all appearances, the *de facto* Romsey Liberal Democrats office. Up to this year, as far as I can see, no entry has appeared in the accounts of that constituency party for payment for use of the offices, at [address], Romsey, or for any other office. The costs of [that address], up to now, seem therefore to have been wholly paid for by Mrs Gidley, presumably from her parliamentary Allowance.

As evidence that this office has been used for political purposes I would cite:

- Until last year a Liberal Democrat poster was permanently displayed outside the office (see photograph).¹
- The public telephone directory has listed for a number of years the Romsey Liberal Democrats office as [address], Romsey. There is a similar entry for Mrs Gidley MP -giving the same telephone number [...]
- Local election leaflets for Liberal Democrat candidates in Test Valley Borough, Southampton City and Romsey Town elections, in almost all cases in recent years have cited [this address] as the place where published and in many cases also as the place where printed. That is the case now, for 2009 Hampshire County elections

Please see following examples: (see photo copies of originals held by me)²

- i) **May 2004** Bassett Ward election leaflet:
Imprint: Printed by Romsey Liberal Democrats [address]Romsey S051 8DE
- ii) **Summer 2004 Focus**- Cupernham Ward:
Imprint: Printed @ [address] S051 8DE
- iii) **Summer 2005 Focus on Tadburn**- By-Election Special —

¹ Not included in WE4

² Not included in the evidence.

Published by Mr Marsh and the Liberal Democrats ALL of [different address]S051 7JZ
PRINTED BY ROMSEY LIBERAL DEMOCRATS[address] Romsey

(I have particularly included pre-2007 examples of where they state the literature was printed, as the Romsey Liberal Democrat Hon Treasurer has admitted to the Electoral Registration Office that his Party has used [address] but only since May 2007- those accounts are not yet in the public domain)

- Liberal Democrat publicity and election leaflets are not only published and printed there but give [address] as the address to contact for help from Liberal Democrat activists, using the MPs telephone number e.g. for taking electors to polling station and as the place to send financial donations to the Liberal Democrat Party.
- Official Submissions by Liberal Democrat candidates to the Election Registration Officer in Test Valley local elections since 2005 have regularly given [this address], variously as the address of their agent and as the address for returns to be sent.
- Mrs Gidley's website- which is accessed when "Googling" Romsey Liberal Democrats gives her address as:

Liberal Democrats, [address] ROMSEY —

By using the term Liberal Democrat in the address given on her website, it seems to indicate there is no distinction between the MP's office and the local Liberal Democrats' office

I am additionally concerned with the activities of her research staff.

Please see enclosed a job advertisement seeking a political assistant for Mrs. Gidley clearly indicating the role is to help her re-election. Nowhere in any returns made so far by the local Liberal Democrat Party has there been any indication of that post or payment by them of that £20,000 salary (see copy of advertisement).³

A Mr [name] , Mrs. Gidley's Parliamentary Researcher has twice, towards the end of last year, written to the local newspaper, the *Romsey Advertiser* making political attacks on the Conservative parliamentary candidate. Of course any individual is free to write to the press and he could have done that in his free time but he did so describing himself as the parliamentary researcher, I have a photocopy of this in addition to the examples that I have enclosed.⁴ Is that within the guide lines for publically paid parliamentary staff?

Another member of Mrs Gidley's team- [name of second employee] is now named as the agent and publisher for Liberal Democrat literature for the County Council elections, again giving [address], Romsey as the address for him and the Liberal Democrat candidates. The campaign from nomination of candidates to poll in itself lasts longer than the 20 days permitted in the Green Book for the occasional use of an MP's constituency office.

[The second employee] however was said to be Mrs Gidley's Senior Researcher when he represented Mrs Gidley at a briefing for Hampshire MP's on PUSH (Partnership for South Hampshire). Therefore, is he a Party employee or a parliamentary assistant? I can only say it is not clear and I would welcome your clarification because it seems to me that Mrs Gidley uses these staff in a totally interchangeable basis between Party work and parliamentary work

Maybe he or [the first employee] is the person employed as a result of the advertisement to which I drew your attention and neither has their salary paid from any parliamentary allowance but from some other source. However it is not then clear who is funding these posts and it is my understanding that undisclosed 3rd party payments are not allowed for within the rules for funding parliamentary staff or staff of political parties.

³ Not included in the evidence.

⁴ Not included in the evidence.

I am afraid this all reinforces the widely held local impression in Romsey that public funds are indeed being used to give unfair advantage to one political party, which is contrary to the 1995 Guidance.

I would welcome your investigation of all these matters.

26 May 2009

2. Letter to Mr Ian Newnham from the Commissioner, 1 June 2009

Thank you for your letter of 26 May with your complaint against Mrs Sandra Gidley MP about the use of her offices in Romsey and the employment of her staff.

My role as Parliamentary Commissioner for Standards is to consider complaints where the complainant provides me with sufficient evidence to justify at least a preliminary inquiry into whether a particular Member has breached the Code of Conduct for Members of Parliament and its associated rules.

I have carefully considered your letter and attachments against this remit. It seems from your letter that your complaint is that Mrs Gidley has used parliamentary resources to fund party political work. You may know that, under the rules, Members are allowed to lease accommodation from a political party or constituency association. Your letter provides evidence that the address you have given me in Romsey is the local constituency party's office, and you have provided some evidence that Mrs Gidley has staff working on party political matters. But I have not been able to identify in the material you have provided evidence that Mrs Gidley has made claims against Parliamentary allowances for her offices or for the staff to whom you refer. If however you had such evidence, I would, of course, consider the matter afresh.

I hope that has helped clarify the position.

1 June 2009

3. Letter to the Commissioner from Mr Ian Newnham, 10 July 2009

Thank you for your letter of 1st June in response to my complaint of 26th May against Mrs Gidley. I have enclosed both for your reference.

I note that you recognise that I have given evidence that [Ms Gidley's constituency office address], Romsey is the office of the Romsey and Southampton North Liberal Democrats and has been since before the 2005 General Election. I have therefore enclosed a copy of each of their accounts for the years ending 31st December 2005, 2006, 2007 and 2008.⁵

As a comparison I have also extracted the figures recently published for the Incidental Expenses Allowances (IEA) that have been claimed by Mrs Gidley as well as the Staffing Allowance (SA) for the same period and have shown these in the table below:

Year	Office Expenditure		Staffing	
	Liberal Democrats	Mrs Gidley (IAE)	Liberal Democrats	Mrs Gidley (SA)
2005	Nil	£19,267	£1,091	£65,216
2006	Nil	£19,056	£3,252	£85,013
2007	£834	£21,522	£5,952	£84,383
2008	£1,253	£21,283	£8,138	£92,344
Totals	£2,087	£81,128	£18,433	£326,956

⁵ Party accounts are available on www.electoralcommission.org.uk.

You will note from the Liberal Democrats accounts that they employed a resource at 0.4 FTE from 2007 onwards which explains the significant increase in their accounts for staff costs from that year. However, from the copy of the advertisement that appeared in the Liberal Democrat News publication that I have enclosed,⁶ it is unclear as to whether this 0.4 FTE is a contribution towards the position advertised by Mrs Gidley for a Constituency Organiser at a salary of £18,000 to £20,000 per annum.

Clearly the amounts paid by the local party do not amount to 0.4 of that salary yet it is clear that the position is for a local party employee as the advertisement states: "...a full time position working for Mrs Gidley MP and the local party and Council Groups on the full range of activities necessary to ensure the delivery of constituency campaign plans".

I therefore invite you now to consider this matter afresh.

In particular I believe you should investigate:

- Is the Liberal Democrat Association contribution to the costs of this office of £2,087 over a four year period an appropriate proportion for the use they make of the MP's office.
- Is the salary for the full time Constituency Organiser being paid for out of Mrs Gidley's Staff Allowance, by the local Liberal Democrat party or by a mixture of both
- Are the Constituency Organiser and the 0.4 FTE one and the same person
- Given that over the four years of accounts the Liberal Democrats only show £470 expenditure on Information Technology, how much use of the MP's office facilities paid for out of the Incidental Allowance Expenses has the 0.4 FTE had
- Given that the local Liberal Democrat Party advertise that they are working "all year round" from their [Romsey] offices, how much of the staff costs claimed by Mrs Gidley under the parliamentary allowances have been used to fund the local party campaigning effort over the last four years
- How this use complies with the "20 day rule" as set out in the Green Book given that until very recently there was an identical telephone number for the MP and for the Romsey Liberal Democrats.

In light of this information now available I respectfully ask you to further investigate this matter, bearing in mind this is not the usual situation of an MP leasing space in their constituency party's office but rather the MP allowing the constituency party ongoing and permanent use of the MP's constituency office funded from public resources.

10 July 2009

⁶ WE 4

4. Advertisement for constituency organiser

Sandra Gidley MP and Romsey and Southampton North Constituency Organiser

£18,000 to £20,000 Based in Romsey

Come and help make the most marginal Lib Dem seat a safe one. A vacancy has occurred for an Organiser for the Romsey and Southampton North constituency.

A full-time position, you will be responsible for working with Sandra Gidley MP and the local party and Council Groups on the full range of activities necessary to ensure the delivery of the constituency campaign plans. This will include the production of high quality literature, liaising with councillors, volunteers, external agencies and local interest groups, events organisation, and press work. Applicants will need to demonstrate proven organisational, communication, motivational, computer and literature skills and possess the enthusiasm and dynamism to achieve positive results.

For a full job description, or an informal discussion about the post, contact Sandra Gidley on [...]. Applications (a CV, the names of two referees and covering letter) should be sent to Sandra Gidley MP [address] ([e-mail address]) by 26 January 2007. Interviews will take place on 3rd February in Romsey.

5. Letter to Mrs Sandra Gidley MP from the Commissioner, 15 July 2009

I would welcome your help on a complaint I have received from Mr I. Newnham about the arrangements for your parliamentary office in Romsey.

I attach a copy of the complainant's letter to me of 10 July and the enclosures (which include the complainant's earlier letter of 26 May and my reply of 1 June⁷).

In essence, the complaint is that you made claims against the Incidental Expenses Provision and the Staffing Allowance in relation to your constituency office for costs which were not wholly, exclusively and necessarily incurred on parliamentary duties; and that these may have helped to meet the costs of party political activities, 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.”

The Green Book sets out the rules for claims against the Incidental Expenses Provision, which include office and equipment costs. The relevant Green Books would appear to be the editions published in April 2005 and in July 2006.

In Mr Speaker Martin's introduction to both editions, he wrote as follows:

“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 rules in relation to the Incidental Expenses Provision are set out in Section 5. For the purpose of this summary, I shall quote from the April 2005 edition, although the references are the same as the July 2006 edition. The scope of the allowance is set out in paragraph 5.1.1 as follows:

⁷ WE 1 to WE 4

“The incidental expenses provision (IEP) is available to meet costs incurred on Members’ Parliamentary duties. It cannot be used to meet personal costs, or the costs of party political activities or campaigning. The paragraphs which follow outline the main areas of expenditure which we recognise as incurred in supporting these duties, but it is each Member’s responsibility to ensure that all expenditure funded by the IEP is wholly, exclusively and necessarily incurred on Parliamentary duties.”

Allowable expenditure is set out in paragraph 5.3.1 as follows:

“The IEP may be used to meet the following expenses:

- ❖ Accommodation for office or surgery use - or for occasional meetings*
- ❖ Equipment and supplies for the office or surgery*
- ❖ Work commissioned and other services*
- ❖ Certain travel and communications.*

In addition, you may transfer money from the IEP to the staffing allowance to meet staffing costs.”

And in paragraph 5.3.2:

“Section 5.13. lists examples of allowable and non-allowable expenditure under these headings. Even if an item is listed in the category of allowable expenditure, it is only allowable if the spend is wholly, exclusively and necessarily incurred on Parliamentary duties. For further guidance please contact the help numbers above.”

The principles of the rules on the arrangements for Members’ constituency offices are laid out in paragraph 5.12.1 as follows:

“You must ensure that arrangements for your office and surgery premises are above reproach and that there can be no grounds for a suggestion of misuse of public money.”

And in 5.12.2, under the heading ‘Propriety’, the paragraph provides:

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

Paragraph 5.12.3 provides:

“If the accommodation is leased from a political party or a constituency association, you must ask an independent valuer to assess the property in order to ensure that it is being rented at no more than the market rent. See also paragraph 5.12.5. on agreements for accommodation and services in combination.”

Paragraph 5.12.5 deals with contracts for staff, services, etc in combination with accommodation:

“You must negotiate a separate contract for accommodation and another one for services (eg staffing, telephony, use of photocopiers etc). Any agreement for staffing, facilities and /or services, and the charges, must be set out in writing separately from any agreement for accommodation. Charges must be for actual, not nominal, services, and the service charges must accurately reflect the level of service provided. You must lodge a copy of the agreement with the Department and ensure that any subsequent changes are notified in writing immediately to the Department.”

Paragraph 5.12.7 deals with sublets:

“In view of the practical difficulties which may arise, you may not sublet accommodation which you lease and pay for out of the allowances. [Exceptions may be allowed for sublets existing in January 2002 when the restriction was introduced.]”

Paragraph 5.12.8 deals with the documentation required:

“You must lodge a copy of the following with the Department of Finance and Administration

- ❖ *A copy of your lease and any sublease*
- ❖ *A copy of a recent independent valuation (required only if you lease from a political organisation or if you sublet part of the premises)*
- ❖ *...*
- ❖ *A copy of any agreement for services with your constituency association or other party political organization.*

You must also inform the Department of any alterations to the terms of these.”

Paragraph 5.12.10 deals with the occasional use of office premises by others:

“You may charge for occasional use of your premises by others. (This must not exceed 20 days per year.) The charge should be set at a level which reflects a proportion of the leasing costs and the cost of any services used. You should ensure that full and proper accounts are kept of all relevant transactions.”

The rules in relation to the Staffing Allowance are set out in Section 6. Paragraph 6.1.1 deals with the scope of the allowance;

“The staffing allowance is available to meet the costs wholly, exclusively and necessarily incurred on the provision of staff to help you perform your Parliamentary duties. Further details of allowable expenditure are set out at paragraph 6.10.1.”

Paragraph 6.10.1 gives examples of expenditure which is, and which is not, allowable:

“Expenditure not allowable

...

- ❖ *Staff who are employed on party political duties or non-Parliamentary duties”.*

I would welcome your comments on this complaint in the light of this summary of the relevant rules. In particular, it would be helpful to know:

1. details of the leasing arrangements for your constituency office at 3a [address], including any subleases. It would be helpful to have copies of your lease, and of any relevant agreements with the Liberal Democrat party;
2. how you have allocated the shared costs of your office, including the rent, utilities and services, including heating, electricity, phones, IT and photocopiers, between yourself in the course of your parliamentary duties and the Liberal Democrat party;
3. details of the claims you have made against parliamentary allowances for your share of the office in each financial year, beginning in 2004-05, identifying any contribution made by the Liberal Democrat party;
4. details of the staffing in your constituency office, both those working for you in support of your parliamentary duties and those working on party political activities. Where a member of staff is engaged part time in both employments, it would be helpful to know how you allocated their time and the associated costs between your parliamentary work and party political duties. It would be helpful to have evidence of your staffing claims in each of the financial years beginning in 2004-05;
5. how you satisfied yourself that all your claims in respect of your office and staff paid from the allowances were for costs incurred in the performance of your parliamentary duties. It would be helpful to have any documentary evidence which you may have of the actual usage made of your office and the work done by your staff; both for parliamentary purposes and for other purposes;
6. whether you consulted the House authorities about any aspects of these arrangements at any time and, if so, what advice you received.

Any other points you may wish to make would, of course, be most welcome. I enclose a note which sets out the procedure I follow. I have written to the complainant to let him know that I have accepted his complaint and am writing to you about it.

I would be grateful if you could let me have a response within the next three weeks. If there is any difficulty about this, or you would like to have a word about any aspect of this matter, please contact me at the House.

Thank you for your help with this matter.

15 July 2009

6. Letter to the Commissioner from Mrs Sandra Gidley MP, 8 September 2009

Thank you for your letter of 15th July and for being understanding about the delays incurred as a result of staff holidays and sickness. I am now in a position to be able to answer your questions.

1. I attach a copy of the lease which was originally issued in 2001 (we moved in early 2002) and the extension agreement which was signed in 2008.⁸ I also enclose a letter from [name], the Treasurer of the Romsey and Southampton North branch of the Liberal Democrat party which explains the current financial arrangement.⁹
2. The breakdown of the allocation of costs is explained in the letter from [the Treasurer]. Please let me know if you would like a copy of the spreadsheet he outlines in his letter. I would add that the desk is not used to the extent we pay for as some of the constituency work is home based and off site but we felt the need to calculate a "*worst case scenario*". I would also add that the phone is not used to make party political calls but would be used to receive them from time to time so it was felt appropriate to include details of phone costs.
3. I enclose details of what was claimed from the Fees Office by me.¹⁰ Details of contributions made by the local party are outlined in the letter from [the Treasurer].¹¹
4. I enclose the final staffing summaries¹² for each year that we still have records for but did not have a summary which showed the total amount paid to each member of staff in any one year. Please let me know if you would like me to try and extract this information from the Fees Office. My staff are as follows.

[name] —Office Manager—Has overall responsibility for smooth running of the office. She is the first port of call for members of the public who call into the office and has responsibility for maintaining my diary. She also types some letters and undertakes some casework. Employed full time.

[name] —Employed as a full time caseworker since January this year. Job involves dealing with correspondence from constituents and also meeting them face to face for more difficult cases. Employed full time.

[name] —typist—responsible for typing up the vast majority of casework letters. Employed 2 days per week.

[name] —clerical assistant who is responsible for logging casework, filing and shredding. Employed for 12 hours a week.

⁸ Not included in the evidence

⁹ WE 7

¹⁰ Not included in the evidence.

¹¹ WE 7

¹² Not included in the evidence.

[The second employee named by the complainant] —Works three days a week for me as a constituency researcher and link worker. He attends local meetings on my behalf when I am engaged elsewhere, arranges constituency events such as summer surgery tours and open surgeries, produces comms allowance approved communications, acts as a photographer and maintains a photo library, deals with office equipment and IT. Some research to support casework.

The other two days a week he is employed by the local party and much of this job is infrastructure building but there is also some literature production.

On a general note I would add that all of my staff are expected to have a working knowledge of each other's roles so that, in case of sickness, they are able to ensure the continued smooth operation of the office. This has worked well over a period of some years.

More recently, [the caseworker] has suggested streamlining the way we operate and we are shortly to move to a system in which all staff will take on a share of casework and each will be responsible for their own casework load.

5. I have tried to keep as clear a line as possible between parliamentary activity and what could be regarded as political activity. With the exception of [the second employee named by the complainant] all of my staff are employed exclusively to help me in my parliamentary role and provide assistance to constituents. Inevitably there is some small cross over because when constituents write to me with a problem they sometimes ask my opinion on an issue or want to know what the party stance is. In those circumstances I consider that the request of the constituent should be the paramount consideration and my staff are all instructed to make sure that any specific questions have been responded to. That said, my latest caseworker would testify to the fact that I frequently remove party policy excerpts from letters and that my instruction is that we should only include such information if it is specifically asked for by the constituent.

With regard to [this employee] the situation is a little more complex. We tried to separate his working week into specific days so that there was absolute clarity over when he was working for which employer - but this proved impractical because people contacting him in either role did not always appreciate attempted demarcations of time so there was inevitably some overlap. However, I have to say that I always felt that I had more parliamentary work from him than the three days a week I paid him for and I tried to keep the balance fair by setting a fair workload at the beginning of each week.

You ask for evidence. Ian Newnham in his letter of complaint mentioned the PUSH meeting which [this employee] attended on my behalf. [He] attended a range of such meetings but I do not have a separate diary note of every meeting that was attended on my behalf as I had no idea such a thing would be necessary. I am not sure what sort of evidence you require and I seek your further guidance on this. In reality we have a very small office and simply do not have the space to keep anything other than essential documents and records but once I know the sort of thing you require I will provide what I can to the best of my ability.

6. I am not aware of contacting the House authorities at any time but in the past have often left arrangements to members of staff.

On reviewing the procedures so that I can respond to you I am concerned that I may be inadvertently in breach of the 20 day rule. It is indeed unfortunate that the Fees Office have accepted two payments and not queried the arrangement with me at all. I therefore assumed that our arrangements were perfectly in order. Obviously, if the arrangement had been queried I would have dealt with any issues arising at the time. Whilst I am confident that the financial arrangement is a fair one and the party pays more than its fair share of the office costs to Parliament I appreciate that, in the interests of transparency, there is also a need to satisfy any bureaucratic requirements.

I am happy to provide further information on request.

8 September 2009

7. Letter to Mrs Sandra Gidley MP from Treasurer, Romsey and Southampton Liberal Democrats, 1 August 2009

You asked me to confirm certain matters about our employment arrangements for [the second employee named by complainant] and his use of a part of your office when working for us. The salient facts are set out below.

[Name of employee]

Romsey and Southampton North Liberal Democrats local party has employed [name] as our part-time organiser since 1 May 2007, prior to that we had no paid employees. He has a contract of employment specifically with us for 2 days per week and currently receives £636.67 per month gross. His contract is based on the standard Liberal Democrats approved model. Liberal Democrats Headquarters provide payroll services for us and handle all matters relating to his tax and National Insurance.

Use of space in your office

You have been good enough to let [name] use space at your Romsey office. In order to keep a clear separation between Parliamentary finances and party finances we pay for his use of space. As advised by your Office Manager we make a payment by cheque to The House Of Commons Members Account through the Department of Finance and Administration.

The basis of calculating this charge is for your Office Manager to aggregate all the costs of your office including: rent, telephone, fax, internet, heating, lighting, rates, water, cleaning, waste and security. The only items we exclude are insurance and Data Protection registration as both of these are covered by central Liberal Democrat arrangements. These costs are then apportioned as follows: [this employee] uses one desk out of five but only for two days out of five each week. Allowing for [his] only starting in May 2007 this meant we paid 5.3% of total office costs (£834.18) for calendar year 2007. In calendar year 2008, [this employee] being employed for the entire year, we paid 8% of total office costs (£1,266.94).

These arrangements have been investigated by the Electoral Commission and they confirm that they comply with those parts of the law for which they are responsible. My covering letter to the Department of Finance and Administration has explained how the sum paid to The House of Commons has been derived and they have raised no objection.

Agreement

Until now these arrangements have been undocumented and left as a "*gentleman's agreement*" between us. (There must be a better term to refer to an agreement with a female MP but I can't think of one!) If the current call for greater transparency requires this to be formalised then I propose that we embody the current practices in a written agreement and continue to operate in the same way unless advised otherwise by the Parliamentary Commissioner for Standards or the Electoral Commission.

Let me know if you need any further details.

1 August 2009

8. Letter to Mrs Sandra Gidley MP from the Commissioner, 20 October 2009

Thank you for your letter¹³ which I received on 19 October responding to mine of 15 July about this complaint in respect of the arrangements for your parliamentary office in Romsey.

It was most helpful to have this information. You kindly offered to provide further details and, in the light of what you have told me, it would be helpful if I could have information about the following:

¹³ WE 6

1. The claims you made against parliamentary allowances for the costs of your office. You have kindly given me information about your staffing claims, but it would be helpful also to have information about your claims for rent and the rest of your office costs as requested at point three of my letter of 15 July. You have helpfully forwarded copies of a draft lease and a template for the lease extension, but it would also be useful to have confirmation of the rent paid by you each year.
2. The timing of the arrangement. Could you clarify for me the date when any arrangement for the sharing of premises, staff or equipment with the Liberal Democrat party first began, and in particular whether it was before or after January 2002?
3. The use of your premises for party political work. Could you clarify for me whether your [Romsey] office has also been used by the Liberal Democrat Party for party political purposes, in addition to the two days per week worked by [the second employee named by the complainant] ? The complainant's letter of 26 May, which I copied to you with my letter of 15 July, set out the evidence which he believed suggested that the office had been used for political purposes, namely: the Liberal Democrat poster displayed outside the office; the entry in the telephone directory; the attribution in local election leaflets; submissions made to the Electoral Registration Officer; and the Liberal Democrat address given on your website. I attach a copy of a letter from the complainant of 13 October¹⁴ in which he points out that the attached newsletter no longer uses the [constituency office] address, although I notice it is still used for the returns for your Liberal Democrat survey. It would be helpful to know why you included that address for this survey.
4. The constituency organiser for whom you advertised in January 2007. Could you clarify who was appointed to this role? Was it an appointment for party political work? If so, why was your [Romsey] address given? Assuming it was not any of the members of your parliamentary staff who you have identified, where does the constituency organiser now work?
5. The other premises used by the Liberal Democrat party in your constituency. Since, on the basis of [the Treasurer]'s letter to you of 1 August, it would appear that the constituency party has no presence in your [constituency office], other than its share of [the time of the second employee named by the complainant], it would be helpful to know the location of the party's office in your constituency and the number of staff working there.
6. The employment of [the second employee named by the complainant]. It would be helpful if you could supply copies of his two employment contracts, one each for his parliamentary and party political work. Finally, it would be helpful to know what use [this employee], working in his political capacity, made of any equipment and consumables funded by parliamentary allowances, including parliamentary IT.

I would like to make progress with this inquiry, so a response within the next two weeks would be most welcome. Once I have received your response, I hope to be in a position to seek the comments and advice of the Department of Resources. While I am grateful for your offer to obtain additional statements of your staffing allowance, I need not trouble you at this stage as I will be able to obtain those if necessary from the Department in due course.

Thank you for your help.

20 October 2009

9. Letter to the Commissioner from Mrs Sandra Gidley MP, received on 13 November 2009¹⁵

Thank you for your further letter of 20th October which was received by me on the 21st.

¹⁴ Not included in the evidence.

¹⁵ With this letter Mrs Gidley enclosed copies of her office lease, of the two employment contracts for the shared employee, the Treasurer's letter of 23 December 2008 and of her exchange with the Fees Office of October 2009.

I will respond to your points in turn.

1. I enclose copies of my IEP statements from 2005 until 2009.¹⁶ The highlighted payments to [the landlords] are the rental payments which are paid on a quarterly basis.
2. As outlined in [the Treasurer's] letter which was supplied as part of my original response, the Liberal Democrats did not employ any staff prior to 1st May 2007. The appointment being questioned was a joint appointment and we have paid a share of the office costs from that date — based on the premise that one out of the five desks was being used. I believe I have already addressed the point about use of equipment but if you have any further specific enquiries I would be happy to answer them.
3. As I outlined in my earlier letter it is difficult to completely separate the party political from the parliamentary because the public don't necessarily differentiate the two. With regard to your specific points.
 - a) The Liberal Democrat Poster has not been there for some time as we removed it about a year ago. We used it when we first moved into the office because the office is situated at the end of an alley and we felt the pictorial sign was more visible. However, the location of our office is now much more widely known as constituents are encouraged to pop in and we do not have a sign of any description.
 - b) The entry in the phone book has the same number for both the parliamentary and Party Political offices. Now that we employ staff the phone costs are apportioned. If this is a problem I am sure we can install separate lines.
 - c) It is a fact that we have consistently used the constituency office as a postal address, including in election literature. My understanding was that the purpose of the address on election literature was to provide an address at which a writ could be served. Understandably, party members do not always want their home addresses to be widely distributed. I have understood that this usage, for any contacts which would be received and dealt with by [the second employee named by the complainant] in his party political time, was incorporated into the costs the constituency pays for the use of office space and services.
 - d) With regard to public communication: I have always encouraged constituents to get in touch with me if they have any problems and this generates a good deal of casework. Therefore, the office is used as a return address as I deal with the bulk of problems raised. We hold other pieces of information until the relevant councillor comes into the office. Most of the councillors come into the office at regular intervals as they like to keep me abreast of what is going on in the local council areas I represent (there are three council areas covered by the Romsey constituency so the personal updates are helpful). If anything is outstanding for a couple of weeks the relevant paperwork is forwarded to the relevant person (not at parliamentary expense — this is part of [this employee's] and his successor's responsibility in their party political time).
 - e) With regard to the recent leaflet. I have checked and some versions did have an imprint but the omission of an address was a mistake. The address on the survey is the [constituency office] address but only because this is where the party has registered the Freepost address. Again this is so that the freepost address runs smoothly as there have been problems in the past when administration of the address has changed hands. This is actually an example of how the Liberal Democrats effectively subsidise my parliamentary activity. The address is widely publicised and people often use it, having seen a party leaflet, to write to me in my capacity as a Member of Parliament. We do not record which letters could be party related and which relate to parliamentary activity as there is no public money involved in the administration of this.

¹⁶ Not included in the evidence. Ms Gidley's costs, as summarised by the Department of Resources, are at WE 22.

- f) Again for consistency of approach we stick to one address with the Electoral Registration Officer.
4. Because of various staff changes at the time the end result was that there was a vacancy for a member of parliamentary staff and a vacancy for a part time organiser. As we had advertised for the full time post we contacted some of the applicants to ask whether they were interested in applying for one or both of the new roles. The successful applicant was [The second employee named by the complainant].
 5. The Liberal Democrats do not have formal offices in the constituency and, as previously mentioned, they do not employ staff other than the 0.4FTE post. It might be helpful if I point out that we have always relied on our members and supporters, many of whom give time and house space freely. For example, one party member has a shed full of stakeboards for election purposes and another party member has a shed in which stationery and literature is stored.
 6. [The second employee named by the complainant] and his successor's contracts are parallel and on a broadly identical *pro rata* salary and conditions. Each contract is performance managed separately.

I hope that this reply answers your questions but would be happy to answer any further questions should there be any matter that I have not fully addressed.

13 November 2009

10. Letter to the Validation Team, Department of Resources from the Treasurer, Romsey and Southampton Liberal Democrats, 23 December 2008

Sandra Gidley MP permits Romsey & Southampton North Liberal Democrats to make part-time use of a small part of her constituency office in Romsey.

She and I have agreed a formula for the local party to pay for this. The principle is that the total office costs are calculated including telephone, security, rent, rates, electricity and waste. This is then divided in proportion to the use made by the local party. This mechanism has been discussed with the Electoral Commission who has raised no objection.

In calendar year 2007 (the first year that this arrangement came into effect) the total costs were computed by her office manager to be £15,640. The local party started to use space from May 2007 and occupied one desk out of five but only for two days per week. The desk is used by a parliamentary researcher for the remaining three days each week. We have calculated this as amounting to 5.42% or £848.

Please find enclosed a cheque for £848.00 to cover the local party's share of office costs for calendar year 2007 already paid out of parliamentary funds. Can you please credit it against Mrs Gidley's office costs. Apologies for the delay in settlement but it has taken some time to agree a formula and to discover how to make payment.

I shall shortly be calculating the amount due for calendar year 2008 and will then settle that the same way early in 2009.

23 December 2008

11. Letter to Accounts Receivable, Department of Resources, from the Treasurer, Romsey and Southampton Liberal Democrats, 5 October 2009

On 21 Jul 09 I sent cheque number [...] dated 21 Jul 09 for £1,252.94 as payment for shared use of Mrs Gidley's office by the local Liberal Democrats to the House of Commons for credit to the House of Commons Members Account. The attached letter explains the payment and calculation in more detail.¹⁷

I have recently become aware that the cheque has not been presented. Enquiries by Mrs Gidley's Office Manager indicate that no trace of the cheque can be found. Further her enquiries concluded that I should send the cheque to you in Accounts Receivable rather than the address I was given previously.

I have, therefore, stopped the cheque and reissued the enclosed cheque number [...] dated 5 Oct 09.

5 October 2009

12. Letter to Ms Sandra Gidley MP from the Validation Team, Department of Resources, 16 October 2009

We received a letter and enclosed cheque for £1252.94 from [the Treasurer] regarding use of your constituency office by the Romsey Liberal Democrats.

I regret to inform you that the arrangement you have in place, that the Romsey Liberal Democrats make use of part of your office for the entire year, constitutes a sub-lease which is not allowed under the rules set out in the Green Book. Members can charge for occasional use of their premises by others but this must not exceed 20 days per year (the Green Book, paragraph 2.2.4.6).

We are able to credit this cheque on a pro-rata basis to your 2007/08 (£373.23) and 2008/09 (£879.71) budgets as the expenses have already incurred, however, I would advise you to re-visit your arrangements as a matter of urgency and ensure that a separate agreement is drawn up between the landlord and the local party.

Please contact me if you have any questions or require more information on this matter.

16 October 2009

13. E-mail to Ms Sandra Gidley MP from the Validation Team, Department of Resources, 23 October 2009

Further to my letter of 16 October 2009 and our subsequent telephone conversation regarding the use of your constituency office by the Romsey Liberal Democrats I am writing to advise on the next steps you need to take to ensure compliance with the rules set out in the Green Book.

The Green Book is clear that use of office by others should not exceed 20 days a year. The Romsey Liberal Democrats occupy space in your office throughout the year and this constitutes a sub-lease. The AOE should not be used to pay for space others are occupying in your office and both you and the party need to be free of any accusation that either of you are benefiting from the arrangement.

One option is for the party to hold a separate lease or both parties to be included in a new lease as co-tenants. I realise this will be time consuming and require the agreement of the landlord but this would be the best way forward. You and the party would then be responsible for paying your share of the rent to the landlord separately.

Alternatively you could reduce the amount claimed through the allowance by 8% (the percentage agreed between you and the Romsey Liberal Democrats which is reasonable) and ask the local party to pay the landlord directly. This split will need to be applied to all office costs such as rates and utilities, and

¹⁷ The letter is at WE 18.

telecommunication costs if phone lines are shared. A sharing agreement signed by both parties will need to be lodged with the Department.

Please let me know if you have any further questions or require more information on this matter.

23 October 2009

14. Letter to the Director of Operations, Department of Resources from the Commissioner, 17 November 2009

I would welcome your help and advice on a complaint I have received against Mrs Sandra Gidley MP in respect of the arrangements for her Parliamentary Office in Romsey.

I attach [relevant correspondence].

In essence, the complaint is that Mrs Gidley made claims against the Incidental Expenses Provision and the staffing allowance in relation to her constituency office for costs which were not wholly, exclusively and necessary incurred on her parliamentary duties; and that these may have helped meet the costs of party political activities, contrary to the rules of the House.

I would welcome your advice and comments on this complaint in the light of the information provided by Mrs Gidley. As you will see the Liberal Democrat party do not appear to have a separate office in Mrs Gidley's constituency. They use the address of the constituency office for their formal party purposes, including on their publications, in telephone directories and in returns to the Electoral Commission. Mrs Gidley's part time parliamentary assistant is also the part time party organiser. There are separate contracts for both jobs, which as you will see, Mrs Gidley sent me with her letter received 13 November. The Liberal Democrat party apparently pay by cheque to the House Authorities for a proportion of the desk space used by the constituency organiser, and a similar proportion for utilities, including the telephone.

It would be very helpful if the Department could confirm it does indeed receive the payments specified by the Romsey and Southampton North Liberal Democrat Party; if you could also confirm the arrangement which the party treasurer refers to in his letter of 1 August 2009, and let me have copies of any relevant correspondence and documentation. I would also welcome your views on whether, having seen the evidence provided by Mrs Gidley, the Department considers that the arrangement is satisfactory under the rules of the House as they were at the time.

Any other points you would wish to make to help me with this inquiry would be most welcome.

It would be very helpful if you could let me have a response to this within the next three weeks.

Thank you again for your help.

17 November 2009

15. Letter to the Commissioner from the Director of Operations, Department of Resources, 27 January 2010

Thank you for your letter of 17 November seeking advice about the arrangements for Mrs Gidley's Parliamentary office. I am very sorry for the long delay in replying. This has been caused by the pressure of work in the Fees Office, including the transfer of work and staff to IPSA.

There are two issues raised in this complaint: the adequate separation of Parliamentary activity from political activity; and the proper apportionment of costs where these overlap, in accordance with the Green Book rules.

On the first of these issues, as you will know it is impossible in many areas for Members themselves to draw a clear distinction between their Parliamentary and their political activity. On some occasions there can and will be an element of both within the same activity. Similarly, Members' staff can find themselves operating in a political context whilst properly supporting their employer in their paid role. For example, drafting a letter to a constituent who has contacted the Member about his or her party's policy in one field or another. In this

sense there can never be a counsel of perfection whereby the political domain cannot ever come into play in the Parliamentary one.

It therefore follows that in administering the allowances there must be some recognition of the complexity of real life and that ultimately Members themselves have a responsibility for ensuring that the appropriate safeguards are in place when using public money. In this case, I would say that, in general, Mrs Gidley would seem to have attempted to construct sensible and appropriate boundaries between her Parliamentary and political work for her office and her staff. But vigilance in this area is important. Some of the documentation you kindly sent to me, for example the advert for the party organiser, ¹⁸ran the risk of blurring the differences that ought to be maintained.

On the specifics, [the second employee named by the complainant] (employed May 2007 to September 2009) had an employment contract with Ms Gidley for three days per week. I have no reason to query this arrangement, which was in accordance with the Green Book. That [this employee] had a second paid job as a party official is irrelevant in this respect. Other staff may well have Liberal Democrat allegiance or sympathy and that they might exercise or pursue these allegiances outside of their paid employment is not something that the House would ordinarily be concerned about.

In respect of the constituency office, it is far from unusual for Members to share office space with their local political party. This is not prohibited by the Green Book, but there are certain rules to be followed. However, there is no generic guidance about how the office should be presented to the public, which would depend on the circumstances in each case. Where the Member was a minor occupier or occasional user then one set of considerations would apply; another set would apply where the Member was the major occupier. In the latter case, one would expect the premises to reflect the primary purpose, namely the Parliamentary aspect of a Member's role.

The Department holds a signed lease for [Ms Gidley's constituency office].¹⁹ This is a commercial let. The current rental is £9,135; utilities are paid separately to the landlord; two BT lines are paid in full by the Member from her allowances. These arrangements are all entirely within the rules.

In December 2008 the local party treasurer sent to the House a cheque which, he said, represented a proportionate share of the office costs used by the Liberal Democrat Party.²⁰ The share was based on minority occupation for two days per week, including utilities, phone and other costs. The costs were attributable to the period from May 2007 to December 2007. The cheque was for £848 and this was re-credited to Mrs Gidley's IEP. No other action was taken.

A similar letter was received on 5 October 2009 for the calendar year 2008.²¹ On this occasion the cheque was for £1252. This was also re-credited to Mrs Gidley's allowances. However, on this occasion a Departmental official correctly made the distinction, which was not made a year earlier, between occasional use of Mrs Gidley's office and a permanent sub-let. The former is within the rules the latter is generally not (Green Book, July 2006, paragraphs 5.12.10 and 5.12.7 refer).

Mrs Gidley was advised in writing of this difficulty on 16 October²² and a further e-mail exchange with Mrs Gidley took place on 23 October.²³ In broad terms Mrs Gidley was advised as a matter of urgency to revisit her office arrangements with a view to ending the sub-let to her local party. I note that you received Mrs Gidley's initial letter on 19 October and a further one on 13 November.²⁴

Leaving aside the misapplication of the rules about sub-letting, the apportionment of costs presented by the local party seemed to us, operating remotely, to be fair. We do not undertake site or office inspections. Nor

¹⁸ WE 4

¹⁹ Not included in the evidence

²⁰ WE 10

²¹ WE 11

²² WE 12

²³ See WE 13

²⁴ WE 6, WE 9

am I particularly concerned about physical separation of the party office space. Instead it should be the application of sensible and appropriate working practices.

Once again I apologise for the long delay in replying to you, but I would hope you would understand the difficult circumstances in which my staff and I are working at present.

27 January 2010

16. Letter to Ms Sandra Gidley MP from the Commissioner, 16 February 2010

I have now heard back from the Department of Resources about the arrangements for your parliamentary office which are the subject of this complaint.

I attach a copy of my letter of 17 November to the Department, and a copy of their response of 27 January. The Department has apologised for the long delay, due to pressure of work, and I would like to add my own apology to theirs.

The advice of the Department of Resources appears to be as follows:

1. you are in breach of the rules for having sublet your office to the Liberal Democrat Party;
2. you were informed on 16 October 2009 by the Department that you were in breach and advised that a separate agreement should be drawn up. No such agreement has yet been received by the Department;
3. the Treasurer to the Romsey and Southampton Liberal Democrat Party sent a cheque on 23 December 2008 for £848 to represent the use from May 2007 to December 2007 of that party's use of that office: that proportion being 5.42%. That payment was a year in arrears;
4. on 21 July 2009, after I had accepted this complaint, the Treasurer sent the Department a cheque for £1252.94 with an explanation of the payment, presumably covering the calendar year 2008. This was not received by the House Authorities. The Treasurer sent a further cheque for the same amount, to cover the same period, on 5 October 2009. This again was a payment in arrears and was divided by the Department between your 2007/08 account and your 2008/09 account on a "*pro-rata basis*";
5. the Department consider the apportionment of costs for the local party appears fair, although they do not undertake office or site inspections;
6. the Department also consider that the employment contract for [the second employee named by the complainant] was within the rules.

The issues, therefore, that I need to consider are:

1. whether your subletting arrangements with the Liberal Democrat party were within the rules and, if not, the action you should have taken to regularise the position;
2. whether the arrangements made by the party to repay the costs of its use of the accommodation and services were reasonable;
3. whether the apportionment of the costs, both fixed and variable, were reasonable in all the circumstances, including the use of the address and phone for party purposes;
4. whether the employment of your constituency worker was within the rules, including in particular his dual appointment by you and by the local constituency party.

I would welcome any further comments you may wish to make on any of these points in helping me to resolve this matter. It would also be helpful if you could let me know:

1. *Your subletting arrangements*

- i. details of any action you have recently taken to bring your arrangements within the rules of the House;
- ii. why it took so long for the party to make its initial (and subsequent) payment. It would be helpful if you could let me have a copy of the attachment to the Treasurer's letter of 5 October 2009 (which was presumably his letter to the Department of 21 July 2009), and any further background information about how these sums were calculated;

2. *Apportionment of costs:*

- i. how the costs of IT, copying and printing were apportioned between parliamentary work and the party's work—I asked this in my letter to you of 20 October, but do not seem to have had a reply;
- ii. what use, if any, your shared employee made of IT or consumables (e.g. stationery) funded by Parliament and not the party when he was working in his political capacity—again as I asked in my letter of 20 October:
- iii. how you could reconcile the payment actually made with the agreed apportionment of the costs between yourself and the local constituency party;
- iv. why the sequence of payments covered by the Treasurer's letters, and the subsequent identification of your subleasing to the party, was not more fully explained in your previous letters to me.

I appreciate, for the reasons explained to me in the Department of Resources' letter, this matter has taken far longer to resolve than I would have wished. But if you could let me have a response to this letter within the next two weeks, I would hope then to be in a position to decide on the way forward on this matter.

Thank you for your help.

16 February 2010

17. Letter to the Commissioner from Ms Sandra Gidley MP, 8 March 2010

Thank you for your letter of 16th February and for your understanding about the delay in my seeing that letter due to the recess. It is unfortunate indeed that there was such a delay in securing a response from the Department of Resources, although I do acknowledge the pressures that the department staff members are under. I would place on record that it is also unfortunate that the Department of Resources did not, in December 2008, raise any concerns about the methods we had taken to ensure that the local party had paid its fair share of the costs as I could have then taken steps to rectify the matter.

I will start by answering your specific questions:

1. *My subletting arrangements*

(i) I do accept that the mechanism in place between the local party and myself is not in accordance with the Green Book but I do believe that the arrangements which have been in place ensure that the public purse is fully recompensed for use made of the office facilities by the local party. It would seem that [the Director] agrees with this as, in his letter to you, he states, "*the apportionment of costs presented by the local party seemed by us, operating remotely, to be fair.*"

That said, it is important to comply with the Green Book so I asked the Department of Resources for further advice as to how to proceed in order to regulate matters. There is also the problem of the current financial year to consider and how that can best be regularised. If we were at the beginning of the financial year then it would be possible to set up a sub letting agreement but as three rental payments had already been paid in this financial year I was not clear how best to proceed. [An official] told me that, as a result of his checking, it

appeared that there were a number of other Members in a similar position to myself. As a result of this conversation I received an e-mail on the 23 October 2009 and I have attached a copy.²⁵

As a result of the e-mail I arranged a meeting with my landlord as I was aware that some MPs had had experience of landlords not allowing a sublet. However, when I explained the situation he said he was happy to come to some arrangement as long as he received the rent.

After discussion with the Liberal Democrat Treasurer [name] we agreed that it would be advisable to seek further information from the Department of Resources with respect to what would be an acceptable agreement. I therefore e-mailed [the same official in the Department of Resources] again and asked for a sample tenancy agreement and a sample sharing agreement. I thought it advisable to base any new agreement and contract on arrangements that had already been agreed by the Department as this would avoid further problems. At the beginning of December I therefore e-mailed [the official] and asked for a sample agreement.²⁶

I did not receive a reply and therefore chased a response on the 16th December. I received an e-mail reply on 17th December and enclose a copy.²⁷ (I note that the Director of Resources did not mention my December e-mails in his letter to you). The response from [the official] was not particularly helpful as the attached draft agreement could not be applied to our office situation. [The Treasurer] offered to draft something over the Christmas period.

At the same time as these exchanges were taking place the local party received an offer of funding towards a self-contained constituency office and we started looking for suitable premises. This took longer than anticipated but we now plan to move the political operation into the new premises on 15th March 2010 on a short term lease. From this date until Election Day there will be no party political use of the Constituency Office.

We were concerned that we could no longer afford to wait until the accommodation question was resolved so from the 1st March 2010 any bills forwarded to the Department of Resources for payment have been accompanied (where appropriate) by a request that only 92% of it is paid by the Department. The remainder is paid separately by Romsey and Southampton North Liberal Democrats.

The move has complicated matters slightly as I wanted to ensure that the procedures were regularised as soon as possible but also wanted to clarify the most appropriate way to deal with the forthcoming hiatus in arrangements. I therefore wanted to discuss the matter with the Department of Resources and on the 2nd March 2010 spoke to [another official in the Department of Resources] who told me that the matter seemed a little complicated to deal with over the phone and suggested that I visited the Members' Centre and discussed the situation with the relevant member of staff. On Thursday 4th 2010 I visited the centre, as advised. I spoke to [a third official] who told me that this was not really her area of expertise but she took copies of paperwork and advised me that she would get someone to get back to me. After playing telephone tag I eventually spoke to [a fourth official] who explained that there were no sample agreements because the Department of Resources could not take any legal responsibility but the fundamental issue was that each bill needed to be paid from the two sources as this was a preferable situation to one in which the Department of Resources paid upfront and was then reimbursed by a political party. She also confirmed that it would be appropriate to suspend the agreement for any period during which there was no party political activity in the Constituency office.

(ii) When Romsey and Southampton North Liberal Democrats was formed and the new Treasurer took over we discussed how to formalise the office sharing and the Treasurer instituted the keeping of appropriate records. At the close of the calendar year 2007 (which is the end of the financial year for the local party) a schedule was drawn up detailing office costs and apportioning them. Advice was then sought as to how the payment for the local party's share of these costs could be reimbursed to the House of Commons (and my IEP

²⁵ WE 10

²⁶ Not included in the evidence.

²⁷ Not included in the evidence.

account). This took a long time to resolve but once an answer had been received a cheque and covering letter were sent on 23rd December 2008.²⁸

The subsequent year's payment covering calendar year 2008 was made on 21 July 2009. This was later than it should have been for which the Romsey and Southampton North LD Treasurer offers his apologies. As it happened this letter and cheque went astray. The cheque was stopped and a new one issued on 5th October 2009.

The amount of payment for calendar year 2009 has been calculated on an accrual basis pending the resolution of a dispute with BT over the telephone bill (effectively they offered us a discount which was not then applied to the bills). It will be settled as soon as the amount due is certain.

A copy of the attachment to the Treasurer's letter of 5th October 2009²⁹ is attached. This was, indeed, the original letter to the Department of 21st July 2009.

2. Apportionment of costs

(i) IT, copying and printing

Although connected in one shared local area network (LAN) the relevant pieces of IT equipment have been purchased separately for parliamentary work and for local party work. A specialised printer on the network has been funded from Liberal Democrat funds as it is used almost exclusively by the local party. My parliamentary staff make occasional use of this piece of equipment, for which there is no charge. The desktop computer used by the local party organiser has also been funded by the local party. The organiser also uses this computer for parliamentary work for which no cross charge is made either to myself or to the public purse. Given this separation of equipment there is no cross charge, either way, for IT use.

The local party does relatively little administrative copying. Bulk copying is paid for (by the local party) at the local copy bureau.

The local party has its own Riso printer which is used to print local party material. From time to time material for parliamentary use is also printed on this machine and I am invoiced on those occasions.

(ii) use of Parliamentary equipment or consumables

As explained above, the Romsey and Southampton North local party organiser uses a local party owned computer and printer for his political work. The use made of the shared LAN is deemed to be *de minimis* and more than offset by the use made of the local party computer for parliamentary work. That said, the internet bill has been included in the list of items which we pay 8% for.

Consumables are purchased separately for Parliamentary and local party use. A strong separation is made between parliamentary paper and envelopes and local party material. The latter normally carries political messages and would be entirely inappropriate for parliamentary use. Conversely the local party does not make use of parliamentary stationery and especially not official letterhead and post paid envelopes. In fact, the party has custom designed stationery to use for any items which are being used to convey a political message.

(iii) Reconciliation of costs

My Office Manager keeps full records of the office costs which are then apportioned based on an agreed formula. These costs include; telephone, fax and Internet, security, rent, heating and lighting, rates, water, cleaning and waste. These costs are analysed at the end of each calendar year and apportioned. Detailed workings are available.

(iv) Explanation of sequence of payments

²⁸ WE 10

²⁹ WE 18

I hope that I have now rectified any previous omissions in information but it is not always crystal clear how much detail is required and what is relevant. I have now tried to supply as much detail as possible in this letter but am happy to clarify any further points you might have.

8 March 2010

18. Letter to the Validation Team, Department of Resources from the Treasurer, Romsey and Southampton Liberal Democrats, 21 July 2009

Sandra Gidley MP permits Romsey & Southampton North Liberal Democrats to make part-time use of a small part of her constituency office in Romsey.

She and I have agreed a formula for the local party to pay for this. The principle is that the total office costs are calculated including telephone, security, rent, rates, electricity and waste. This is then divided in proportion to the use made by the local party. This mechanism has been discussed with the Electoral Commission who has raised no objection.

In calendar year 2008 the total costs were computed by her office manager to be £15,836.76. The local party has used the space for the entire year, occupying one desk out of five but only for two days per week. The desk is used by a parliamentary researcher for the remaining three days each week. We have calculated this as amounting to 8% or £1,266.94. Last year I accidentally over paid by £14, consequently I have reduced the amount due to £1,252.94.

Please find enclosed a cheque for £1,252.94 to cover the local party's share of office costs for calendar year 2008 already paid out of parliamentary funds. Can you please credit it against Mrs Gidley's office costs.

21 July 2009

19. Letter to Ms Sandra Gidley MP from the Commissioner, 11 March 2010

Thank you very much for your letter of 8 March responding to mine of 16 February about this complaint.

It was most helpful to have this explanation. I will now pass your letter to the Department of Resources in case they have any further comments or information to provide. In the meantime, I am grateful to you for letting me know that detailed workings of your full office costs are available. I think it would be helpful to have a summary of your office costs for each financial year, broken down by expenditure heading but not by individual items. It would be helpful if this information could include the apportionment of those costs between the Romsey and Southampton North Liberal Democrats party and parliamentary work. Finally, it would be helpful if you could relate those costs to your claims from the IEP and to the cheques paid by the Liberal Democrats' Treasurer.

It would be very helpful, if you could let me have the further information sought in this letter, ideally within the next two weeks. I am most grateful for your help.

11 March 2010

20. Letter to the Commissioner from the Director of Operations, Department of Resources, 22 March 2010

Thank you for your letter of 11 March about the above complaint. You asked for my comments, if any, on Ms Gidley's letter to you of 16 February.

I generally agree with Ms Gidley's account of her dealings with the Department. Certainly [the official named in Ms Gidley's letter of 22 March], a Validation Officer, had most dealings with this case. I consider his advice to have been accurate and correct. I do not believe there is much to add in this case that has not already been made clear by Ms Gidley or me.

The Department does not offer to provide model office contracts in the way in which we provide standard employment contracts. To do so would involve the Department in complicated legal matters well beyond our competence.

The technical breach of the rules has persisted for some time, but Ms Gidley has now said that the office sharing arrangements have come to an end. I personally see no value in correcting a past error where, subject to your views, I think it unlikely that there has been any loss to the taxpayer. Any corrective action would involve extra costs and would, in effect, be a paper exercise.

I can confirm that for the period 1 January 2009 to 1 March 2010 the constituency office costs appear to have continued to be claimed in full by Mrs Gidley. It would seem that Mrs Gidley is awaiting final figures before repaying the House the apportionment for this period.

22 March 2010

21. Letter to the Commissioner from Ms Sandra Gidley MP, 24 March 2010

You recently asked for a summary of my office costs for each financial year, broken down by expenditure heading.³⁰ You also said that it would be helpful if the information could include the apportionment of costs between the local party and parliamentary work and asked if I could relate these costs to my IEP claims and to the cheques paid by the Local Party's Treasurer.

I have now been able to discuss the matter with my office manager and the local party Treasurer.

The way the system works is that my Office Manager goes through all the bills and invoices and produces a spreadsheet outlining all of the costs which need to be split between local party and parliamentary office. So, for example, rent and rates would be apportioned but consumables used on parliamentary printers would not be.

The spreadsheet is then passed to the Treasurer who calculates the amount that needs to be apportioned and then sends a cheque to the Department of Resources. As previously explained this is equivalent to eight percent of the total.

The invoices are reconciled against the IEP print-outs but our payments do not always show up on the IEP print-outs.

You also asked whether I had any further comments on the latest letter from the Department of Resources.

I will add that, although we now have a separate campaign HQ, this is only for the duration of the Election period and (dependant upon what IPSA come up with) I hope to be able to continue the cost sharing agreement after the election.

As many constituents are aware of the location of the parliamentary office and the campaign office is more rural then it is possible that there may be a small usage of the party office. I do not envisage that this will be anywhere near two days a week but I would rather err on the side of caution.

I would also add that I am still pursuing with the Department, how to regularise payments for 2009/10. By the time I received notification from the Department that the payments were not in the preferred formats I was already in breach of the 20 day rule and have still not received any practical suggestion as to how to resolve this.

24 March 2010

³⁰ The figures are summarised at WE 22.

22. Ms Sandra Gidley MP: Summary of Party assessment of shared office expenses

Year	Tel./Fax/ internet (f)	Security (f)	Rent (£)	Heat and light (f)	Rates and Water (£)	Cleaning and Waste (f)	Stationer y and copying (f)	Accrual (f)	TOTAL (f)	Party allocation (8%) (£)
2007	2,496	612	9,106	1,022	1,647	582	+	176*	15,641	834#
2008	1,109	564	9,258	894	1,701	914	+	1,397**	15,837	1,267##~
2009	770	584	9,128	1,116	1,863	875	671	***	15,007	1,201

* Waste services charge for 4th quarter

**Telephone charges for 3 quarters

*** Unspecified accrual for telephone charges. A further payment is promised once the outstanding telephone bill has been finalised.

+ No figure included in 2007 or 2008 office costs

8 months only

Actual sum paid £1,253. Balance offset by "accidental overpayment" in 2007

23. Letter to Ms Sandra Gidley from the Commissioner, 6 April 2010

Thank you for your letter of 24 March responding to mine of 23 March about this complaint. I was most grateful for this full and prompt response.

I have considered very carefully the evidence supplied by yourself, and by your local party treasurer, and also by the Department of Resources. You have seen copies of the Department's evidence. The principal questions I have to resolve are whether you made claims against the Incidental Expenses Provision and the Staffing Allowance in relation to your constituency office for costs which were not wholly, exclusively and necessarily incurred on parliamentary duties; and whether these may have helped to meet the cost of party political activities, contrary to the rules of the House. A secondary question which arises from my inquiry is whether the terms on which the local party occupied space within your constituency office were within the rules set out in the Green Book.

I consider that I am now in a position to decide how best to resolve this matter. In the light of your response, I am of the view that, with your agreement, it would be possible to resolve the complaint through the rectification process. For me to do this, you would need to accept that you were in breach of the rules in the sub-leasing arrangement you had with your local party in respect of their use of your constituency office, and also in not having formal written cost sharing arrangements with them. You would also need to offer an assurance that, if the office sharing arrangements with your local party are resumed in the new Parliament, you would ensure that they comply with any rules laid down by the Independent Parliamentary Standards Authority. The Committee on Standards and Privileges would also expect you to have apologized for the breaches. I would need to accept that these breaches had been unintentional, and that none of the other matters raised by the complainant in respect of your arrangements constituted a breach of the rules.

If you were to agree to this, I would write to the complainant straight away to close the complaint. I attach a copy of a draft letter I would be minded to send to the complainant reflecting this decision. If you agree to rectification, I would welcome your views on my proposed response by tomorrow (Wednesday) close. If I am able to write to the complainant before Parliament is prorogued, I will then consider the matter closed. If, however, you feel you need longer to consider the matter, then it will not be possible to resolve the matter before Dissolution and I would need to return to get your view early in the new Parliament.

I look forward to hearing from you as soon as possible.

6 April 2010

24. Email to the Commissioner from Ms Sandra Gidley, 1 June 2010

Thank you for your letter of 18th May. Unfortunately I have had some time away [personal details] so have only just got round to dealing with recent correspondence. I therefore apologise for the delay in replying.

Having considered the matter I am writing to inform you that I would be happy to resolve the complaint through the rectification process. As you are aware I have already admitted that I had inadvertently breached the rules when I set up the financial arrangements. I therefore have no hesitation in apologising to the relevant parties for my initial error.

I would be grateful for your advice as to what is the mechanism for apologising. I had assumed that this would be via a letter to the Chair of the new Standards and Privileges Committee but I am not aware that a new Chair has yet been appointed. It would therefore be helpful if you could advise me as to the correct protocol for the apology and whether this needs to be via hard copy or whether an e-mail would suffice.

I look forward to hearing from you.

1 June 2010

25. Letter to Ms Sandra Gidley from the Commissioner, 1 June 2010

Thank you for your email of 1 June responding to my letter of 18 May. I do understand why you were not able to respond earlier and I am grateful for your continuing help in resolving this matter.

You asked about the formal process for an apology. In the case of a rectification, it is quite sufficient for the Member to have apologised as you have done in your email to me. There is no need for any letter to the Committee. I record that apology in the letter which I send to the complainant.

I am now ready, therefore, to write to the complainant on the lines of the draft letter I sent you on 18 May. Before doing so, however, perhaps you could just confirm (by email) that you are content with its factual accuracy. I will then write to Mr Newnham and close the complaint. I will report the outcome to the new Committee on Standards and Privileges once it is appointed.

Thank you again for your help.

1 June 2010

26. E-mail to the office of the Commissioner from Ms Sandra Gidley, 2 June 2010

Thank you for turning this round so quickly. I have read the letter and believe the contents are accurate.

2 June 2010