



House of Commons  
Committee on Standards and  
Privileges

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**Mr Denis MacShane**

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**Second Report of Session 2012–13**

*Report and Appendices, together with formal  
minutes*

*Ordered by the House of Commons  
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## The Committee on Standards and Privileges

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

### Current membership

Rt hon Kevin Barron MP (*Labour, Rother Valley*) (Chair)  
Sir Paul Beresford MP (*Conservative, Mole Valley*)  
Annette Brooke MP (*Liberal Democrat, Mid Dorset and North Poole*)  
Rt hon Tom Clarke MP (*Labour, Coatbridge, Chryston and Bellshill*)  
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### Powers

The constitution and powers of the Committee are set out in Standing Order No. 149. In particular, the Committee has power to order the attendance of any Member of Parliament before the committee and to require that specific documents or records in the possession of a Member relating to its inquiries, or to the inquiries of the Commissioner, be laid before the Committee. The Committee has power to refuse to allow its public proceedings to be broadcast. The Law Officers, if they are Members of Parliament, may attend and take part in the Committee's proceedings, but may not vote.

### Publications

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

### Committee staff

The current staff of the Committee are Eve Samson (Clerk), Margaret Mckinnon (Second Clerk) and Miss Christine McGrane (Committee Assistant).

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# 1 Introduction

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1. This Report deals with matters arising from a complaint against the Rt Hon Denis MacShane made on 29 June 2009, relating to expense claims made between 2005 and 2008. As the Committee has reported to the House, on 12 October 2010 the Committee agreed that the conduct of Mr MacShane should be reported to the Metropolitan Police Service, and the inquiry should be suspended until the question of possible criminal proceedings had been resolved.<sup>1</sup> On 12 October 2010 the Parliamentary Commissioner for Standards wrote to the Commissioner of the Police of the Metropolis. This was summarised in his memorandum:

I told the Commissioner that I had been considering a complaint in relation to claims Mr MacShane had made between 2004 and 2008 in respect of research and translation services apparently provided by the European Policy Institute. I noted that I had also been considering a complaint in relation to Mr MacShane's claims for computers. I said that, during the course of my inquiries, I had seen invoices produced for the claims in respect of the services provided through the EPI which I believed might have been produced in a way which could raise questions of possible criminality.<sup>2</sup>

The evidence gathered in the course of the Commissioner's inquiry was not shared with the police. It had been gathered for another purpose, under different conditions from those applying in criminal investigations. It was and remains subject to Parliamentary privilege, as does this Report.

2. It was not until 3 July 2012 that the Metropolitan Police Service informed the Commissioner that they would take no action as a result of their inquiries.<sup>3</sup> As he had previously indicated to us he would in such circumstances, the Commissioner resumed his inquiry into whether Mr MacShane had breached the Code of Conduct, which was a matter for the Committee and the House.

3. The decision as to whether conduct is criminal and as to whether proceedings should be brought is one for the police and the CPS. The separation of courts and Parliament is a fundamental constitutional principle. It is enshrined in Article 9 of the Bill of Rights, which provides that proceedings in Parliament cannot be impeached or questioned in the courts. It underlies the sub judice rule, which prevents the House dealing with matters awaiting adjudication by the courts. It is not for us to decide whether or not criminal conduct has occurred. We are concerned with breaches of the Code of Conduct, and a criminal investigation cannot, by definition, determine whether or not a breach of the Code has occurred. We approach each case on its own merits, and have discontinued past cases when former members have been imprisoned, or have had criminal proceedings

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1 First Special Report of Session 2010–11, *Mr Denis MacShane*, HC 527

2 Appendix 1, paragraph 110

3 Appendix 1, paragraph 112

discontinued.<sup>4</sup> In this case, a serving Member of the House faces allegations of significant breaches of the Code. We endorse the Commissioner's decision to resume the inquiry.

4. The procedures we follow are inquisitorial, rather than adversarial, but fairness is paramount. Accordingly we were concerned by paragraph 114 of the Commissioner's memorandum, which states:

Having received no response to my letter of 4 July, my office spoke to Mr MacShane on 30 July. My office reported to me that Mr MacShane had said that he had not yet responded to my letter because he had been advised by the Chair of the Committee on Standards and Privileges to answer via his lawyer.

The Chair's account was that Mr MacShane had approached him in the Tea Room, saying that he had sent the Commissioner's correspondence to his lawyer and that he would write to Mr Speaker. In response the Chair had said that as far as he was concerned it was a matter for the Commissioner. We considered that if there were a dispute about the facts of this encounter the Chair should stand aside from the inquiry, and asked Mr MacShane for more details of this alleged advice. Mr MacShane gave a fuller account:

The conversation with the Chairman of the Committee took place in the September session of Parliament. It was brief. I said I just did not know how to take the matter forward given the depression I was in. My solicitor will confirm (if necessary by letter to the Committee) that following my conversation with Mr Barron I telephoned him to say that Mr Barron had said I had better go through my solicitor. I am absolutely clear in my mind that was an exchange between us and my solicitor will confirm that was what I told him. There was no advice or suggestion from Mr Barron other than it would be a good idea to talk to my solicitor and it was my decision to go to my solicitor.

This did not relate to the July phone calls from the Commissioner's office but was a tea room conversation in September. I apologise to Mr Barron if I have given the impression that he was telling me how to respond to the Commissioner. This is absolutely not the case, simply that Mr Barron agreed that handling the matter via a solicitor might be advisable in the sense that I needed some outside advice.<sup>5</sup>

Given this clarification, we saw no reason why the Chair should stand aside from the inquiry.

5. The Commissioner's memorandum is appended to this Report, and we refer readers to it for a full account of his investigations. Mr MacShane was supplied with a copy of the memorandum, and given the opportunity to give evidence. He responded in writing, and his letter is printed as Appendix 2 of this Report.<sup>6</sup>

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4 See Sixteenth Report of Session 2010–12, *Former Members Sentenced to Imprisonment*, HC 1215

5 Appendix 2

6 We also print the Clerk's letter to Mr MacShane of 23 October 2012

## 2 Mr MacShane's claims

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### The relevant rules of the House

6. The Code of Conduct for Members of Parliament approved by the House on 14 May 2002 provided that:

No improper use shall be made of any payment or allowance made to Members for public purposes and the administrative rules which apply to such payments and allowances must be strictly observed.

The Code of Conduct approved by the House on 13 July 2005 restated this provision still more strongly:

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

7. The claims under investigation were made under the incidental expenses provision (IEP) and the rules at the time were set out in the Green Books published in July 2004, April 2005 and July 2006:

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 under IEP included:

- Equipment and supplies for the office or surgery
- Work commissioned and other services
- Certain travel and communications.

8. The Green Book gave examples of allowable expenditure relating to work commissioned and bought-in services. These included:

- Interpreting and translation services ...
- Research and media scanning services ...
- Recruitment services.

9. The examples of allowable expenditure relating to equipment and supplies for the office and/or surgery included: purchase or lease of photocopiers, faxes, scanners, phones and other office equipment, including computers [...] Purchase of hardware and software."

10. The examples of expenditure which was *not* allowable under IEP included:

- Communications or travel on personal or party political matters
- Hospitality and entertainment.

11. Section 12 of the Green Book stated, in relation to computers and other IT equipment provided for Members and their offices:

This equipment is free of charge, on loan to Members for Parliamentary use only.  
[...]

Members can also use their IEP to buy additional items, providing they are used solely for Parliamentary purposes.<sup>7</sup>

12. The European travel entitlement allowed Members to claim for travel on parliamentary duties to EU institutions and agencies and to the national parliaments of EU member states, EFTA member states, EU candidate countries and EU applicant countries.<sup>8</sup> Members were required to seek prior authorisation from the Department of Finance and Administration. Members could claim for three return visits each year, subject to an annual cost ceiling, and for two nights' subsistence per visit.

13. Paragraph 5.10.1 of the Green Book provided that "Evidence in the form of invoices or receipts must be provided for all items of expenditure of £250 or more." The Members' Reimbursement form asked Members to ensure that "any claims for petty cash do not exceed £250 per month".

14. The Commissioner investigated two matters in which these rules might have been breached: a) Mr MacShane's claims for computer equipment and b) claims for research and translation services supported by invoices from the European Policy Institute. We take each in turn.

### Claims for computer equipment

15. Mr MacShane was loaned three laptops and three PCs free of charge by the Parliamentary ICT service.<sup>9</sup> In addition to this, in the period 2004/05 to 2007/08 Mr MacShane made nine claims for eight further computers (one claim was submitted twice in error). It was not practice at the time for staff processing claims for such equipment to query whether the equipment was necessary for a Member to carry out his or her parliamentary duties.<sup>10</sup> The claims were as follows:

Date of purchase	Description from receipt	Cost (£)	Allowance year charged
11 March 2005	Notebook travel computer	1,050	04-05
2 November 2005	Toshiba Tecra	834.23	05-06
28 December 2005	Siemens portable	554.96	05-06

7 See Appendix 1 paragraphs 6-20

8 Green Book, June 2003, updated 2004

9 Appendix 1, paragraph 128

10 See Appendix 1, paragraph 76

Date of purchase	Description from receipt	Cost (£)	Allowance year charged
	computer		
11 February 2006	Packard computer	563.97	05–06
5 December 2006	Sony portable computer	1276.59	06–07
22 June 2007	Toshiba T5300 laptop	611.12	06–07
17 September 2007	Toshiba laptop	578.99	07–08
31 December 2007	Toshiba laptop	498.95	07–08

Source: Appendix 1, paragraph 75; see also WE 47

16. Mr MacShane told that the Commissioner that he believed the rules of the House allowed him to purchase the equipment he considered he needed, provided he kept within the incidental expenses provision (IEP) limit. The computers were brought for his own use, or for the use of his staff in order to carry out his parliamentary duties. Some computers had been broken, others appear to have been supplied to interns, and taken with them when they left his office.<sup>11</sup>

### Claims relating to invoices from the European Policy Institute

17. Between 27 January 2005 and 11 January 2008 Mr MacShane submitted 19 claim forms with invoices from the European Policy Institute (EPI). These were variously described as being for matters such as “Research and translation work as agreed”, “research and translation consultancy” “agreed research and translation”. The table below sets out more details:

Date of claim	Date of invoice	Amount (£)	Description on invoice of services provided
7 January 2005	19 December 2004	650	Research and translation work as agreed
14 February 2005	22 January 2005	850	Research and communication work as agreed
18 March 2005	10 March 2005	850	Research and translation consultancy
31 March 2005	28 March 2005	550	Agreed research and translation
14 June 2005	1 April 2005	750	Research and translation as requested
18 July 2005	11 July 2005	750	Research and translation as requested
10 August 2005	5 August 2005	500	Research and translation as commissioned
17 October 2005	12 October 2005	450 <sup>12</sup>	Research and translation as agreed
12 December 2005	9 December 2005	550	Research and translation as agreed
7 February 2006	30 January 2006	550	Research and translation as agreed

<sup>11</sup> See WE12, 18, 51

<sup>12</sup> The invoice was for £450, but the figure entered on the claim form by Mr MacShane was £500. The Department has confirmed that the sum paid to the EPI was £450.

Date of claim	Date of invoice	Amount (£)	Description on invoice of services provided
17 June 2006	13 June 2006	750	Translations and research as agreed
19 September 2006	15 September 2006	750	Research and translation as requested
24 October 2006	19 October 2006	950	Research and translation as agreed
12 November 2006	8 November 2006	550	Research and translation work as agreed
7 December 2006	29 November 2006	850	Research and translation as agreed
31 January 2007	19 January 2007	550	Research and translation as agreed
13 November 2007	30 October 2007	850	Research and translation as agreed
10 December 2007	29 November 2007	550	Agreed research and translation
11 January 2008	4 January 2008	650	Research and translation as agreed
<b>TOTAL CLAIMED</b>		<b>12,900</b>	

Appendix I, para 84

### *Status of the European Policy Institute*

18. According to Mr MacShane, the EPI had been set up by a group of pro-European policy writers, journalists and activists in the 1990s, and produced reports, published books and organised conferences. He was by far the main organiser.<sup>13</sup> It published reports steadily in the 1990s and remained available “as a mechanism to publish reports or receive money for conferences or travel”.<sup>14</sup> The organisation’s letterhead indicated there was a General Manager, an Acting Director and four associate Directors. There was no General Manager nor any other Director: in fact the EPI was a loose network with no formal structure. The names at the bottom of the letterhead were friends and associates of Mr MacShane dating from the early 1990s when he was working in Geneva and the EPI had come into existence. In his words “the titles were simply on the letterhead to make it look more official.”<sup>15</sup> There was no office and nor had there ever been any salaried staff.<sup>16</sup> The bank account was controlled by Mr MacShane himself.<sup>17</sup>

### *Involvement of Mr MacShane’s brother*

19. The initial complaint included the assertion that the European Policy Institute was controlled by Mr MacShane’s brother. Mr MacShane told the Commissioner that his brother had allowed the use of his name and London business address when the EPI was launched in 1992, when Mr MacShane lived and worked in Geneva, but never took any

13 WE 9, WE 12

14 WE 35

15 WE 51

16 *ibid*

17 Appendix 1 paragraph 64, 66, WE 51

direct active part in its work. He had nothing to do with the EPI for some time and had not been involved in any way with the claims in the period under review.<sup>18</sup>

### ***The nature of the claims covered by EPI invoices***

20. Mr MacShane told the Commissioner that he used the EPI to recoup expenses he paid out for research he carried out in part by travelling in Europe to sustain his parliamentary work on European issues. He could not give detailed invoices, nor did he make any agreements or specific arrangements for hospitality.<sup>19</sup>

21. Although the invoices referred to research and translation services the actual expenditure they covered can be broken down into three broad categories: travel and subsistence costs, payments and hospitality given to EPI collaborators for research and translation; and the purchase of books and other publications. The Commissioner received statements from four witnesses asserting they had received payment or hospitality from Mr MacShane.<sup>20</sup>

22. The claims are not readily distinguishable, since different types of expenditure were on many occasions covered by a single claim ostensibly for “research and translation”. The paper numbered WE33 attached to the Commissioner’s memorandum consolidates the information, which can also be found in WE 9 and WE 12. We attempt a summary here.

### ***Travel***

23. The evidence given by Mr MacShane was that he travelled extensively in Europe to prepare for debates on European Affairs, including debates on the Lisbon treaty. In addition to this general interest, in autumn 2005 the Prime Minister had asked him “to be his envoy to European political parties and personalities meeting people informally and reporting back.”<sup>21</sup> Mr MacShane was also the Chair of the All-Party Parliamentary Inquiry into Anti-Semitism (“the All-Party Inquiry”), set up in 2005, which reported in September 2006.

24. The travel listed includes:

- a) late 2004, a visit to Madrid to explore the impact on British politics of the new Zapetero government in Spain;
- b) January 2005, a visit to Switzerland to meet officials and MPs;
- c) In 2005, a visit to Warsaw before Polish accession to the EU;
- d) Summer 2005, visits to France and the Netherlands in advance of the referendums on the EU treaty;

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18 Appendix 1, paragraph 126, 154

19 WE 51

20 WE 19, 20, 21, and 22

21 WE 9

- e) Spring 2006, two visits to Switzerland to meet Swiss politicians, editors and diplomats;
- f) A visit to Paris to promote the cause of recognition of Kosovo;
- g) A visit to Pristina to meet Kosovan political leaders;
- h) A visit to Poland to prepare a report on Polish politics for the PM;
- i) A visit to Berlin in March 2006;
- j) Extensive travel to France, the Netherlands, Germany, Italy, Bulgaria, Hungary and the Czech Republic in connection with the work of the All-Party Inquiry;
- k) A visit to France in 2007 in connection with the French Presidential election and another in May 2007 to gauge changes in the way in which France was likely to approach the problems of asylum seekers seeking entry into the UK;
- l) In 2007, visits to Frankfurt and Grenoble in connection with research into anti-Semitism in Europe;
- m) A visit to Berlin to keep in touch with political and parliamentary colleagues;
- n) a visit to Paris on 18 November 2007 to interview candidates for Mr MacShane's personal assistants;
- o) meetings in Paris related to the European Book of the Year award, and
- p) a visit to Warsaw.

### *Payments to EPI collaborators*

25. These include:

- a) Spring 2005: reports from collaborators and an analysis of Labour's sister parties in the EU;
- b) Regular payments to a collaborator for work on translating documents and analysing policy between 2005 and 2009;
- c) Hospitality for politicians and journalists in Spain;
- d) Translation of the All-Party Inquiry Report;
- e) Payment of US \$950 to read and edit the All-Party Inquiry Report;
- f) Payments of 400 Swiss francs each year from 2005 to 2009 for translation and help with research on political developments in Switzerland;
- g) Payments for research and translation of German texts.

26. Mr MacShane provided witness statements testifying to several of the payments above, amounting in total to some £4,500.<sup>22</sup>

### *Purchase of books and other publications*

27. Mr MacShane regularly claimed the cost of books; it is impossible to be definitive about the value of these purchases, but the Commissioner notes that Mr MacShane provided a list of 54 books with a total costs of more than €1,000. A note indicated a page was missing from this list, but this was not supplied.<sup>23</sup>

### *The way in which claims were made*

#### *Assessment of the amount to be claimed*

28. Mr MacShane told the Commissioner:

As I was trying to explain how I carried out my European political and parliamentary work in the period covered I explained that I had a network of collaborators who helped with research, translation and networking. I either paid them specific fees some of which have been forwarded to you or bought meals and drinks as one would with any such group of co-workers. There is no list of restaurant or bar receipts and since I eat and live modestly and do not frequent expensive restaurants I doubt if it comes to very much.<sup>24</sup>

29. He did not keep detailed records of his expenditure. He told the Commissioner that:

In my interpretation of what I considered to be research on my main area of parliamentary work and for ease of administration I submitted EPI bills which covered what I considered to be what I had disbursed in the period concerned.<sup>25</sup>

#### *The way the invoices were produced*

30. Mr MacShane told the Commissioner

The invoices were pro-forma on my computer with just the amount varying according to what I judged to have expended.<sup>26</sup>

The letterhead used for these invoices was that of the EPI dating from the 1990s. As we have noted above, although the letterhead on which the invoices were generated indicated the EPI had a General Manager and Directors, the organisation had never had an office nor any employed salaried staff. The invoices purported to have been signed by the General Manager but as Mr MacShane told the Commissioner:

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22 Appendix 1, paragraphs 57, and 64, footnote 79, WE 19, 20, 21, 22 and 33

23 WE 12

24 WE 53

25 WE 51

26 *ibid*

My staff scrawl my name for me regularly on letters and the reference to [name] is to a similarly scrawled *nom de plume*.<sup>27</sup>

## Cooperation with the inquiry

31. Paragraph 18 of the Code of Conduct approved by the House on 13 July 2005 provided that:

Members shall cooperate, at all stages, with any investigation into their conduct by or under the authority of the House.

The current Code contains a very similar provision. During the early part of the inquiry, Mr MacShane “cooperated fully and sincerely” with the Commissioner’s inquiry. The cooperation was not continued when the inquiry resumed at the beginning of July 2012. Mr MacShane failed to respond to repeated letters asking whether he had further information, and proposing to move to an interview, until 26 September 2012, when he apologised for the delay and for his conduct, and concluded “I do not think an interview can add anything.”<sup>28</sup>

32. We note the subsequent exchanges between the Commissioner and Mr MacShane on the matter of the signature of the invoices. On 8 October Mr MacShane told the Commissioner:

[In the memorandum] you write EPI invoices were signed “by a member of Mr MacShane’s staff at his request.” That is not what I wrote to you on 22 July [WE 53]. This was investigated by the police as you know and I would be grateful if you could quote in full the relevant sentence in [WE 53] so that facts are clear in your own report.<sup>29</sup>

The Commissioner responded:

[...] I had taken from your letter of 22 July 2009 the fact that your staff scrawled the “nom de plume” in the same way that they scrawl your own name.<sup>30</sup> But I take it from your letter of 8 October 2012 that this is not correct. I have therefore made clear that you scrawled the “nom de plume” yourself. If this is wrong, could you contact me by return to let me know whether you signed the name, your staff signed the name, or you both did on different occasions? Otherwise, I will assume that it was you yourself.<sup>31</sup>

In response Mr MacShane repeated his earlier position:

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27 WE 53

28 WE 61

29 WE 63

30 WE 53

31 WE 64

Your changes are perfectly reasonable but I must ask that you stick to the text and not make assumptions. This matter was dealt with by the police and I do not propose to reopen it. So please use what I wrote [in WE 53] namely:

“I and I alone take full responsibility for all the payments and claims made by the EPI as a vehicle. My staff scrawl my name regularly on letters and the reference to [name] is to a similarly scrawled *nom de plume*.”<sup>32</sup>

## 3 The Commissioner's findings

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### Cooperation with the Commissioner's inquiry

33. The Code of Conduct provides that members “shall cooperate at all stages with any such investigation by or under the authority of the House.” The Commissioner concludes:

I appreciate the pressures on Mr MacShane, but that cannot, in my judgment, justify refusing what I consider to be reasonable requests to attend an interview at a time convenient to him and to answer a specific question. If Members were to feel an interview when sought by the Commissioner was optional it would considerably hamper the Commissioner's inquiries. So too would a view that Members could decline to clear up ambiguities in their evidence. With regret, therefore, I find that Mr MacShane was in breach of the Code of Conduct in deciding to withdraw his cooperation in this final stage of my inquiry.<sup>33</sup>

### Claims for computer equipment

34. The Commissioner concludes that:

Mr MacShane was clearly within the rules of the House in claiming for computers additional to those loaned by the Parliamentary Information and Communications Technology service. But, as the Department of Resources has implied, Mr MacShane's claims would appear to have been excessive. In the course of just under three years, he obtained 14 computers: 6 provided by the House and 8 bought from his allowances. Even allowing for the two which he said had broken down and for essential upgrades, that could not in my judgment be justified. While I believe that Members should expect to have a considerable degree of latitude in deciding, within the limits of any allowance, what provision they need in their offices to support them in their parliamentary duties, Mr MacShane's computer purchases appear to go well beyond that reasonable expectation. They reflect a cavalier approach to the use of public resources and, in some cases, at least, it appears that Mr MacShane allowed an outgoing intern to take away with them a parliamentary-funded laptop, and then bought a new one for his or her successor. In my judgment, the result was that, for part of the lifetime of the equipment, these computers were not being used solely in support of Mr MacShane's parliamentary duties and there were, in any case, just more than any reasonable person would think necessary. [...] On both counts, therefore, I find that the expenditure was not wholly, exclusively and necessarily incurred on parliamentary duties. As a result, Mr MacShane was, in my judgment, in breach of paragraph 5.1.1 of the Green Book.

146. Mr MacShane was also in breach of the rules in submitting the same invoice twice for a computer he bought in December 2007 for £498.95. I fully accept that this

was a mistake on his part and agree with Mr MacShane that it is unfortunate that this was not picked up by the Fees Office at the time.<sup>34</sup>

### Claims relating to invoices from the European Policy Institute

35. The Commissioner notes that the incidental expenses provision allowed for Members to claim for work commissioned and bought-in services, including interpreting and translation services and research and recruitment services. Members could also claim for subscriptions to newspapers and periodicals. The Commissioner considers that:

139. Some of Mr MacShane's expenditure in support of his European activities was, in my judgment, an allowable claim under the incidental expenses provision. That included those research and position papers which Mr MacShane commissioned and which were clearly in support of his parliamentary duties, in particular his contributions to debates. It properly covered the translation of those documents which again he felt he needed for his parliamentary duties. And it included the purchase of magazines and periodicals for these purposes.

140. But Mr MacShane's claims went far beyond these provisions, and, in my judgment, far beyond what was allowable under the rules. In particular, over four financial years he claimed for the costs of his own extensive travel across Europe. This included his own air fares, his hotel accommodation where required and his meals. Mr MacShane suggested that this was necessary so he could conduct his own "face to face" research. Given what Mr MacShane has said about the visits, which covered a wide range of activities, that may be stretching the definition of research. But in any event, since expenditure on research was specifically associated in the rules with "work commissioned and bought in services" it was clearly outside that provision. The definition of commissioned and bought in services cannot be extended to a Member who commissions himself and who buys in his own services.

The Commissioner notes:

It might have been possible for a few of the costs of Mr MacShane's European visits to have been met by claims against the European travel entitlement, but, as Mr MacShane knew, the number of trips per year, and their destination, was limited. They also required prior authorisation by the Department of Finance and Administration. Mr MacShane never sought such authorisation for his extensive European travel. Indeed, the House authorities never knew until my investigation that that was what a significant part of his claims for research and translation services was being spent on.<sup>35</sup>

That being the case, the Commissioner considers the following costs were not allowable:

1. All Mr MacShane's personal travel, hotel and food bills for his visits to Europe. [...] They [...] breached paragraph 5.3.1 of the Green Book.

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34 Appendix 1, paragraphs 145 and 146

35 Appendix 1, paragraph 141

2. Payments for travel to Paris for meetings related to the European Book of the Year award, which, as well as including travel and subsistence costs which fell outside the rules, was in my view clearly not a parliamentary duty. This was a breach of paragraph 5.1.1 of the Green Book.

3. Payments for travel to Paris to interview candidates for Mr MacShane’s Personal Assistants—which, as well as being prohibited travel, was not, in my view, justifiably proportionate expenditure solely, exclusively and necessarily incurred on account of Mr MacShane’s parliamentary duties. A trip to Paris cannot, I believe, reasonably be justified by a wish to interview PAs. It was a breach of paragraph 5.1.1 of the Green Book.

4. The costs of a report in Mr MacShane’s name on the position of Labour’s sister parties in the EU. This went beyond what Mr MacShane fairly accepted might have been “some overlap between parliamentary and political involvement in European affairs”. It was in my judgment a report in support of party political activities and so contrary to paragraph 5.1.1 of the Green Book.

5. Mr MacShane’s claims for some of the hospitality he provided to his academic and political contacts which appeared to go beyond remuneration in kind for a commissioned service. Mr MacShane appears to have been using parliamentary funds to entertain his European contacts. This is not allowable expenditure under paragraph 5.13.4 of the Green Book.

6. Mr MacShane’s extensive purchase of books in the course of his travels which went, in my judgment, well beyond the scope of a provision allowing claims for subscriptions to newspapers or periodicals. [...] while it would be disproportionate to have prevented claims for some books being made against the incidental expenses provision, Mr MacShane’s claims went way beyond what was reasonable and, in my judgment, seemed to border on him using parliamentary resources to build his personal European library. They breached paragraph 5.13.4 of the Green Book.<sup>36</sup>

### ***The way in which the claims were submitted***

36. The Commissioner concludes there were very substantial failures in the way in which Mr MacShane submitted his claims.

37. First, the invoices did not properly describe what the money claimed was spent on; and this was not an isolated occurrence: 19 misleading invoices were presented over the course of just over three years.<sup>37</sup> “By purporting to use the EPI as the provider or commissioner of the relevant service, Mr MacShane avoided any requirement for specific invoices to be provided.”<sup>38</sup> Mr MacShane considered that many of his claims would not have needed invoices, since individual items were below the £250 threshold required or could have been taken out of the could have been taken out of the £250 monthly petty cash provision. The Commissioner does not accept these arguments:

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36 Appendix 1, paragraph 143

37 Four financial years were involved.

38 Appendix 1, paragraph 150

It is hard to see how much of his European expenditure could reasonably have been funded from a petty cash provision and even claims without invoices had to be itemised, described and costed. Had Mr MacShane claimed for reimbursement of the costs in this way, the unacceptable nature of his expenditure should very quickly have been exposed.<sup>39</sup>

38. Second, the invoiced claims were in fact no more than broad estimates of what Mr MacShane has in fact spent in support of his European work, and were prepared “according to what I judged to have expended”. While the Commissioner notes there is no evidence that at any time Mr MacShane made a personal profit from his claims he concludes:

that is not an acceptable basis on which to submit claims against parliamentary resources. The Green Book provides that the incidental expenses provision “is available to meet costs incurred on Members’ parliamentary duties.” But those costs have to be the costs which have actually been incurred. Mr MacShane’s claims were not prepared in this way. It is difficult to avoid the conclusion that he spent as he felt necessary and put in rounded claims to the Department when the account he used for his European work was running low.<sup>40</sup>

39. The Commissioner’s final conclusion on this matter relates to the nature of the invoices themselves:

153. Thirdly, Mr MacShane made claims purporting to be based solely on invoices submitted to him by the European Policy Institute, authenticated by the EPI’s letterhead and signed by the General Manager of the Institute. But by the time he started making these claims, the Institute in this form did not exist; the notepaper on which the invoices were produced was obsolete, and there was no General Manager—the General Manager’s signature was provided by Mr MacShane himself or someone else under his authority. The sum claimed was not a sum determined by the General Manager of the EPI to meet the cost of services commissioned on Mr MacShane’s behalf. It was the sum of money entered on his computer by Mr MacShane himself. In effect, he was sending the invoice to himself and writing his own cheque. The claims were paid out unchallenged by the House authorities and the money put into a separate bank account which Mr MacShane controlled. He used the money as he thought fit, in support of his European activities.

154. Mr MacShane has sought to argue that the name of the General Manger was in effect a “nom de plume”. Mr MacShane told me that his staff regularly sign his letters in his name and seemed to imply that this arrangement was no different. But of course it was. The name used was that once used by Mr MacShane’s brother: if it was anyone’s “nom de plume” it was his—and Mr MacShane’s evidence is that his brother was not involved in any way with his claims during this period. Nor was this a “nom de plume” used by the Member for an activity disassociated from Parliament. It was used to receive monies from Parliament. And the vehicle was the invoices

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39 Appendix 1, paragraph 151

40 Appendix 1, paragraph 152

produced by Mr MacShane and signed in someone else's name. Those paying out the money were never told that the "nom de plume" was in fact being used by the Member himself. The effect was that, unbeknown to the Department, Mr MacShane was submitting invoices to himself and asking the parliamentary authorities to pay.

155. The result was that the invoices misled the House authorities; they provided no check, balance or restraint on Mr MacShane's claims; they ensured there was no means of checking their accuracy or admissibility, and, when they came to light, they put unwelcome pressure on a member of Mr MacShane's own family.

40. The Commissioner's overall judgement is:

158. Taken together, I consider these breaches to be a particularly serious violation of the Code of Conduct. Wrongly claiming from the incidental expenses provision for his European activities was itself serious, more so than for his computer claims. But the seriousness was very substantially compounded by Mr MacShane's wrongdoing in his presentation of the highly misleading and inaccurate invoices which helped to fund his European activities.

159. I recognise that Mr MacShane was under personal pressure throughout much of the period covered by his claims. I recognise too that the police investigation, followed by the resumption of my inquiry, had the effect of continuing that pressure. Mr MacShane is an acknowledged parliamentary expert on European affairs and, having lost his post as Minister for Europe, it was understandable that he would have wished to have continued with the work to which he has been committed for many years. He has also repaid the cost of his European claims of his own volition and has offered to repay whatever else is required. He has apologised. I have no evidence that Mr MacShane received any personal profit from his claims. All this needs to be weighed in the balance. But in my judgment, it cannot absolve Mr MacShane from his responsibility for the extremely serious way in which he breached the House of Commons Code of Conduct and its expenses rules over a period of some four financial years. On reflection, I hope he might recognise that overall his conduct fell far below the standards of integrity and probity expected of every Member of the House.

## 4 Conclusion

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### Cooperation with the inquiry

41. As the Commissioner says, Mr MacShane cooperated fully during the first part of his inquiry. Once that inquiry was resumed, this cooperation ceased for nearly 3 months. He claimed that the Chair had advised him to respond to the Commissioner's letter through a lawyer, a claim which Mr MacShane has since withdrawn. Members under investigation are free to take advice, if they feel it desirable, but the House requires them to respond to the Commissioner and the Committee's inquiries. Mr MacShane has explained the pressure he was under:<sup>41</sup> he should still have responded to the Commissioner's letters. It was open to him to explain that he was unable to deal with the matter immediately: instead he ignored it.

**42. The House of Commons's disciplinary system depends on investigation by an independent person. It is based on the principle that Members will provided the information the Commissioner needs to consider a complaint. In this case, we consider that we have sufficient information to come to a judgement. That does not excuse Mr MacShane's failure to cooperate with the Commissioner's inquiries, which is in itself a serious breach of the Code of Conduct.**

### Computer Equipment

43. We agree that Mr MacShane's claims for his computer equipment were excessive, and should have been seen as such. We do not believe that any reasonable Member would have considered it proper to have allowed interns to take laptops provided by the public purse away with them at the end of their internship. As the Commissioner found, Mr MacShane's claims for computer equipment did not meet the requirement to ensure that expenditure funded by the IEP was "wholly, exclusively and necessarily incurred on Parliamentary duties."<sup>42</sup> As the Commissioner also found "Mr MacShane was also in breach of the rules in submitting the same invoice twice for a computer he bought in December 2007 for £498.95. I fully accept that this was a mistake on his part and agree with Mr MacShane that it is unfortunate that this was not picked up by the Fees Office at the time."<sup>43</sup>

### Claims relating to the European Policy Institute

44. The most serious findings relate to the expenses claims submitted to support Mr MacShane's work in Europe. The Commissioner considers that some of the activities behind those claims were permissible. The claims totalled £12,900; the Commissioner considers that although it is impossible to say what proportion of the claims were outside the rules, it may have been in the order of £7,500.<sup>44</sup> Over the course of the inquiry, Mr

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41 Appendix 2

42 Appendix 1, paragraph 145

43 Appendix 1, paragraph 146

44 Appendix 1, paragraph 144

MacShane has repaid the entire £12,900 and he has apologised for his actions to the Commissioner and to us.

45. The real mischief of Mr MacShane's actions was that the method he adopted of submitting false invoices, as the Commissioner said, bypassed the checks and controls the House had instituted in a way which enabled Mr MacShane to spend public money as he thought fit. For example, one matter which we consider to be of the utmost gravity is Mr MacShane's use of public money to support European travel.

46. In his most recent letter to the Commissioner Mr MacShane asserted:

The monies I claimed back under the Policy Institute invoices I believed to be a reasonable reflection of the monies that had been spent in relation to parliamentary business. I believe I could have claimed the costs directly if I had kept all the individual receipts for each payment or purchase (if they were given by the supplier). I was aware that claims could be made of up to £250 per month for petty cash under the IEP scheme. I made no such claims, instead estimating and amalgamating all the costs and monies paid for work incidental to my Parliamentary duties in the EPI invoice claimed under the IEP Allowance scheme.<sup>45</sup>

47. We reject the assertion that the expenditure would have been allowable if individual receipts had been kept. As the Commissioner points out, while the House had made provision to support travel to other parts of Europe, there are strict conditions for this, including the requirement to notify the Fees Office in advance. There was no other provision for foreign travel by individual Members. As we discuss below, some of the travel Mr MacShane claimed for might have been covered by the European scheme; much of it would not have been. In any event, it was not so claimed. We consider Mr MacShane's explanation that some of the work was done as the then Prime Minister's envoy to be irrelevant. If the Government could not fund such work, there seems no reason why Parliament should do so, and there is no indication that the Prime Minister or any one in Government expected it to do so.

48. In correspondence with the Commissioner Mr MacShane apologises "for not having fully followed the rules to the strictest interpretation of the letter"<sup>46</sup>. This was not a matter of failure to follow the letter of the rules. Mr MacShane was clearly aware that the rules of the House did not allow expenditure on European travel to be claimed under IEP. On 26 May 1999 he spoke in the House on the debate on the motion to extend Members' ability to claim for European travel:

When I was elected five years ago, I was surprised to discover that one could not make a telephone call to Europe, or send a letter there, or discharge one's duties to constituents if that involved going to Europe.<sup>47</sup>

49. In his evidence to the Commissioner he noted that:

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45 WE 61

46 WE 61

47 HC Deb, 26 May 1999, col 422

An MP is allowed extended travel to carry out similar travel, attend conferences, carry out research, and stay overnight in the UK but there is no equivalent system for European work beyond three heavily circumscribed trips which I preferred not to claim as they were always held up to press opprobrium when published.<sup>48</sup>

It is impossible to escape the conclusion that Mr MacShane claimed in the way he did to ensure that his use of public funds for his European travel was not challenged.

50. We turn now to the way in which the claims were submitted. Invoices for arbitrary amounts were generated from Mr MacShane's computer on a letterhead which gave an entirely false impression of the body from which they purported to come. They were signed by Mr MacShane himself, or by others on his instruction, with a "nom de plume".

51. The money was paid into a bank account which Mr MacShane himself controlled. The House authorities were in no position to know that the European Policy Institute had no formal existence or that Mr MacShane controlled its bank account.

52. Mr MacShane says it was a pity his impermissible claims were not picked up by the House, but the invoices were submitted in such a way that it was impossible for the House authorities to be aware of the real nature of the services for which he claimed. In the final analysis, Mr MacShane was, as the Commissioner says "sending the invoice to himself and writing his own cheque."<sup>49</sup>

## Mitigation

53. In his submission to the Committee, Mr MacShane has taken full responsibility for his conduct, and explained why it occurred:

How did this foolish and wrong behaviour come about? I was as Mr Lyon generously recognises under great pressure in this period. I had lost a daughter in a sky-diving accident in Australia, gone through a wrenching divorce and held the hand of my first daughter's mother, Carol Barnes, as she lay dying from a stroke for a week in 2008.

To overcome these griefs I did what many do and buried myself in work. I accepted extra parliamentary delegation work from the Labour Party. I chaired the All Party Commission on Inquiry into Anti-semitism which was hailed as a model of its kind and changed government policy. I wrote two books and hundreds of articles some of them translated but claimed under the wrong heading as Mr Lyon rightly notes.

Foolishly and wrongly I paid no attention to the administration of my expenses claims. I believe I could have listed all the myriad of receipts for my work on European and anti-semitism issues and been reimbursed for many of them. Instead I used a short-cut which was wrong. I was not required to pay back more than £1,000 under the original Legg inquiries into expenses. I have only ever owned two properties as an MP, the second bought following my divorce. I claimed nothing

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48 WE 55

49 Appendix 1, paragraph 153

under the petty cash heading. But I did something so foolish and wrong I am still unable fully to explain to myself my stupidity.<sup>50</sup>

54. We also note Mr MacShane’s undoubted expertise on European affairs, and engagement with European matters before the House. We accept that his motivation in making the claims was to maintain that expertise, to promote the work of the All-Party Inquiry and to carry out informal work on behalf of the then Prime Minister.

55. We have considered Mr MacShane’s point that some of the money claimed would have been allowable. There are supporting statements but no receipts or invoices or any other contemporary documentation for about £4,500 worth of research and translation services. Mr MacShane told the Commissioner that others who had helped him would prefer not to make formal statements of “modest EPI payments”.<sup>51</sup>

56. Mr MacShane himself told the Commissioner that the European Travel Allowance:

did not allow the flexibility of visits and arrangements, often made at short notice that I required. Moreover the European Travel Allowance pays full business class and hotel costs so that, for example, a trip to any remoter European capital can cost £2,000 or more. The Department of Resources can confirm this. Many of the EPI payments made, including for Easyjet travel, came under the £250 limit required for receipts.<sup>52</sup>

Mr MacShane could have arranged 3 visits a year to EU institutions and agencies, EU member states, EU candidate countries and EU applicant countries with proper authorisation from the Fees Office. While the details of his travel are not clear enough to identify which of the trips covered by the IEP claims could have been supported, it is possible that each year a further two of his visits to European capitals would have been allowable. The absolute amount Mr MacShane might have claimed if he had funded his travel appropriately cannot be quantified, but could have been significant. Although the Commissioner notes that charging “*according to what I judged to have expended*”<sup>53</sup> was not an acceptable basis on which to claim—and we agree—he states that he has no evidence that that at any time Mr MacShane made a personal profit from his claims<sup>54</sup>

## The appropriate penalty

57. The Committee is united in agreeing with the Commissioner that Mr MacShane’s conduct “fell far below the standards of integrity and probity expected of every Member of the House.”<sup>55</sup>, and that this is the gravest case which has come to us for adjudication, rather than being dealt with under the criminal law.

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50 Appendix 2

51 WE 17

52 WE 17

53 WE 51

54 Appendix 1 paragraph 152

55 Appendix 1 paragraph 159

58. We have considered our recommendation as to penalty carefully and at length. It could be argued that the offence required expulsion from the House because of the repeated use of invoices generated by Mr MacShane himself, invoices which did not give a true account of the activities which had been claimed for, which gave a wholly misleading impression of the status, and indeed existence, of the EPI, and because of Mr MacShane's responsibility for ensuring that those invoices were signed with a "nom de plume" purporting to come from a General Manager who did not in fact exist. In the event of being expelled, the Member would be free to stand in any subsequent by-election.

59. On the other hand, it could be argued Mr MacShane's behaviour has been investigated by the police, and no action has been taken. The severest penalties recommended in recent decades had been suspensions of three weeks and of a month, for failure to cooperate with the Commissioner and the Committee.<sup>56</sup> Expulsion was an extreme punishment, and the choice of the electorate should be overturned very rarely. In the event of a lengthy suspension, while the Member would not be able to serve the constituency in the House he would still be able to serve constituents through surgeries, and communications with Ministers. The Committee should only recommend expulsion if it were confident that its judgement would be shared by the House.

60. The last Member expelled for a disciplinary offence was Mr Garry Allighan, Member for Gravesend, in 1947.<sup>57</sup> On 3 April 1947, an article, written by Mr Allighan, had been published in the *World's Press News*, claiming that Members gave information about private meetings to newspapers for either money, under the influence of alcohol bought for them by members of the press or for favourable personal publicity. In the course of the Committee's investigations, it was discovered that Mr Allighan himself was the author of reports being sent to the *Evening Standard* for the regular payment of £30 per week to the Trans-Atlantic Press Agency, in which Mr Allighan appeared to have the controlling interest.<sup>58</sup> In evidence to the Committee Mr Allighan could not or would not identify occasions on which briefings had been given for pay or other inducements; his evidence was characterised as being "of an evasive and contradictory nature."<sup>59</sup> In the words of Mr Herbert Morrison "He was accusing unnamed members not only of what he was doing but of the thing which he knew he was doing, and which he subsequently denied before the Committee of Privileges."<sup>60</sup> The Committee concluded that not only had Mr Allighan made charges which it regarded as unfounded and constituting a grave contempt, he had misled the Committee, that he had attempted to cast suspicion on others and had given evidence it was unable to accept. It considered this to be an aggravated contempt of the House. It made no explicit recommendation on penalties.

61. The motion that Mr Allighan be suspended for six months was moved by Mr. Morrison for the Government. In explaining the Government's position Mr Morrison said:

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56 First Report of Session 2001–02, *Mr Geoffrey Robinson*,: *Supplementary Report HC 297*, Fifth Report of Session 2001–02, *Mr Keith Vaz*, HC 605

57 In December 1954, Peter Baker was expelled after receiving a custodial sentence of seven years following a conviction for forgery.

58 Report from the Committee of Privileges, HC 1946–47, HC138, paragraph 11

59 *Ibid*, paragraph 8

60 HC Deb, 30 October 1947, c 1160

I do not underestimate the gravity of the offence.[...] But I do not like the House expelling Members except in cases where there cannot be much doubt about the rightness of the expulsion and where it would be accepted, broadly speaking, all round and fairly generally as the right thing to do. Expulsion is a very serious step. It could be a step open to very great abuse. For example, it would be exceedingly grave if the House expelled a Member because it thoroughly disliked him; either because it did not like his character or a number of things he had done. Once that was started, we could all make lists that might reach a considerable number before we had finished. If we were to abuse this power of expulsion it could become an instrument of danger to the House itself.<sup>61</sup>

An amendment was moved to the effect that Mr Allighan should be expelled. The question that the original wording of the Motion should stand was defeated by 187 to 75. The House subsequently resolved to expel Mr Allighan without a further division.

**62. We accept that Mr MacShane is widely acknowledged for his interest in European affairs, and the funds he claimed could be said to have been used in supporting that interest. Those activities may have contributed to his Parliamentary work, albeit indirectly. He has expressed his regret, and repaid the money wrongly claimed. But this does not excuse his behaviour in knowingly submitting nineteen false invoices over a period of four financial years which were plainly intended to deceive the Parliamentary expenses authorities. This is so far from what would be acceptable in any walk of life that we recommend that Mr MacShane be suspended from the service of the House for twelve months. This would mean he lost his salary and pension contributions for this period.**

63. We have detailed other breaches of the Code of Conduct: failure to comply with the Code in claims for computer equipment, and claims for activities which were not supported by the expenses scheme. We wish to make it clear that while these are significant, and would have been taken into account in a different case, our recommendation springs principally from Mr MacShane's actions in submitting the EPI invoices which he knew to be false. We also considered his failure to cooperate with the investigation to be significant: lesser breaches of the Code have not contributed to our decision.

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61 Ibid, c1160

# Appendix 1: Memorandum from the Parliamentary Commissioner for Standards

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# Complaint against Rt Hon Denis MacShane MP

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## Introduction

1. This memorandum reports on my investigation into a complaint that the Rt Hon Denis MacShane, the Member for Rotherham, claimed costs against the incidental expenses provision (IEP) from 2004–05 to 2007–08 for certain research and translation services and for computer equipment, contrary to the rules of the House.

## The Complaint

2. Mr Michael Barnbrook wrote to me on 29 June 2009 to make a formal complaint against Mr MacShane.<sup>1</sup> He signed his letter as the Spokesman on Law and Order, British National Party.<sup>2</sup> He said that his complaint related to an article, a copy of which he enclosed, which had appeared in the *Mail on Sunday* on 28 June.<sup>3</sup> He said that, if the allegations in the article were true, “*Mr MacShane appears to be in breach of parliamentary rules*”. He noted that the Code of Conduct stated that “*holders of public office should take decisions solely in terms of the public interest*” and that “*They should not do so in order to gain financial or other material benefits for themselves, their families and their friends*”. Mr Barnbrook went on to say, “*I have not submitted any evidence with my complaint as it is already in the public domain and I am not aware that Mr MacShane is denying any of the allegations made against him by the Mail on Sunday.*”

3. The article in the *Mail on Sunday* said that Mr MacShane was “*facing further questions over his expenses after it was revealed that he claimed for eight laptop computers in just three years.*”<sup>4</sup> It said that Mr MacShane had “*used his office expenses to claim more than £5,900 for the machines between March 2005 and January last year*”, and that these machines were “*in addition to technical equipment provided to MPs by Parliamentary authorities.*” The article said that four laptops had been claimed in 2007–08, and included “*what appears to be a duplicate claim in successive months for a computer of the same value, £498.95*”. It said that Mr MacShane had also claimed for a Palm Pilot and three digital cameras. The article said that Mr MacShane, in a statement released to his local paper, had “*claimed that the nature of his duties and the march of technological change necessitated the purchases*”.

4. The article also said that, the previous week, the *Mail on Sunday* had revealed “*how Mr MacShane submitted more than a dozen invoices to the Commons bearing the heading of the European Policy Institute*”. It said that each bill “*was justified by one line—‘research and translation’—followed by a demand for fees ranging between £550 and £950*”, and that the European Policy Institute was controlled by Mr MacShane’s brother. Finally it said that the

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1 WE 1.

2 Mr Barnbrook let me know on 7 July 2012 (not included in the written evidence) that he was no longer a member of that political party.

3 WE 2

4 WE 2

paper had “revealed last month how Mr MacShane claimed nearly £20,000 a year in expenses for an office based in the garage of his South Yorkshire home. The claim, totalling £125,000 over the past seven years, covered the costs of running his official constituency base from the [...] garage at his [...] home in Rotherham.”

5. I replied to Mr Barnbrook on 2 July 2009.<sup>5</sup> I reminded him that I was required to consider whether the complainant had provided me with sufficient evidence to justify at least a preliminary inquiry into whether the Member had breached the rules, and told him that, if he would like me to consider instituting an inquiry into his complaint against Mr MacShane, he should let me have the evidence on which he wished to rely and an explanation of how he believed Mr MacShane had breached the rules of the House.

6. Mr Barnbrook responded on 7 July.<sup>6</sup> He identified evidence published on the parliamentary website which he believed substantiated his complaint. In relation to his complaint about Mr MacShane’s claims for computer purchases, Mr Barnbrook provided a list of nine claims: one in 2004–05, three in 2005–06, one in 2006–07 and four in 2007–08. These totalled £6,467.76, and ranged in individual value from £498.95 to £1,276.59. In relation to his complaint about Mr MacShane’s claims for what he described as consultancy and translation services, Mr Barnbrook provided a list of 19 claims for payments to the European Policy Institute, six in 2004–05, four in 2005–06, six in 2006–07, and three in 2007–08. These totalled £12,900, and ranged in individual value from £450 to £950.

7. I replied to Mr Barnbrook on 15 July.<sup>7</sup> I said that I had accepted the elements of his complaint relating to Mr MacShane’s purchase of computer equipment and to his payments to the European Policy Institute. I said that I had not accepted his complaint about Mr MacShane’s constituency office because he had not submitted any evidence to suggest that Mr MacShane had broken the rules of the House.

## Relevant Rules of the House

8. The Code of Conduct for Members of Parliament approved by the House on 14 May 2002 provided that:

“No improper use shall be made of any payment or allowance made to Members for public purposes and the administrative rules which apply to such payments and allowances must be strictly observed.”

9. This provision was superseded by paragraph 14 of the Code of Conduct approved by the House on 13 July 2005, which provided that:

“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.”

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5 WE 3

6 WE 4

7 Not included in the written evidence

10. Paragraph 18 of the Code of Conduct approved by the House on 13 July 2005 provided that:

“Members shall cooperate, at all stages, with any investigation into their conduct by or under the authority of the House.”

The Code of Conduct approved by the House on 12 March 2012 contained an almost identical provision in paragraph 19.

11. The rules relating to the incidental expenses provision at the time the claims were made were set out in the Green Books published in July 2004, April 2005 and July 2006. In his introduction to all three editions, Mr Speaker Martin 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.”

12. The rules in relation to the incidental expenses provision are set out in Section 5 of the July 2004 Green Book, and the relevant references are almost identical in the April 2005 and July 2006 editions. Paragraph 5.1.1 set out the scope of the IEP as follows:

“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.”<sup>8</sup>

13. Paragraph 5.3.1 gave a list of allowable expenditure under IEP and included:

- “Equipment and supplies for the office or surgery
- Work commissioned and other services
- Certain travel and communications.”

14. Paragraph 5.3.2 provided:

“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.”

15. The Green Book gave examples of allowable expenditure relating to work commissioned and bought-in services. These included:

- “Interpreting and translation services ...
- Research and media scanning services ...
- Recruitment services”.

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8 In the April 2005 and July 2006 editions this paragraph was underlined from “but” to “duties”.

16. The examples of allowable expenditure relating to equipment and supplies for the office and/or surgery included:

- “Purchase or lease of photocopiers, faxes, scanners, phones and other office equipment, including computers ...
- Purchase of hardware and software.”

17. The examples of allowable expenditure relating to communications and travel included:

- “Accommodation during trips funded by extended travel<sup>9</sup>
- Subscriptions eg to newspapers or periodicals
- Recruitment and recruitment advertising costs.”

18. The examples of expenditure not allowable under this heading included:

- “Communications or travel on personal or party political matters
- Travel and/or accommodation for anyone who is not a Member or their employee ...
- Hospitality and entertainment.”

19. Section 12 of the Green Book stated, in relation to computers and other IT equipment provided for Members and their offices:

“This equipment is free of charge, on loan to Members for Parliamentary use only.  
[...]

Members can also use their IEP to buy additional items, providing they are used solely for Parliamentary purposes.”

20. Paragraph 5.10.1 of the Green Book provided that “Evidence in the form of invoices or receipts must be provided for all items of expenditure of £250 or more.” The Members’ Reimbursement form (C1) asked Members to ensure that “any claims for petty cash do not exceed £250 per month”.

21. The Eighth Report of Session 2007–08 from the Committee on Standards and Privileges considered the relationship between the complaints system and the criminal law.<sup>10</sup> The Appendix to that report contained a statement agreed between the Chairman of the Committee on Standards and Privileges, the Parliamentary Commissioner for Standards and the Commissioner of Police of the Metropolis. The statement included the

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9 Expenditure claimed for extended travel for journeys within the UK under Travel Entitlements had to be wholly, exclusively and necessarily incurred on Parliamentary business and the journey had to relate to a matter currently before the House, relate to a matter currently before a select committee on which the Member served, be to a constituent or relevant to a general constituency matter, or be to a UK Parliamentary assembly. Members were required to seek prior authorisation from the Department of Finance and Administration.

10 Committee on Standards and Privileges, Eighth Report of Session 2007–08, *The Complaints System and the Criminal Law*, HC 523

following agreed procedure to be followed in cases where the Commissioner considered that an inquiry raised questions of possible criminal liability:

“The Parliamentary Commissioner confirmed that he had regard, where appropriate, to the possibility of criminal behaviour when investigating complaints he received against Members of Parliament. He would continue the practice in specific cases of liaising with the Metropolitan Police or other relevant force whenever he considered it appropriate to do so, initiating the process at the earliest opportunity. All parties welcomed this. If at any point in his investigation of a complaint, the Parliamentary Commissioner considers that there are sufficient grounds to justify reporting the matter to the police for them to consider a criminal inquiry, he confirmed that he would submit a recommendation to that effect to the Committee on Standards and Privileges, who would decide whether such a report should be made. Where this was done, the Chairman confirmed that the Committee would normally expect the Parliamentary Commissioner to suspend his inquiries until the question of possible criminal proceedings had been resolved...”

## My Inquiries

22. I wrote to Mr MacShane on 15 July 2009<sup>11</sup> and enclosed copies of the complainant’s letters of 29 June and 7 July.<sup>12</sup> I told him that the essence of the complaint I had accepted was that the costs he had claimed against the incidental expenses provision for his constituency office and certain office services and equipment had not been wholly, exclusively and necessarily incurred on his parliamentary duties, contrary to the rules of the House. Having summarised the relevant rules, I asked Mr MacShane about the claims he had made. In relation to his purchases of computers, I asked Mr MacShane what computers provided free of charge by Parliament he had used for his parliamentary duties since 2004–05 and why he had needed to buy each of the nine additional computers which, according to the complainant, he had purchased from his IEP over the four financial years beginning in 2004–05; what had happened to each of these nine computers, and where they were. I also asked whether the two separate claims in January 2008 for £498.95 had been for different computers or whether they referred to the same machine. In relation to the European Policy Institute (EPI), I asked Mr MacShane what services the Institute had provided to him in each financial year since 2004–05; why he had selected this organisation to provide these services; and what role if any his brother had had at the Institute and in the provision of the services to him. I also asked Mr MacShane whether he had consulted the then Department of Resources (formerly the Department of Finance and Administration) or parliamentary IT managers about any aspect of these arrangements.

23. Mr MacShane replied the following day, 16 July.<sup>13</sup> He enclosed a copy of an e-mail which he had sent to the *Rotherham Advertiser* “which is on their website and which I hope answers all [the complainant’s] points”.<sup>14</sup> Mr MacShane told me that after he had left office as Minister for Europe in 2005 he had remained “as active as ever” on European political

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11 WE 5

12 WE 1 and 4

13 WE 6

14 WE 7. This document is summarised at paragraph 25 below.

affairs. He had served as a UK delegate on the Council of Europe and NATO Parliamentary Assemblies. He said that the then Prime Minister had asked him *“to keep working as his unofficial political envoy in Europe”*. Mr MacShane commented, *“It is no secret that as an MP I am known for my interest and knowledge in European affairs based on extensive travel, meetings and taking part in events with politicians on the continent.”* He continued, *“That meant that since 2005 I have had a good number of paid and unpaid researchers and interns working in my office from the UK, USA and different European countries to help me with Parliamentary work on European (EU and wider Europe) and international policy matters.”* Mr MacShane said that he had always sought to provide such staff with equipment including computers and *“took for granted that the IEP could be used to make those purchases. I have also made sure that my homes were equipped.”* Some of his purchases had been replacement computers for computers that had broken down in some way. He said that two of the computers he had bought were now *“malfunctioning”*, and a third had broken down completely. Mr MacShane said that in his office in the House, in addition to the two malfunctioning computers, there were *“two laptops in addition to the desktop I am writing on and the Sony P lightweight notebook I have in my bag”*. He said that he would *“check on the point about the two computers purchased in 2008.”* He thought that he had been *“upgrading computers in Rotherham”*. Mr MacShane did not think he could have submitted the same invoice twice, if that was what was alleged, and noted that *“the Fees Office normally did check and pick up any discrepancy”*.

24. Mr MacShane said that he had *“also had to organise research and translation work in different corners of Europe.”* To this end, on leaving ministerial office in 2005, Mr MacShane had *“reactivated”* the European Policy Institute (EPI). The EPI, he said, *“was founded as a network of policy intellectuals in the 1990s and has published books, organised conferences and commissioned research”*. He commented that his brother was *“on an old letterhead as administrator but receives no payment or monies and never has. He has had no direct involvement for some time”*. Mr MacShane also said that *“All of this money claimed from under the IEP heading which in the previous and new Green Book permitted research and translation work was to carry on with my high level of European political work as a UK parliamentarian and for which, as you know, there is no payment or support of any kind.”* He added that, *“To my certain knowledge the Fees Office has never queried any receipt I have submitted and of course I have always abided by their rulings.”*

25. In the statement that Mr MacShane had released to the *Rotherham Advertiser* on 25 June 2009,<sup>15</sup> he explained that, to do his job as a Member of Parliament, he needed to run offices in both Rotherham and Westminster. He said that he saw his prime responsibility as an MP as being *“to meet and serve the needs of my Rotherham constituents—individually and collectively; play my full role at Government at a national level; undertake those responsibilities asked of me by the Government at an international level”* and, in all these roles, to do his best *“to implement the policies and politics for which people elected me as their MP.”* He commented, *“I did not come into politics to manage budgets, supplies, staffing etc and I am the first to acknowledge that this has not had the important and detailed attention which with hindsight I now realise I should have provided”*. He continued, *“I spend a lot of time travelling and am on the road a lot, so like others in similar roles, computers, mobile phones and Blackberries are an absolute necessity and are in constant use seven days*

*a week. In both my offices I employ permanent and part-time staff [...] I also have interns and short-term researchers working in my offices and most of the equipment purchased has been for their use and to ensure I have fully functioning offices. Camera, computer and phone technology are ever changing and I have sought to use the annual office costs allowance to maximise the technological opportunities for me and my staff to deal with a very demanding workload.*” Mr MacShane noted that the expenses of all MPs were to be checked by “*an independent body*”.<sup>16</sup> He said that if this independent scrutiny identified any errors, he would “*of course make the necessary repayments, including [...] the cost of research and translation work undertaken by the European Policy Institute in connection with my European political activities.*”

26. I replied to Mr MacShane on 20 July 2009.<sup>17</sup> I asked if he could give me further information in respect of a number of the points I had raised in my letter of 15 July.<sup>18</sup> I asked him what computers he had used since 2004–05 that had been provided free of charge by Parliament, and for a statement of the reasons for purchasing each of the computers identified in the complainant’s list and what had happened to them. I said that I appreciated that he might not have kept detailed records, but that it would be helpful to have as accurate a recollection as possible. I also asked Mr MacShane for fuller details of each of the 19 claims identified by the complainant for the work of the EPI from 2004–05 to 2007–08 and why he had selected this organisation to provide these services to him. I said that it would be particularly helpful to know what was bought or supplied by the EPI for each of the claims made, and to see examples of the research and translation work which was covered by any of these claims.

27. Mr MacShane responded on 10 October 2009.<sup>19</sup> He began by apologising “*most sincerely*” for the time it had taken him to do so. He said that he had set out “*as fully as I can my justification for using the European Policy Institute to claim back moneys I spent working on European affairs which I consider to be part and parcel of my Parliamentary work*”. He also said that his brother “*has had nothing to do with the EPI since some time and is not involved in any way with claims in the period under review*”. He added that he would “*reply later on the computers questions*” but that, as he had told the press, “*these were bought to have a fully equipped facility for computer communication in two homes, as well as lightweight travel computers, two of which broke down and needed replacement as well as providing computers for the flow of interns or one-off research assistants I have in my office*”.

28. Mr MacShane said that the EPI was “*created in the early 1990s in Geneva as an informal network of writers and political activists interested in European affairs*”. He said that it had published books, reports and bulletins, and “*was used by different people as a vehicle for payments and for publishing or conference organising activities*”. Mr MacShane said that the EPI had no full-time staff, and that it had paid for “*travel, research, translation, purchase of reports and books connected to European political activities on an informal basis*”. Mr MacShane said that he had used it over a number of years to cover costs relating to his

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<sup>16</sup> This was a reference to the review undertaken by Sir Thomas Legg of Members’ claims against a different allowance (the Additional Costs Allowance). See Members Estimate Committee, First Report of Session 2009–10, *Review of Past ACA Payments*, HC 343.

<sup>17</sup> WE 8

<sup>18</sup> WE 5

<sup>19</sup> WE 9

parliamentary work, “for example as Chair of the All-Party Committee of Enquiry into Anti-Semitism (2005–2008) where no other source of parliamentary funding was available or when travelling to prepare for the many debates on European affairs including the debates on the Lisbon Treaty”.<sup>20</sup>

29. Mr MacShane said that, in the final months of 2004, he “was exploring the impact on British politics of the new Zapatero government in Spain”. This had “involved a trip to Madrid and a hotel stay plus purchase of books and meetings with policy specialists and Spanish parliamentarians”. Mr MacShane said that the costs had been met from the EPI. He also said that “as former chair of the British-Swiss Parliamentary Group and as someone who lived and worked in Geneva for a number of years before becoming an MP in 1994” he had always taken “a keen interest in Swiss political and economic affairs and made a point of travelling regularly to Berne, Geneva and Zurich to meet MPs and officials there.” In January 2005 he had made such a trip, using the EPI for reimbursement, and had “commissioned a report from a Geneva based consultant, [name], for which I paid (from memory) CHF 500<sup>21</sup> in cash”. Mr MacShane said that this had been followed by a visit to Warsaw ahead of Polish accession to the European Union. He had been “a main go-between for western trade unions and the Solidarity trade union in 1980–1981” and, since becoming a Member, had “taken a sustained interest in Polish links”. As he did not have the language, he had “used the EPI to pay informally for research and translation as well as to cover flight and hotel costs as in the spring of 2005”.

30. Mr MacShane said that the payments he had claimed in the spring of 2005 related to “an intense period of activity prior to and connected with the presumed general election that year.” He had asked his “network of correspondents to prepare reports on how Britain was seen from the point of view of various European countries in order to prepare debating points and arguments for use in parliament and in media and Commons debates with the Conservative opposition.” The EPI had produced “an analysis in different languages” as well as a report in Mr MacShane’s name on “the position of Labour’s sister parties in the EU”.

31. Mr MacShane said that in the summer of 2005, the key issue in Europe had been the referendums in France and the Netherlands on the constitutional Treaty. He commented: “The issue was a hot subject in the Commons and in order to brief myself as fully as possible I travelled to France and the Netherlands [to] investigate on the ground what the arguments were. I bought a considerable number of newspapers, magazines and books over this period which I used EPI payments to cover. I had research undertaken in different capitals on how they would react to the No from the French and the Dutch. These informed my interventions in the House and in British public debate on the issue in which I took a leading part in this period.”

32. Mr MacShane said that in the autumn of 2005 the Prime Minister had asked him “to be his envoy to European political parties and personalities meeting people informally and reporting back to No 10 [...] I met the PM at Downing Street to report on my impressions and to help him keep informed from other than formal diplomatic sources on development in

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20 The All-Party Parliamentary Inquiry into Anti-Semitism was commissioned by the All-Party Parliamentary Group Against Anti-Semitism but was not itself a registered All-Party Parliamentary Group.

21 About £225 at the relevant time.

Europe.” He commented, “As is well known Whitehall has no way of paying for this kind of work undertaken at the Prime Minister’s request which involves travel, research, contacts, hotels, purchase of books and journals etc.” Taking account of his personal financial circumstances, he had “felt it was reasonable to use the Commons allowances to cover costs of work that lay at the centre of [his] Parliamentary activities”. Mr MacShane also said that, in this period, he had spoken “in every FCO question session usually on Europe and in most foreign policy and international debates”. He had written “a great deal”, had broadcast “regularly” on his Parliamentary work on European political affairs, and had spoken “at events all over the country and in Europe on European affairs”. Mr MacShane said that he “could not have undertaken this intense level of work [requiring] up-to-date knowledge of EU developments and European political affairs (much of it only available in languages which needed translating) without being able to call on the modest sums claimed via the EPI.”

33. Mr MacShane said that his work as a personal envoy for the Prime Minister had continued throughout 2006. In the first months of the year he had been to Switzerland twice to meet with Swiss politicians, editors and diplomats. He commented, “The issue of the Swiss negotiating an agreement with the EU to allow free movement of people was important.” He said that, some years previously, he had “persuaded the Government to allow Swiss citizens to enter the UK using the same channel at airports as EU citizens. Now the Swiss were involved in tricky negotiations, which involved Britain as an interlocutor, with the European Commission on free movement of people and solidarity payments by the Swiss to the EU.” Mr MacShane said that he had also gone to Paris to promote the cause of recognition of Kosovo “which was a priority for the Government”. He had met French politicians and ambassadors of key states to press the case. In the spring of that year he had travelled to Pristina for meetings with Kosovan political leaders. Mr MacShane noted that he was by that time “established as a UK delegate to the Parliamentary Assembly of the Council of Europe and to the NATO Parliamentary Assembly” and that “this was parliamentary work outside of the Commons and being informed, briefed and up-to-date on European political and defence/security matters required intensive research, briefing and translation which was covered by EPI payments.”

34. Mr MacShane said that in February 2006 he had gone to Poland and “prepared a report on Polish politics for the PM at his request”. He added that on average over this period he had “tried to go to Poland at least twice a year”. He told me that he did not speak Polish “beyond a few words” and that he had therefore had to “ask for translations of material in order to be fully briefed.” In March 2006 Mr MacShane had gone to Berlin “at the PM’s request to talk to the Energy Minister, Sigmund Gabriel and the leadership of the Social Democratic Party then in coalition with the CDU”. He said that this had been useful to his “parliamentary interventions on EU energy policy and on the foreign policy approach of the new German coalition government”. Mr MacShane commented that he had “met diplomats and editors there and bought €100+<sup>22</sup> worth of books on aspects of German politics.” He said that he had again “used EPI claimed for money to help cover the costs of these trips”, which he considered helped to improve his “ability to contribute as an MP to the UK debate on German and EU politics.”

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22 Around £70+ at the relevant time.

35. Mr MacShane said that by this stage he was chairing the “*All-Party Commission of Enquiry into Anti-Semitism*”, which had been set up in 2005 and which had reported in September 2006.<sup>23</sup> He had “*travelled to Paris, Amsterdam, again to Berlin and Rome to have talks with different Jewish organisations.*” He had “*used EPI money claimed in 2006 to help defray costs and to have translations done and buy books in French and German on anti-Semitism.*” Mr MacShane added that, in the autumn of 2006, he had travelled to Italy, Bulgaria, Hungary, the Czech Republic and Berlin to speak on the Commission’s report on anti-Semitism. He said that “*the EPI payments recorded in September, October, and November of 2006 helped cover these costs as well as helping with translation into and from different European languages.*”

36. Turning to the claims made in 2007, Mr MacShane said that that year had been “*more or less the same as the previous two years and two succeeding years in terms of regular visits to different parts of Europe, the purchase of journals and books and organising translations.*” He had been in France in the spring of 2007 in connection with the French presidential election. He said that he “*was now working actively on combating anti-Semitism at the European level, meeting politicians and researchers on this issue and reading widely.*” He said that this involved buying books which he “*used money claimed under the EPI heading to pay for.*” Mr MacShane said that in April 2007 the Government had produced a Command Paper in response to the Inquiry’s report on anti-Semitism. He commented: “*A key recommendation was the need to engage in European and international parliamentary and government work to fight and expose anti-Semitism. This was a new area of parliamentary work—reflected in questions and contributions to debates—in addition to my continuing work on European politics where my contributions in the House and public debate in 2007 are a matter of record also required being in touch with politicians and researchers in different European countries where anti-Semitism is a problem.*”

37. Mr MacShane said that he had spent time in France after the election in May 2007 “*to gauge the changes in the way France was likely to approach issues like the problems of immigration by asylum seekers clustered on the north French coast who seek entry into the UK*”. He commented: “*At each of my fortnightly surgeries in Rotherham about half the people who come along are asylum seekers who make no secret they arrived via people smuggling criminal gangs who use lorries to bring asylum seekers and economic migrants in from France. Finding out from French politicians and officials about this problem was a contribution to my ability to intervene usefully in this area of European politics.*” Mr MacShane went on to say that he “*was by now actively researching contemporary European anti-Semitism which involved visits to Frankfurt and Grenoble*”. He had also been “*invited by Jacques Delors*” to join a committee, on which he still served, to draw up a short-list for the European Book of the Year. Mr MacShane commented, “*Again, there were no funds to cover the costs of travel and staying in Paris for these meetings and since I used them to try and advance the case of British writers [...] I thought it reasonable to use EPI money to cover these costs.*”

38. In conclusion, Mr MacShane said that he hoped his arguments provided “*some background*” to why he believed “*it was reasonable to claim moneys for parliamentary activity which could not be sourced in any other way*”. He enclosed copies of work

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23 See footnote 20.

translated into different European languages over the period concerned, some of which he said had been covered by EPI payments.<sup>24</sup> Mr MacShane added that *“If told to make rectification I will do so but with some concern as it will mean that in the future I will not be able to be as engaged on European political work which has informed all my Parliamentary work in recent years.”*

39. I replied to Mr MacShane on 14 October.<sup>25</sup> I noted that in my letter of 20 July,<sup>26</sup> I had asked for further details of each of the claims identified by the complainant for the work of the European Policy Institute for 2004–05 to 2007–08, and that Mr MacShane’s letter had described the activities he had undertaken with the support of the EPI over those years. I sent Mr MacShane a copy of a schedule I had drawn up, based on the information he had provided and intended to give me as clear an idea as possible of what each of the claims had covered.<sup>27</sup> I said that I proposed to use this schedule as a basis for my inquiry, and invited him either to confirm or amend it. I asked in particular for information about the payments claimed on 9 December 2005, 29 November 2007 and 4 January 2008, and why there had been apparently such a wide variation in costs for the various activities he had described. I also asked Mr MacShane how much he had spent on translation, research and books and how much on accommodation and travel within each of the claims he had made, and to confirm, first, that the 30 or so articles he had sent me had all been all researched or translated (or both) by the EPI, and second, the date when his brother had ceased to be involved with the Institute.

40. I asked Mr MacShane also to clarify his own involvement with the EPI. In particular, I asked him how he had reactivated the Institute when he had left ministerial office in 2005, whether he held any position with the Institute, and (if possible) what proportion of the EPI income for each of the years in question was represented by his claims (or if not how I could get hold of that information). I also asked him whether he had considered an alternative supplier for his translation and research work. Finally, I said that I looked forward to receiving a response to my question about his purchase of computers which I had included in my letter to him of 20 July.<sup>28</sup>

41. Mr MacShane replied on 29 October.<sup>29</sup> On the question of whether he had been *“wrong to use the IEP expenses system to claim payments made to the EPI which in essence was a way of being reimbursed for what I sincerely considered to be expenses connected to my parliamentary work on Europe”*, Mr MacShane said that at the time his answer *“would have been No.”* He told me that in all his working life he had *“used systems of allowances and expenses”* to help him to do his job *“without bothering too much about anything other than getting the job in hand done.”* He said that he confessed that he was *“casual and careless on expenses and if anything spend moneys without getting receipts and not claiming.”* He added, however, that at a time of *“public concern over how MPs have claimed expenses”* he realised that *“what was done in the past is no longer acceptable.”* Mr MacShane said that he

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24 Not included in the written evidence

25 WE 10

26 WE 8

27 Not included in the written evidence. For the final revised version of this schedule, see WE 33 below.

28 WE 8

29 WE 11

hoped I would find that his claims had been reasonable, and again said that if I judged that rectification of all or part of the claims about which the complaint had been made was necessary then he would of course comply.

42. Mr MacShane included with his letter a number of attachments in which he responded to the specific matters I had raised.<sup>30</sup> On the question of the payments claimed on 9 December 2005, Mr MacShane said that he had been asked in November 2005 by the Prime Minister’s Chief European Adviser “to go to Paris to talk to editors and French opinion-makers about the crisis over the EU budget”. The cost of the trip had been “around the order of £350 for a return fare, 20–30 for taxis.” He had stayed either with friends or with the British Ambassador, or else at “a modest hotel”. Mr MacShane said that he had “used the EPI payments to cover these costs”. He commented: “I did not exactly list every cost but averaged what I paid out so that I was not out of pocket. The civil service allowance for travel abroad varies from country to country but I sought to stay under it within my own framework of what was fair to charge to undertake parliamentary and political work.” Mr MacShane said that he had “used this time to do some research for an essay on the legacy of Francois Mitterrand” and had “referred to this in parliamentary and political work at the time.” He also said that he had made a second trip to Paris in early December 2005 to meet the editor of *le Monde*, “to make the argument for UK interests”. Mr MacShane said that, to the best of his recollection, he had “stayed in the UK Ambassador’s residence in Paris so there were no hotel costs”. He explained that “the EPI payment referred to above was to help defray the costs of these trips and other general work and sums expended in connection with my European parliamentary/political work.”

43. As to the payment claimed on 29 November 2007, Mr MacShane said that this had covered two trips. The first had been to Berlin “to keep in touch with political and parliamentary colleagues there.” Mr MacShane said that, as he recalled, he had been on “a fairly cheap flight around the £150 mark” but had also bought books and informed himself on “the German approach to the Lisbon Treaty as we were limbering up for the Lisbon Treaty debates in the Commons in which I was one of the main and regular speakers from the Government side.” On 18 November 2007 Mr MacShane had “made a trip to Paris to interview a set of possible replacement PA’s for my Parliamentary office”. He said that he had “always sought to have at least one of my full-time co-workers in the Commons from an EU member state in addition to the network of EPI collaborators.” He added that he had also paid €100<sup>31</sup> in cash to an EPI collaborator “for help with a paper I used later in debates”. He continued, “I freely confess that I did not make an exact listing of every receipt for taxis, books, journals, meals, etc. I have attached below a list of books bought.<sup>32</sup> I could of course have asked the Library to procure them for me but as I saw them in bookshops [on my] travels in Europe it seemed easier and more natural to buy them and use EPI claims to cover costs. The differences in claims simply were whether one or more trip was involved—each averaging around £400 and whether I had forgotten to claim for one in a previous claim.”

44. Turning to the payment claimed on 4 January 2008, Mr MacShane said that this covered a pre-Christmas trip to Warsaw to meet two EPI collaborators and to hold

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30 WE 12

31 Around £70 at the relevant time.

32 WE 12

meetings with a newspaper editor. He said that he had paid one of the collaborators €200<sup>33</sup> “for help with translation” and bought the other collaborator “a very large dinner for his continuing help with my queries about political developments in Poland.” Mr MacShane added that Poland was a country he tracked closely, but that “without any Polish beyond simple courtesies” he needed “help with translation of material and with interpretation”. Mr MacShane said that he had again “sought the cheapest possible airfare and stayed with the UK Ambassador there.” The total amount spent on the trip was “in excess of £600.”

45. Mr MacShane enclosed a list of books he had purchased; the list gave details of 54 books, which in total cost over €1000<sup>34,35</sup>. A manuscript note said that a full page of the list was missing. Mr MacShane said that most of the articles in foreign languages that he had sent me “were researched and some were translated by EPI friends or researched by myself on EPI funded trips”. He explained: “I have good French and reasonable German and Spanish but cannot write with grammatical perfection in any European language so would ask EPI collaborators to help do initial drafts or polish up work prior to publication. I would make modest cash payments as and when I saw people who helped me or entertain at my (EPI) expense as a payment in kind.”

46. On the question of his brother’s involvement in the EPI, Mr MacShane said that his brother had “kindly let me use his London address and name when the EPI was launched in 1992 when I lived and worked in Geneva. But he never took any direct, active part in its work other than the use of one of his business addresses in London to receive mail etc.” Mr MacShane stressed that he alone took “all responsibility in this matter” and that his brother had “not been linked to the EPI in any formal sense since the middle 1990s”. He told me that he did “honestly believe that the moneys claimed were connected with [his] parliamentary work on European affairs.”

47. As to Mr MacShane’s own involvement with the EPI, he repeated that it “was set up by a group of pro-European policy writers, journalists and activists in the 1990s. It produced reports, published books and organised conferences.” Mr MacShane said that he “was by far the main organiser, editor.” Mr MacShane had used the EPI to carry on his European parliamentary work “in terms of travel, translation, etc” after he had stopped being a minister. He had also used the EPI to “help defray costs related to my work as Chair of the All-Party Committee of Inquiry into Anti-Semitism that began in 2005 with reference to material from continental Europe on this issue.” Mr MacShane said that “most of the income since 2005 in the EPI has been from the IEP claims” he made. He continued, “The EPI is not an office and has never been above the VAT threshold as all moneys going in and have been paid out to cover costs. It was just easier to cover the costs of what I was doing using this means.” Mr MacShane commented: “I accept fully that this arrangement was informal and unusual but at the time it made sense in terms of my trying to maintain a high level of involvement in European affairs which I considered necessary for carrying out my parliamentary duties. I accept fully ... [that] there may have been some overlap between parliamentary and political involvement in European affairs but since I am regularly called upon by the media to comment on aspects of European politics as they pertain to the House

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33 Around £140 at the relevant time.

34 About £700 at the relevant time.

35 WE 12

*of Commons I could see no other way of funding this work save by using the EPI as a means of securing reimbursement for moneys paid out. I am clear in my own mind that what I claimed was to cover expenses connected with my work as an MP but I can also understand that others may place a different interpretation.*” Mr MacShane reiterated that he was happy to rectify any payments, either in whole or in part, if directed to do so.

48. Mr MacShane also included with his letter an attachment giving details of his computer purchases.<sup>36</sup> The dates of the claims, and the reasons for purchase given by Mr MacShane, are summarised in the following table:

Date of claim	Details of computer	Reason for purchase
14 March 2005	Sony Vaio	Lightweight computer bought for travel use
2 November 2005	None given	Bought for new home
28 December 2005	None given	Bought for use by PA/intern doing research work in office and at home
13 February 2006	None given	Replacement for computer claimed for on 14 March 2005 which had broken down
7 December 2006	None given	Bought for study in constituency home
5 July 2007	None given	Bought for new researcher, often working away from office
24 September 2007	None given	Bought for staff member working from home to carry out parliamentary work, to replace obsolete equipment
11 January 2008	None given	Bought for a PA/Intern who had to work from home, at nights and over the weekend
17 January 2008	None given	Bought for a PA/Intern carrying out research who had to work away from the office at weekends, evenings, etc.

49. I replied to Mr MacShane on 10 November.<sup>37</sup> I attached a revised schedule of the payments Mr MacShane had made to the EPI, summarising the evidence he had given to me and reflecting the fact that he had been unable to provide a full breakdown of his expenditure or the categories under which it had been incurred.<sup>38</sup> I said that, subject to any corrections or amendments he wished to suggest, I would take this schedule as a reasonable and accurate summary of his evidence of the payments he had made to EPI. I asked Mr MacShane why, instead of claiming via the EPI for research, translation, literature and

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36 WE 12

37 WE 13

38 Not included in the written evidence. For the final revised version of the schedule see WE 33.

travel costs, he had not claimed these directly from his allowances, where permissible. I also asked him to confirm the status of the EPI. I asked if it was, for example, a virtual organization which was used by him to make payments direct for a range of facilities and services as described in his evidence to me. I asked about the arrangements for this organisation—whether it had a bank account and office holders; whether it was a company or a partnership; who its employees were; and if I could see copies of its accounts for the relevant years.

50. On Mr MacShane’s expenditure on computers, I said that I was having some difficulty reconciling this list with the information he had provided in his letter to me of 16 July.<sup>39</sup> I noted that he had referred to a Sony Vaio computer which had broken down on a visit to Washington DC in November 2008. I asked if he had been mistaken in suggesting in his letter of 16 July that the two computers purchased in 2008 had been to upgrade computers in Rotherham, given that it appeared from the note attached to his letter of 29 October that they were in fact bought for two PAs/interns. I also asked Mr MacShane if he could let me know, as requested in my initial letter of 15 July,<sup>40</sup> where each of these nine computers now was. Finally, I asked Mr MacShane, as requested in my letters of 15 and 20 July,<sup>41</sup> what computers provided free of charge by Parliament he had used since 2004–05, and why he had needed the bought computers in addition to the free provision.

51. Mr MacShane replied on 19 November, seeking clarification of the precise information I was seeking.<sup>42</sup> I responded to him on 23 November.<sup>43</sup> I said that, in respect of his EPI claims, the information he had so far provided had not given a full breakdown of his expenditure or the categories under which it was incurred. If he had such information, in whatever level of detail he had retained it, including invoices identifying the services provided and the costs of those services in each of his relevant claims, then it would be very helpful to me to have it. I would then be able to revise the schedule and provide a much clearer understanding of how each of these claims had been built up. If, however, Mr MacShane had given me all that he could, I asked him to confirm this, and said that I would then take the summary as the best information he could now provide me with. I also said that the outstanding information I had requested related to the computers provided free of charge by Parliament since 2004–05 and what had happened to each of the nine computers he had bought and where they were now, which I had asked about on 15 July;<sup>44</sup> and to the claims he had made for payments to the EPI.

52. Mr MacShane sent me “*a further holding letter*” on 1 December,<sup>45</sup> and, following an informal meeting on 14 December to clarify the information I had sought, he replied substantively on 11 January 2010.<sup>46</sup> He apologised for the delay in responding. He attached what he described as “*further documents relevant to EPI’s existence*”. They included “*letters*

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39 WE 6

40 WE 5

41 WE 5 and WE 8

42 WE 14

43 WE 15

44 WE 5

45 WE 16

46 WE 17

from academics and others on the continuing existence of the EPI".<sup>47</sup> Mr MacShane said that section 5.13.2 of the 2005 Green Book allowed payments for research, interpreting and translation services. He said that he had taken this "to cover carrying out my own research based on face-to-face contacts in addition to translations of articles/notes you have been sent". Mr MacShane attached statements from four people paid by the EPI which he said "showed payments of €5,700<sup>48</sup> plus US\$950<sup>49</sup>".<sup>50</sup> He continued, "Others who have helped me include government officials and employees of NGOs who would prefer not to make formal statements of modest EPI payments since as I understand it anything I send to you may end up published on the record."

53. Mr MacShane reiterated that he "felt that in order to maintain [his] Parliamentary work as one of the House's 'experts' on Europe [he] needed to maintain a level of face-to-face contact and dialogue with EU politicians and policy/opinion formers across the range." He told me that he could "speak three European languages" but needed help with translation, and explained that "such help was paid for in cash since to go through a formal translation/interpretation agency is costly and cumbersome." He said that he did on occasion claim the European Travel Allowance, which he described as "quite limited" but commented that "this did not allow the flexibility of visits and arrangements, often made at short notice" that he required.<sup>51</sup> He observed that "the European Travel Allowance pays full business class and hotel costs so that, for example, a trip to any remoter European capital can cost £2,000 or more." He also said that many of the EPI payments he had made came under the £250 limit required for receipts.

54. Mr MacShane said that he had "never charged the IEP for office rental" and that he had "felt it was reasonable to use some of the permitted IEP allowance to carry out my European research." In order to "maximise visit possibilities" he had felt it "better to make two or even three trips" rather than limit himself "to the 3 x per annum European Extended Travel visit."<sup>52</sup> He continued: "In my judgement if the House permitted any number of Extended Travel trips within the UK in connection with Parliamentary work<sup>53</sup> it was reasonable to seek, within the overall limits of the IEP allowance, to make some low-costs trips to Europe as part of my continuing interventions in the House on Europe."<sup>54</sup> Mr MacShane said that he also used EPI moneys to have translated articles which he had sent me.<sup>55</sup> He added that he had no private income or external sponsors to allow this work to be carried out. He had "felt that using the EPI as a vehicle to cover costs and payments was reasonable" although,

47 WE 19-25

48 Around £4,000 at the relevant time.

49 Around £520 at the relevant time.

50 WE 19-22

51 The European travel entitlement allowed Members to claim for travel on parliamentary duties to EU institutions and agencies and to the national parliaments of EU member states, EFTA member states, EU candidate countries and EU applicant countries. Members were required to seek prior authorisation from the Department of Finance and Administration. Members could claim for three return visits each year, subject to an annual cost ceiling, and for two nights' subsistence per visit.

52 See footnote 51.

53 See footnote 9.

54 See footnote 51.

55 Not included in the written evidence. Mr MacShane sent me copies of papers, notes and articles which he said had been prepared with EPI help.

“in the light of new, stringent interpretations on what MPs can and cannot claim”, he accepted that he may have been “too relaxed in making claims.”

55. Mr MacShane said that he had been “hunting through old files to show reports and books and conferences published and organised by the EPI”. He said that the organisation was “not a company, nor a partnership (in the sense of lawyers or GPs)”, that it had “no office, and a bank account which has never reached VAT registrable levels so there have been no accounts to audit or submit.”

56. Mr MacShane said that in the last Parliament as he ceased to be a Minister he “used the EPI almost entirely to cover the costs” he had described and “to claim from the Fees Office to cover those costs”. He also said that, assuming he was re-elected to the next Parliament, he planned to upgrade the activities of the EPI “with a full-time researcher/organiser” but added that “even then it will be located in our respective computers” and he doubted whether it would “ever attain the status of a full-scale office operation”. Mr MacShane said that the EPI was already commissioned to publish a report on the new barriers to Turkey’s future admission to the European Union and that he would “be travelling to Istanbul to carry out work in that regard”. He commented: “I would it [were] possible for me as an MP to exercise my judgement on what work I need to carry out. For good or ill I am an expert on European affairs. Other colleagues may travel freely using Extended Travel allowances to any corner of the UK to research matters or meet people in connection with matters before Parliament.<sup>56</sup> I have spoken more on European issues than any other subject in the last five years and rightly or wrongly felt it reasonable to use the EPI as a payment method for researching this work which was to help me as an MP.”

57. Mr MacShane attached to his letter statements from four people who had assisted him and been paid by the EPI payments.<sup>57</sup> The first was from a person in Switzerland, who had been paid by Mr MacShane in cash in each of the five years from 2005 to 2009 CHF 400<sup>58</sup> in addition to hospitality when he visited Geneva for translation, research and other general advice on political developments in Switzerland as they related to the United Kingdom. The second was from a person in France, who wrote that “in the years 2005, 2006, 2007, 2008 and 2009 you [Mr MacShane] paid me in cash when we saw each other sums averaging €500<sup>59</sup> for all the bits and pieces of work—translating, analysing French and international labour politics that you asked me to ahead of your regular visits to France and on the French media to discuss UK and European politics. I can also confirm that you paid me US\$950<sup>60</sup> to read and edit your manuscript of the work on anti-Semitism arising from the Commission of Inquiry into Anti-Semitism you chaired on behalf of the UK Parliament.” The person added that Mr MacShane had “also kindly bought [him] dinners or lunch”. The third was from an individual in Germany who had received a total of €700,<sup>61</sup> including €300<sup>62</sup> in both 2006 and 2007 for translation services and €100<sup>63</sup> for “communicating with

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56 See footnote 9.

57 WE 19-22

58 Around £200 at the relevant time.

59 Around £340 at the relevant time.

60 Around £520 at the relevant time.

61 Around £490 at the relevant time.

62 Around £200 at the relevant time.

counterparts” in connection with “IG Metall<sup>64</sup> and the Frankfurt Book Fair”. The fourth was from a person who confirmed that Mr MacShane had “visited Madrid more than once during the period 2006–08”. That person commented, “During these trips, in pursuance of your parliamentary duties and the work of the European Policy Institute, you met local politicians advisers to the Government in Spain and journalists. I helped with some of the organisation but the costs including meals for the guests and travel were all met by the EPI. I would estimate these expenses to be at least €500<sup>65</sup>.”

58. Mr MacShane also enclosed with his letter of 11 January<sup>66</sup> copies of three notes which, he said, referred to invitations which had been extended to him in connection with EPI activity to speak at events.<sup>67</sup> The first, from a United States trade union official, paid tribute to past briefings provided by Mr MacShane there under EPI auspices, and hoped that “the current climate” would not diminish Mr MacShane’s “ability through EPI to keep updating us on European trade union issues.” The second gave feedback on a previous event addressed by Mr MacShane and looked forward to his participation in an event in St Petersburg in June 2010. The third, from an American university professor, sought to build on “last year’s very successful visit both for the European Policy Institute and yourself” and to initiate arrangements for a further visit.

59. Mr MacShane also enclosed with his letter of 11 January a note about his computer purchases.<sup>68</sup> Mr MacShane said that, as with other office equipment, he treated computers as “tools to be used, discarded, bought for co-workers” and said that, provided he was within the office costs allowance limit, he “gave no thought to the cost of purchase.” He criticised the laptops provided by the Commons authorities as “clunky, slow and heavy”. He said that there was “one Commons lap-top in my office. [These] keyboards are notoriously sticky after about a year’s use and I would have replaced one of these in my work areas in [constituency office] and [London]”. Mr MacShane added that he did not keep “any kind of file or inventory” of his electronic equipment. He said that some of the computers were “just lying gathering dust” in his offices or had “been thrown away when they stopped working properly”. He said that he did not “get any inventory of computers” and that the computers had been “bought as and when” for himself and for his staff.

60. Mr MacShane said that he had bought three Sony Vaio laptops for travel use, of which two had broken down and one had been replaced by a more modern version with wi-fi. He said that he did not use any of the Commons laptops supplied to him “though I can see two in my office as I write”. Mr MacShane said that if he had “been told by the Fees Office not to buy equipment” which, in his judgment, he needed for himself and his staff, then he “would have complied”, but that in his fifteen years as a Member he had “always bought whatever equipment I wanted provided it was within the limits of the allowance”. He had “tried to allocate different computers to different researchers/interns” who had worked for him.

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63 Around £70 at the relevant time.

64 The Industrial Union of Metalworkers.

65 Around £340 at the relevant time.

66 WE 17

67 WE 23–25

68 WE 18

61. On 20 January, Mr MacShane sent me a copy of a note from a fifth person he had paid using EPI money claimed for his parliamentary work.<sup>69</sup> She said that she had been paid €500.<sup>70</sup> I replied to Mr MacShane on 21 January asking what services she had provided for this sum and for the date of the payment.<sup>71</sup> Mr MacShane responded on 23 January, saying that the €500 he had paid her was “*for translations as claimed for via the EPI claim against the IEP*”.<sup>72</sup> I replied to him on 25 January, saying that I presumed he had no further information to help on the date of the payment.<sup>73</sup>

62. Mr MacShane wrote to me again about the complaint in general on 10 February.<sup>74</sup> He told me that he had spent “*a considerable amount of time*” reviewing the correspondence that we had exchanged over the preceding eight months and that he wished to thank me and my staff for the way in which we had conducted our inquiries in relation to the complaint. He said that my conduct and that of my staff had been “*even handed and exemplary*” and “*very fair*” when he had had “*a difficult period*”. He commented that obtaining documentary evidence for the time frame covered by the complaint had presented him “*with a number of challenges*” and continued, “*it is now very clear to me that my record keeping was totally inadequate and that the management of my financial administration was simply inept*”. He added that his “*failure to deal well with my own affairs at that time*” had been “*undoubtedly compounded by my personal and professional circumstances which were particularly distressing*”. On reflection, he could “*now see quite clearly that with respect to my expenses claims and the reasons for them I could have achieved some of the same aims, in terms of acquiring information to enable me to support my activities as a parliamentarian with considerable expertise in relation to European affairs, if I had simply used the administrative vehicles which were available to all Members of Parliament at the time or discussed with the Fees Office systems to allow me to research and travel in Europe*”.

63. Mr MacShane said that he had considered how his actions could be regarded by others and that he could “*well understand that consideration of just the facts could lead to individuals being highly critical*”, but he “*did not intend a wrong*”. He told me that, in mitigation, he could “*only say that the adequacy of [his] judgements and the paucity of [his] administration at the time were very influenced by [his] personal circumstances*.” His view was that “*given these facts, and [his] duty in respect to those who would pass judgement on [him] it is now only right and proper to repay the sums in question at this time*”. Mr MacShane accordingly enclosed with his letter a cheque for £7,500, payable to the House of Commons Administration. He said that the sum he was repaying was “*based on the total amounts claimed minus the invoices I have submitted from collaborators who worked for me*.” He added that this complaint had given him “*an opportunity to reflect on what was a very difficult time and to put into place administrative procedures which reflect best practice*.”

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69 WE 26

70 Around £340 at the relevant time.

71 WE 27

72 WE 28

73 WE 29

74 WE 30

64. Having acknowledged Mr MacShane's letter and informed him that I was forwarding his cheque to the House authorities,<sup>75</sup> I wrote substantively to him on 18 February.<sup>76</sup> I attached a further revised version of the schedule of EPI payments I had originally sent him on 14 October.<sup>77</sup> The claims totalled £12,900. Four related to 2004–05 (£2,900), six to 2005–06 (£3,550), six to 2006–07 (£4,400), and three to 2007–08 (£2,050). I also summarised what Mr MacShane had told me about the nature of the EPI and his control of its finances. He had told me that the EPI was a loose network of like minded individuals and academics, with no formal structure and no separate financial structure. Mr MacShane controlled its bank account. He had used the name of the Institute to enable him to claim for a range of services and activities, namely his own travel and accommodation, the purchase by him of books and periodicals, his own research, research papers and translation work he had commissioned and for which he had paid in cash and kind (namely meals); reading and editing the manuscript arising from the Committee of Inquiry into Anti-Semitism, and hospitality and travel costs for EPI contacts, including other politicians, advisers and journalists. He had no contemporary record of any of these payments, and neither he nor his contacts had records which would enable him confidently to link his claims to specific payments made via the EPI. He had considered it desirable to claim against his IEP for these costs since he had been asked to undertake the work by the Prime Minister; it enabled him to pursue his wider European interests; there was no separate provision for such activities, and the European Travel Allowance was limited to three trips to European institutions and agencies each year.<sup>78</sup> The claims he had submitted stated that they were for research and translation services and did not refer to the other costs which were covered. I invited Mr MacShane to confirm or amend this summary. I noted that he had voluntarily made a repayment of £7,500 representing the full sum of his claims for the EPI (£12,900) less, I assumed, £5,400 representing the cash payments he had made to five of his colleagues and confirmed by them.<sup>79</sup>

65. I also attached to my letter a summary of the evidence Mr MacShane had given me in relation to the nine computers he had bought from 2004–05 to 2007–08.<sup>80</sup> I asked him to confirm its accuracy. I said that it was not clear whether Mr MacShane still had the computers bought over this period and noted that he could not identify whether any of the computers in his main home and his constituency home, and which had been issued to his staff, were the computers bought over this period or replacement computers.

66. Mr MacShane replied on 25 February.<sup>81</sup> Responding to my summary of the evidence he had given me in respect of his EPI claims, Mr MacShane commented that he thought my summary was “*a fair one*”, though he supposed that the “*greater details and justification*” he had provided “*might be adduced in argument*”. He concluded: “*But as a summary it is fair.*” On his computer purchases, Mr MacShane said that he could “*try and find all these*

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75 WE 31

76 WE 32

77 WE 33

78 See footnote 51.

79 The cash payments amounted to the equivalent of about £4,500 at the relevant times.

80 WE 33

81 WE 34

computers scattered around my homes, offices and with colleagues who worked for me". He said that he had "always thought an MP could purchase whatever equipment he or she needed up to the IEP limit and he or she was a free agent in terms of these purchases".

67. Mr MacShane said that, when he had entered the House, another Member had told him, "You have to go out and buy it and sort everything out yourself." Mr MacShane said that he had "assumed on all these claims that if the Fees Office thought there was anything amiss or to be questioned then they would let me know and either I would change practice or seek their agreement to be funded for this research work in Europe". He commented: "I freely concede that I wish now I had not operated as I did. Or that I had gone and asked the Fees Office for some arrangement to carry on my European work which has been at the centre of my parliamentary existence over the years."

68. Mr MacShane wrote to me again on 1 April.<sup>82</sup> He enclosed with his letter a copy of a short book entitled *Britain's Steel Industry in the 21st Century* which he said had been published by the EPI in 1996. He commented, "It has been a constant frustration in dealing with your queries that so many documents etc have not been logged or kept. In particular this applies to the EPI which did produce reports and documents steadily in the 1990s and which remains available as a mechanism to publish reports or receive moneys for conferences and travel though as previously indicated to you I accept my errors in respect of claims under question."

69. I replied to Mr MacShane on 6 April.<sup>83</sup> I noted that the booklet had been published by Epic Books, which according to the imprint was "the publishing division of The European Policy Institute." I said that I hoped that I was right in assuming from his letter of 25 February,<sup>84</sup> in which he had agreed to the summary which I had sent him on 18 February,<sup>85</sup> that the EPI no longer had the structure implied by that imprint and, in particular, no longer had a publishing division and no longer operated out of the address given in the imprint or any other postal address.

70. Mr MacShane replied on 9 April.<sup>86</sup> He said that he did not think that sending me the booklet altered "in any way" the basic assessment I had made. He said that "it was just very frustrating that as a hopeless record keeper and someone who files nothing I was unable to show you publications and reports and books that the EPI had produced in order to demonstrate that it was not created simply and solely to claim IEP money. So when, by chance [...] I came across this book I sent it to you to show that the EPI did exist. But I see no reason for you to alter the description as you have set it down."

71. Meanwhile, I had written to the Director of Operations at the Department of Resources on 1 March to seek his comments and advice on the complaint.<sup>87</sup> I subsequently copied to him Mr MacShane's letter of 1 April, my response of 6 April, and Mr MacShane's letter of 9

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82 WE 35

83 WE 36

84 WE 34

85 WE 33

86 WE 37

87 WE 38

April.<sup>88</sup> I asked specifically if he considered that Mr MacShane's claims against his IEP for research and translation carried out by the EPI, as set out in my letter to Mr MacShane of 18 February,<sup>89</sup> met the criteria for claims against that allowance. I asked for the Director's advice on whether these claims were all permissible in the light of the information Mr MacShane had provided, including the use of this expenditure for travel and hotel costs by him and others, and its use in relation to the work of the All-Party Committee of Inquiry into Anti-Semitism. I also asked whether Mr MacShane's claims for computers over this period were, in the Director's view, within the rules of the House. I noted that Mr MacShane was unable to recollect the full details of the nine computer purchases listed by the complainant, and therefore asked the Director for unredacted copies of the relevant claims and supporting documentation. I also asked whether, in the Director's view, the two claims for £498.95 in January 2008 were likely to have related to separate machines. Finally, I asked for any other information which the Department held about the EPI, including details of the type and location of its bank account.

72. The Director of Strategic Projects replied to my letter on 29 April.<sup>90</sup> In relation to the payments to the EPI, the Director said that the rules governing the IEP allowed for claims in respect of "*work commissioned and bought in services*" and that this "*included both research and translation services*". He said that each of Mr MacShane's claims in respect of the EPI had been submitted on a C2 direct payment form (the form used in respect of claims from the IEP), with a relevant invoice from the EPI attached, and that "*on each occasion, the invoice simply stated "Research and translation as requested"*". There was no record of any discussions between the Department and Mr MacShane regarding either the wording of the invoices or the services that the EPI had provided. The Director told me that the Department "*relied on Members' certification as evidence of their claims' compliance with the House's requirements.*" The Director went on to say, "*In light of the information now provided to you by Mr MacShane, I believe that some of the services provided were not legitimate charges against IEP. Had the services been broken down by type when they were submitted, then travel and accommodation for Mr MacShane, and hospitality and travel costs for EPI contacts, would have been queried and almost certainly disallowed.*" He also noted that Mr MacShane might have been able to make use of the extended travel provision for some of his costs.<sup>91</sup> The Director added, for completeness, that he took it that the reference in my summary of 18 February<sup>92</sup> to Mr MacShane's "*own research*" was a reference to such things as the purchase of materials needed for research, rather than to any emolument paid to Mr MacShane for his own research work. He observed that "*any such emolument would not have been allowable*".

73. The Director told me that the Parliamentary Committee Against Anti-Semitism was a registered All-Party Group (APG).<sup>93</sup> It had published "*a major report*" in September 2006 which the Director said had been the subject of debate in Westminster Hall and had

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88 WE 35–37

89 WE 32

90 WE 39

91 The extended travel provision was for travel within the UK; see footnote 9. There was a separate European travel entitlement for some travel to Europe; see footnote 51.

92 WE 32

93 See footnote 20.

received responses from the Government by means of Command Papers. Mr MacShane had chaired the Committee during its inquiry. He said that it seemed to him that “*work in relation to the Committee was entirely properly work in furtherance of parliamentary duties*”. He noted that there was, however, “*no specific guidance about APGs and expenses before a Practice Note agreed by the Members’ Allowances Committee in early 2010 which stated that no more than 25% of the time of an employee paid out of parliamentary expenses should be spent on APG-related activity.*”<sup>94</sup>

74. The Director said that he “*had some concerns*” about the work which Mr MacShane had been asked to undertake by the Prime Minister in 2005–6. He explained: “*If this was work in connection with his parliamentary duties, then it would have been an eligible expense. If, however, it was work for party political purposes, it would not have been eligible, and if it was work for the purposes of Her Majesty’s Government, then it might have been more appropriate for the Government to meet the cost.*”

75. On the question of Mr MacShane’s computer purchases, the Director attached to his letter a list of computers in respect of which Mr MacShane had submitted claims. The information given by the Director is summarised in the table below:

Date of purchase	Description from receipt	Cost (£)	Allowance year charged
11 March 2005	Notebook travel computer	1,050	04–05
2 November 2005	Toshiba Tecra	834.23	05–06
28 December 2005	Siemens portable computer	554.96	05–06
11 February 2006	Packard computer	563.97	05–06
5 December 2006	Sony portable computer	1276.59	06–07
22 June 2007	Toshiba T5300 laptop	611.12	06–07
17 September 2007	Toshiba laptop	578.99	07–08
31 December 2007	Toshiba laptop	498.95	07–08

76. The Director also enclosed copies of Mr MacShane’s unredacted claims in respect of these computers.<sup>95</sup> He observed that it appeared that “*the claims on 11 and 17 January 2008 were for the same machine and that Mr MacShane was reimbursed twice for the same cost*”.<sup>96</sup> He explained that “*it was not the practice of departmental staff when validating claims for IT equipment to revisit previous claims in order to confirm the nature and frequency of earlier, similar purchases nor was it their practice to query whether the equipment was necessary for a Member to carry out his or her parliamentary duties.*” He believed that, if such a practice had been in place at the time, “*it would have been reasonable at least to have asked Mr MacShane why this level of IT provision, in addition to that provided by PICT, should not be have been regarded as excessive.*” The Director said that the Department had no record of any correspondence or other communication with Mr MacShane about his computers.

94 See footnote 20.

95 Not included in the written evidence

96 These appeared to relate to the Toshiba laptop bought on 31 December 2007.

Finally, the Director, commenting on Mr MacShane's statement in his letter to me of 16 July<sup>97</sup> that he had provided computers to his paid and unpaid staff both in the United Kingdom and abroad, said, "*so long as these computers were used only for Mr MacShane's parliamentary purposes, and that value for money was obtained, this would seem to me to be a proper use of allowances*".

77. I replied to the Director on 5 May.<sup>98</sup> I sought further guidance about the Department's practice and policy covering the claims which Mr MacShane had made for the EPI. This had included claims for the cost of Mr MacShane's own international travel and his accommodation abroad. I therefore asked whether it had been permissible at the time for Members to claim from their IEP for the cost of such travel and subsistence if they did so in support of their parliamentary duties, and whether Members could claim for such costs from their own IEP when those costs were incurred as part of the work of an all-party group.<sup>99</sup> I also asked whether the Department would have considered it acceptable at the time for Members to meet the costs of research and translation services by paying the providers in cash and in hospitality, without invoices or receipts from those providers, as had apparently happened in this case. I also asked the Director, in the light of the description in my letter to Mr MacShane of 18 February<sup>100</sup> of the organisational and financial structure of the EPI, to which he had agreed, whether the Department would consider that the nature of EPI as now described made it a legitimate recipient for funding in response to claims which appeared to have been paid out to others. Finally, I asked the Director to which bank account the Department's payments were made in response to Mr MacShane's EPI claims, and whether any were made to his personal bank account.

78. The Director of Strategic Projects replied on 13 May.<sup>101</sup> He said that it was "not permissible for Members to claim for their own international travel and accommodation from the Incidental Expenses Provision even when the costs were incurred in support of their parliamentary duties". He added that "these rules applied equally when a Member incurred such costs as part of the work of an all-party group".<sup>102</sup> The Director noted that Mr MacShane had submitted receipts from the EPI and explained that the Department "would not have had any particular difficulty with EPI paying its own suppliers in cash". He said that "if hospitality was a form of remuneration, this would have been unorthodox, and, had the Department known about it, it would have raised queries. If hospitality was not remuneration, it would not have been permitted, whether or not invoices or receipts were provided."

79. The Director said that, if Mr MacShane had absolute control of EPI's finances, "*that might have made it unwise of him to allow claims to be made against parliamentary allowances in respect of EPI.*" The Director added that he was aware of Sir Thomas Legg's

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97 WE 6

98 WE 40

99 See footnote 20.

100 WE 32

101 WE 41

102 See footnote 20.

and Sir Paul Kennedy's views on conflicted transactions in the ACA review,<sup>103</sup> and commented, *"there is an argument that transactions with EPI were similarly conflicted"*. However, he added that *"there was no rule which meant that an organisation structured and controlled as EPI should not be a legitimate recipient of funding, and the Department neither had nor sought information about EPI's internal arrangements"*.

80. The Director said that all payments to the EPI had been invoiced from an address in London SW6 and had been made by the Department to the same bank account in the name of the EPI. None had been made to Mr MacShane's personal bank account.

81. I sent copies of my exchanges of correspondence with the Department of Resources to Mr MacShane on 18 May.<sup>104</sup> I said that I was not asking Mr MacShane to respond to their views on computer purchases at this stage, since I was seeking some further information from the House authorities about computers which were available to him, and would come back to him on this aspect when I had received their response. In respect of his claims for the EPI, I asked Mr MacShane in particular, in the light of the advice from the Department, whether the hospitality he had given had been part of the remuneration of those who had provided him with research and translation services and, if so, whether the arrangement had been agreed in advance, and how Mr MacShane had identified the value of the hospitality to be offered. I also asked him whether, when he had provided that hospitality, he had met the cost of his own meals out of the funds he had claimed from the EPI, or whether he had paid separately for his own food and any drink. I asked him, given his evidence that the EPI did not have an office or structure during the period covered by my inquiry, who had been at the address in London SW6 from which the invoices from the EPI had been sent, and who had raised and authorised each of the invoices.

82. Meanwhile, on 11 May I had written to the Director of Operations and Member Services, Parliamentary ICT services.<sup>105</sup> I asked him for details of any computers which Mr MacShane borrowed or purchased from the House in the period from 2004-05 to 2008-09. The Director replied on 18 May.<sup>106</sup> He enclosed a copy of Parliamentary ICT's IT records relating to Mr MacShane's centrally-provided computer equipment.<sup>107</sup> This showed that Mr MacShane had been provided with three laptops and three PCs during the period relevant to the complaint, from 2004-05 to 2007-08.

83. I wrote to Mr MacShane on 20 May about his computer claims.<sup>108</sup> I enclosed a schedule which summarised his computer provision from both PICT and the IEP over the period from 2004-05 to 2007-08, and their allocation between Westminster and his constituency.<sup>109</sup> I asked Mr MacShane to confirm or revise this summary of the purchase and use of his computers; to tell me how many parliamentary staff he had employed at any

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<sup>103</sup> First Report from the Members Estimate Committee, Session 2009-10, (HC 348), paragraphs 86-88 (Sir Thomas Legg) and Appendix 2, pages 173-4 (Sir Paul Kennedy).

<sup>104</sup> WE 42

<sup>105</sup> WE 43

<sup>106</sup> WE 44

<sup>107</sup> WE 45

<sup>108</sup> WE 46

<sup>109</sup> WE 47

one time from 2004–05 to 2007–08, divided between Westminster and his constituency; to confirm that each member of staff, including interns, passed on their computer to any successor when they left Mr MacShane’s office; to confirm that the Sony laptop he had purchased VAT-free at Heathrow on 5 December 2006<sup>110</sup> had returned with him to his constituency home, as he had suggested in his letter of 29 October;<sup>111</sup> and whether Mr MacShane accepted that he had claimed twice for the £498.95 Toshiba laptop which he had purchased on 31 December 2007 and, if so, how this mistake had occurred. I also told Mr MacShane that, in the light of his response, I would need to consider whether the computers he had purchased in addition to the PICT provision he had ordered were costs which had been wholly, exclusively and necessarily incurred in his Parliamentary duties.

84. I had written to the Director of Strategic Projects on 17 May to ask him for unredacted copies of the relevant claim forms and EPI invoices from 2004–05 to 2007–08.<sup>112</sup> On 25 May he sent me 19 claim forms with invoices submitted by the EPI.<sup>113</sup> The table below sets out, in each case, the date of the invoice from the EPI, the amount, and the description of the services provided:

<b>Date of claim</b>	<b>Date of invoice</b>	<b>Amount (£)</b>	<b>Description on invoice of services provided</b>
7 January 2005	19 December 2004	650	Research and translation work as agreed
14 February 2005	22 January 2005	850	Research and communication work as agreed
18 March 2005	10 March 2005	850	Research and translation consultancy
31 March 2005	28 March 2005	550	Agreed research and translation
14 June 2005	1 April 2005	750	Research and translation as requested
18 July 2005	11 July 2005	750	Research and translation as requested
10 August 2005	5 August 2005	500	Research and translation as commissioned
17 October 2005	12 October 2005	450 <sup>114</sup>	Research and translation as agreed
12 December 2005	9 December 2005	550	Research and translation as agreed
7 February 2006	30 January 2006	550	Research and translation as agreed
17 June 2006	13 June 2006	750	Translations and research as agreed
19 September 2006	15 September 2006	750	Research and translation as requested
24 October 2006	19 October 2006	950	Research and translation as agreed

110 The receipt for the purchase showed that the computer had been bought “tax free”.

111 WE 11

112 WE 48

113 Not included with the written evidence. For a redacted example of an EPI invoice enclosed with this letter, see WE 49. The unredacted invoices are available to the Committee.

114 The invoice was for £450, but the figure entered on the claim form by Mr MacShane was £500. The Department has confirmed that the sum paid to the EPI was £450.

Date of claim	Date of invoice	Amount (£)	Description on invoice of services provided
12 November 2006	8 November 2006	550	Research and translation work as agreed
7 December 2006	29 November 2006	850	Research and translation as agreed
31 January 2007	19 January 2007	550	Research and translation as agreed
13 November 2007	30 October 2007	850	Research and translation as agreed
10 December 2007	29 November 2007	550	Agreed research and translation
11 January 2008	4 January 2008	650	Research and translation as agreed
<b>TOTAL CLAIMED</b>		<b>12,900</b>	

85. I examined the invoices the Director had sent me.<sup>115</sup> They were all on EPI headed notepaper and addressed to Mr MacShane at the House of Commons. The address provided for the EPI was that referred to in the Department's response of 13 May.<sup>116</sup> The invoices had been presented for work on "*research and translation*," although one invoice had described the work as "*research and communications work*" and another as "*research and translation consultancy*". All the work was described either as "*as agreed*" or "*as requested*". I also noted that the invoices had all been signed by a named individual and the invoice footer identified that individual as the General Manager. The footer also identified by name an Acting Director and four Associate Directors. Three of the Associate Directors appeared to be the authors of correspondence Mr MacShane had enclosed with his letter of 11 January 2010.<sup>117</sup>

86. Having examined the unredacted invoices, I wrote to Mr MacShane again on 27 May.<sup>118</sup> I told Mr MacShane that I was having some difficulty in reconciling the information on the invoices with the information which he had so far provided in respect of these claims. I said that he had agreed as a summary of his evidence, set out in my letter to him of 18 February<sup>119</sup> and confirmed in his reply of 25 February,<sup>120</sup> that the EPI had no formal structure, no separate financial structure and that he controlled its bank account. I commented that the invoices, however, suggested that as well as an office address, there was a General Manager who was responsible for signing the invoices, an Acting Director, and four Associate Directors. I asked Mr MacShane about the role, responsibilities, and identities of the General Manager, Acting Director and Associate Directors identified on the invoices, for the current postal addresses of the General Manager and the Acting Director so that I could take evidence from them about the work of the EPI and, in particular, about the invoices which the General Manager had presented to him. I also

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<sup>115</sup> Not included in the written evidence. For a redacted example of an EPI invoice enclosed with this letter, see WE 49. The unredacted invoices are available to the Committee.

<sup>116</sup> WE 41

<sup>117</sup> WE 17 and WE 23–25

<sup>118</sup> WE 50

<sup>119</sup> WE 32

<sup>120</sup> WE 34

asked Mr MacShane for how long EPI had been based at these premises, and whether they were a business address of his brother, as Mr MacShane had suggested in his letter to me of 29 October.<sup>121</sup>

87. Mr MacShane wrote to me again on 15 June.<sup>122</sup> He began by reiterating his view that he accepted that errors had been made, *“but they were mistakes based on an over-enthusiastic zeal to carry out my parliamentary work on European affairs”*. He said that he now accepted that his approach was *“indeed open to question and reproach”*. Dealing first with the EPI, Mr MacShane confirmed the description in my letter to him of 18 February<sup>123</sup> of the EPI as *“a loose network, with no formal structure and no separate financial structures”* and that he controlled the bank account. He explained that the letterheads used to claim for reimbursement dated from the 1990s, when he had been working in Geneva and had set up the EPI. He went on to say that *“the names at the bottom of the letterhead were friends and associates at the time. The titles were simply on the letterhead to make it look more official.”* Mr MacShane also said that, at the time, he had asked his brother if he could use a business address of his *“though any payments were made by BACS so the address fell into disuse”*. Mr MacShane told me that there was no office and nor had there ever been any salaried staff. He said that he had *“never been to the address”*. He also stressed that his brother had *“no involvement in, responsibility for, payments from”* the EPI and that he was not *“in any way connected to the EPI”*.

88. Mr MacShane said that he had *“used the EPI as a means to recoup expenses that I paid out for the research I carried out by travelling in Europe to sustain my parliamentary work on European issues”*. On his *“travels to carry out research”* he would have *“paid for a drink, a coffee or the odd meal for people I met for the purposes of continually updating my parliamentary knowledge on European affairs.”* Mr MacShane also said that he had no detailed invoices, nor did he make any agreement or specific arrangements about hospitality. He commented: *“I visited. I met. I stayed overnight. I bought books and magazines in foreign languages. In the UK this would have been met by extended travel<sup>124</sup>, or by sending in individual bills for books or newspaper/magazine subscriptions.”* Mr MacShane said that the Fees Office had always met *“reasonable requests in that regard”*. He said that in his interpretation of what he *“considered to be research on my main area of parliamentary work and for ease of administration”* he had *“submitted EPI bills which covered what I considered to be what I had disbursed in the period concerned”*. He explained that *“the invoices were pro-forma”* on his computer, *“with just the amount varying according to what I judged to have expended”*. He added: *“Again I stress my sole responsibility based on my interpretation of the rules and my belief that carrying out this research in Europe added value to my role as an MP specialising in European affairs.”*

89. Mr MacShane said that he had recently discussed with a senior Foreign and Commonwealth Office official *“the decision of the then Prime Minister to ask me to report directly to him via [that official] on EU politics but that there is no provision in Government to pay anyone to do this work”*. Mr MacShane said that the official had

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121 WE 11

122 WE 51

123 WE 32

124 See footnote 9.

confirmed that his work and information had been valued by the Government, and that, notwithstanding this, it had been unable to pay anything towards his costs, and had agreed, at his request, to send me a note to that effect “subject to clearance from the FCO PUS<sup>125</sup>”.<sup>126</sup> Mr MacShane said that he “genuinely believed that as an MP what I was doing was of value to public service even if as I now accept and [the Director of Strategic Projects] makes clear that I may have cut corners.”

90. Turning to the subject of his computers, Mr MacShane began by saying that he had tracked down one in Rotherham which had not been thrown away and had brought it down to London. He added that “*there may be others gathering dust somewhere*” but that he had “*never paid much attention to matériel.*” He had “*always just bought what was needed when it was needed within the limits of the IEP allowances*”, bearing in mind that he was not claiming rent for an office in his constituency and so “*felt relaxed about buying kit.*” He said that he had “*bought a great deal of kit - printers, mobile phones, Palms, scanners, collating machines, fax machines, cameras etc*” which he had “*replaced, thrown away, or stopped using as new models have come along.*” He had had “*an extensive network of interns - not employed staff*” in the period when he stopped being a Minister, and said that “*if they needed a cheap and cheerful computer*” he had bought a new one, much as he would buy “*any other bit of kit that I needed for the office*”. He added: “*They are scattered to the four winds in America and Europe*”. He explained that “*the computers offered by PICT quickly became out-dated -- they had no wi-fi function for example and PICT while being very helpful in certain regards were not able to upgrade computers so it was easier to go to [a named computer retail chain]*” to get what he needed to do his parliamentary work.

91. Mr MacShane said that he “had no reason to object” to the schedule of his computer acquisitions<sup>127</sup> that I had included with my letter to him of 20 May<sup>128</sup> “as I genuinely cannot remember why or when I purchased any bit of office kit in the 16 years I have been an MP.” He continued: “I have had at any one time between 3 and 5 people paid as full or part-time staff with one dictation typist part-time in Rotherham and usually one or two interns in my Westminster office. I had complaints from staff about slowness of some computers especially with the bigger programmes for case-work, web-sites, design and so forth so just said “Let’s get a new one.”” On specific purchases, Mr MacShane commented, “The 2006 Vaio was a light-weight one that stayed with me in my brief-case until it broke down and was not repairable.” He said that if he had claimed twice for the same computer bought on 31 December 2007 then “that was clearly a mistake”, though he was “surprised the Fees Office did not notice it.”

92. Mr MacShane said that his paperwork was “*useless*” and that he was “*the world’s worst keeper of bills, invoices, papers etc*”; he was “*constantly forgetting*” either to claim payments to which he was entitled or to make payments he should pay. He remained conscious that he might have “*gone beyond what is permitted or inferred in the previous Green Book.*” He noted that he had “*made some rectification*” and said that he was “*willing to make more if required*”. He said that he was grateful to me and to an official in my office for “*the*

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125 Permanent Under-Secretary of State.

126 This note was never received.

127 WE 47

128 WE 46

*thorough but very fair manner with which you have conducted the inquiry*". As evidence of his "continuing parliamentary engagement in European and international matters" he enclosed "some recent interventions".<sup>129</sup> He told me that he was doing so "to underline that this activity is my parliamentary life and the claims I made were not for personal gain but to discharge my duties as I saw fit."

93. I replied to Mr MacShane on 30 June.<sup>130</sup> In respect of EPI, I said that I had noted the invoices which were produced were on old letterheads and that my understanding of what he had told me was that, at the time he had submitted those invoices, the structure of the EPI suggested by the notepaper was no longer extant. I also noted that EPI had never used the address given for the business and that Mr MacShane had prepared the invoices using a pro forma on his computer. Each of the invoices had been addressed to Mr MacShane, and apparently submitted by an individual who had signed each invoice in manuscript, and was also listed on the bottom of the invoice as General Manager. I asked Mr MacShane who had signed these invoices, and for their address so that I could take evidence from them. In respect of the hospitality funded by Mr MacShane's EPI claims, I said that I took it from what he had said that the hospitality had not been a part of the remuneration offered for those who had undertaken any research or translation work for him, and that the cost of such hospitality, and the cost of Mr MacShane's own meal and any drinks, had been met from claims he had made through the EPI invoices for research and translation. I invited Mr MacShane to let me know if any of this was wrong.

94. Turning to Mr MacShane's response on his computers, I noted that he was content with the summary I had provided.<sup>131</sup> I invited him to confirm that, at any one time, he had had some four computers in Westminster for use by himself and between one and two interns. I also said that I took it that when the interns had left, they had taken with them the laptops or notebooks which Mr MacShane had provided, which were now "scattered to the four winds in America and Europe",<sup>132</sup> and that the Sony laptop bought at Heathrow on 5 December 2006 had travelled with Mr MacShane in his briefcase until it had ceased to work. I asked Mr MacShane to let me know if any of this was wrong. I also informed him that I was minded to prepare a memorandum for the Committee.

95. Mr MacShane replied on 22 July.<sup>133</sup> He began by repeating that he remained "heavily involved in European political issues" as his "main parliamentary speciality." He told me that a former Member had once remarked that "an MP who could not get to speak at any meeting in Britain by using the Extended Travel Scheme to cover the costs was not worthy of the job." He observed that "today that creative interpretation of parliamentary expenses would be found shocking and to be condemned." He feared that he was "of the [name of former Member] school". He said that he had "carefully husbanded" his IEP payments, principally by not charging any rent for his constituency office, so that he could "use the EPI as a vehicle to cover the costs of [his] European work as outlined in some detail in previous letters."

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129 Not included in the written evidence

130 WE 52

131 WE 47

132 WE 51

133 WE 53

96. Mr MacShane said that the complaint had “to be set in the context of how MPs are to undertake work which is not formally covered by a budget line”. He continued: “As I have said I and I alone take full responsibility for all payments and claims made by the EPI as a vehicle. My staff scrawl my name for me regularly on letters and the reference to [name] is to a similarly scrawled nom de plume. It was once used by my brother who allowed me to use his London office address as a kind of poste restante when the EPI was set up in the 1990s. But as I have also said my brother has no involvement with or knowledge of the EPI for more than a decade”.

97. Mr MacShane said that he carried out his European political and parliamentary work in the period concerned through a network of collaborators who helped with “*research, translation and networking*”. He said that he either paid these collaborators “*specific fees some of which have been forwarded to you or bought meals and drinks as one would with any such group of co-workers.*” He added that there was “*no list of restaurant or bar receipts*” and, since he ate and lived modestly and did not frequent expensive restaurants, he doubted “*if it comes to very much.*” He continued: “*I appreciate you would be more comfortable with a detailed set of receipts etc, and with the benefit of hindsight so would I. With the benefit of hindsight I almost certainly should not have used the EPI as a vehicle to cover costs of working on European affairs. But then my interest and I hope useful parliamentary work on Europe would not have been able to be developed as it was after I stood down as a Minister in 2005.*”

98. Mr MacShane said that “*of course*” he accepted the comments of the Director of Strategic Projects. However, he observed that he had not said he had claimed for an All-Party Parliamentary Group’s work, and that he had never done so. Mr MacShane commented: “[the Director of Strategic Projects] *is confusing this with the Parliamentary Committee of Enquiry Into Antisemitism (not the same as an APPG) which I chaired and which reported in 2007 and then was dissolved.*”<sup>134</sup> He went on to say that he had subsequently taken a lead as an MP speaking in the Commons and in public on the scourge of neo-antisemitism and had helped set up the International Parliamentary Coalition Against Antisemitism. Mr MacShane added that some of his travel to Europe had also involved “*meetings with fellow parliamentarians and others involved in this aspect of work*” and said that he had felt it reasonable, given the way he controlled his IEP costs, “*to allow EPI claims to cover some of this work*”. He concluded: “*So part of all my expenses claimed in the period under review were in connection with parliamentary work on anti-semitism, including EPI money, but they were not as [the Director of Strategic Projects] suggests in connection with a registered APPG.*”<sup>135</sup>

99. Turning to the subject of his computers, Mr MacShane said that there were currently five in his office in the Commons with others at homes in London and Rotherham and in the constituency office. In the course of “*looking through old notebooks*” he had noticed that he had had an “*intern from the US in 2005/06.*” He could not remember whether he had provided that intern with a computer to do work. He had “*just bought kit as and when it was needed.*” He noted that the complainant had focused on computers, but suggested that he “*might just as easily have listed every other bit of equipment on the expense forms*”

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134 See footnote 20.

135 See footnote 20.

*submitted to the Department of Resources for the period under question.*” Mr MacShane said that he could “*go and find all these computers or equivalents and bring them to you if you really want me to*”, and continued: “*On this as on all other aspects of this procedure I accept full responsibility for what I spent and what I claimed. I have been a hard-working MP with a passion for European affairs and with no interest or ability in being an office manager. I had a variety of researchers, interns, co-workers and simply provided them with computers and any other kit as when it was needed to work both in my tiny office in the Commons or elsewhere as was most appropriate.*”

100. Mr MacShane said that he wished the Department of Resources had challenged any of these claims in the period concerned and he could then have had a discussion with them. He said that “*had this happened this whole business might have been avoided.*” He recalled that one or two claims he had submitted had been rejected and he had accepted the Department’s decision “*as final*”. He said that he had not sought to duck his responsibility. He accepted “*fully there was a conflict in the strict interpretation of what might be claimed*” and said that he regretted that. He said that he was not going to resile from his commitment to the parliamentary and political work he had undertaken in that period, “*even if the method of being reimbursed for part of it is open to question.*” Finally, on the subject of the material he had sent me with his letter of 15 June,<sup>136</sup> Mr MacShane explained that this “*was just to show the continuing range of work on European affairs partly covered by EPI payment*” and said that, if this matter was to be considered by the Committee on Standards and Privileges, he did not doubt “*that colleagues there will be aware of my commitment to and interest in European political issues as they impact on our country.*”

101. I replied to Mr MacShane on 9 August.<sup>137</sup> I noted that it appeared from what he had said that members of his staff had regularly signed invoices on outdated EPI notepaper, not using their own name but the name of an individual who appeared on the notepaper as the General Manager of EPI. In the light of this, I asked Mr MacShane if he had instructed members of his staff to sign in this way, and if so why such instructions had been given; why the name had been used, and if there had been such a person acting as “*General Manager*” of the EPI; whether the named individual was in fact his brother, or some other person; and what his reasons had been for using notepaper which referred to an address which he had described as having fallen “*into disuse*”. I added that I had understood from his letters of 22 July 2010<sup>138</sup> and 29 October 2009<sup>139</sup> that his brother had never had any direct active part in the work of EPI, whether as General Manager or anything else, and that his brother’s only involvement had been to let Mr MacShane use one of his London business addresses to receive mail. I also asked Mr MacShane to confirm that, as suggested in my letter to him of 30 June,<sup>140</sup> interns had been able to take the parliamentary-funded laptops with them, and did so, when they had left his office. I said that I was sure he would appreciate the implications of the invoices he had submitted for his EPI claims and that I did need to explore these further before I could decide how best to conclude my inquiry.

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136 WE 51

137 WE 54

138 WE 53

139 WE 11

140 WE 52

102. Mr MacShane replied on 14 September.<sup>141</sup> He began by saying that he did not know if there was much he could add to previous correspondence. He said that he took “*full responsibility for all claims made to the Fees Office*”. He had had “*a flow of interns and assistants*” in his office and they had taken charge of many aspects of his work, “*booking travel, sending out invoices for payments, and helping with HoC form filling*”. He added: “*I have always allowed others—staff, family, etc—to sign or pp my name. But I take responsibility.*”

103. Mr MacShane said that he had “*carefully husbanded*” his IEP allowance, principally by not charging any rent for his constituency office, so that he “*would have part of the allowance to use on [his] European work.*” He had “*used the EPI as a convenient vehicle*”. Since its inception before he became an MP, the EPI had been “*a loose network*” with “*no office, no staff, and just a post-box address.*” Mr MacShane stressed that his brother was “*not involved in any way*”. Mr MacShane also said that the EPI letterhead had “*remained unchanged over 20 years.*” The name given on the invoice was “*a nom de plume used over the years to cover expense claims and payments from the EPI*”. The EPI had “*published books, reports, organised conferences and is used by its network as and when appropriate*”. Mr MacShane said that he had “*used the EPI to claim reimbursement from the Fees Office.*” He observed that Members were “*allowed extended travel to carry out similar travel, attend conferences, carry out research, and stay overnight in the UK*” but that there was “*no equivalent system for European work beyond three heavily circumscribed trips*”<sup>142</sup>. He preferred not to claim these “*as they were always held up to press opprobrium when published.*”

104. Mr MacShane said that he could have “*submitted all the individual payments to EPI collaborators on individual invoices*”, but that since he was operating within the limits of his allowance “*it was just easier to submit periodic claims and use that money for reimbursement.*” He fully accepted that this approach was “*open to criticism*” and was “*part of the overall problem of covering MPs’ costs which have given rise to all the new rules.*” He said that, as an indication of his acceptance of this, he had sought “*to repay £7,500*” even though he was satisfied in his own mind that “*all EPI claimed moneys were in pursuit of [his] work as an elected parliamentarian who specialises in Europe.*”

105. On the question of his computers, Mr MacShane reiterated that he was “*happy to hunt down*” any computer I might like him to return. He had “*bought different bits of kit as and when needed*”. These had included “*computers and other more expensive pieces of electronic and communication/printing equipment*”. He said that he had “*two, possibly three new interns*” coming into his parliamentary office that month and would again have to “*provide computers etc for them*”. He had had “*no new computers from the Commons system since 2005*” and observed that “*laptops etc quickly get out of date*”. He had used his “*allocated OCA*<sup>143</sup> *office to buy what [he] needed when [he] needed it.*”

106. Finally, Mr MacShane wished to make clear that he had “*always accepted any ruling from the Fees Office which challenged any claim*” he had made. Had the Fees Office called

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141 WE 55

142 See footnotes 9 and 51.

143 Office Costs Allowance. This was an earlier allowance which no longer existed at the time the claims were made.

him in “*on either EPI or computer claims*”, he would have explained his position “*but accepted their decisions.*” He told me that he worked “*very long days, weekends*” on his “*parliamentary/political/constituency work*” and had “*never had time for precise clerical book-keeping.*” He felt that it was “*somewhat unfair to apply retrospectively today’s more rigorous (moralistic?) norms on what MPs can and cannot claim to carry out their duties as they see them.*” He added that if MPs could not “*undertake European work then our debates in the Commons given our membership of the European Union and its influence on public policy will be all the poorer.*”

107. By this stage of my inquiry Mr MacShane had submitted extensive evidence in writing, but certain questions remained unanswered. I considered it necessary to determine why Mr MacShane had produced the EPI invoices in the manner he had described, and whether or not his actions were intended to circumvent the rules on Members’ entitlement to allowances. I therefore considered that I needed to interview Mr MacShane in order to conclude my inquiry. However, it seemed likely that the process of seeking the answers I required risked raising questions about possible criminal liability. I was therefore concerned that, by continuing my inquiry, I could jeopardise any subsequent criminal investigations.

108. Questions also remained about Mr MacShane’s computer purchases; in particular, whether his staff had taken the computers with them when their employment ended. I did not consider that Mr MacShane’s computer claims raised any questions of possible criminal conduct, but I was concerned that to continue with my inquiry into Mr MacShane’s conduct in respect of these claims could risk jeopardising any police investigation.

109. The procedure that the Commissioner follows in circumstances such as these is set out in the Eighth Report of Session 2007–08 from the Committee on Standards and Privileges and described in paragraph 21 above.<sup>144</sup> In accordance with that procedure, I submitted a recommendation to the Committee on Standards and Privileges that the matter be referred to the police for them to consider an inquiry. The Committee agreed to this recommendation at its meeting on 12 October 2010 and reported its decision to the House in its First Special Report of 2010–12.<sup>145</sup> That report noted that, in accordance with the agreed procedure, my inquiry would be suspended until the question of possible criminal proceedings had been resolved.

110. I accordingly wrote to the Commissioner of the Police of the Metropolis on 12 October 2010.<sup>146</sup> I told the Commissioner that I had been considering a complaint in relation to claims Mr MacShane had made between 2004 and 2008 in respect of research and translation services apparently provided by the European Policy Institute. I noted that I had also been considering a complaint in relation to Mr MacShane’s claims for computers. I said that, during the course of my inquiries, I had seen invoices produced for the claims in respect of the services provided through the EPI which I believed might have been produced in a way which could raise questions of possible criminality. I told him that

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<sup>144</sup> Committee on Standards and Privileges, Eighth Report of Session 2007–08, *The Complaints System and the Criminal Law*, HC 523

<sup>145</sup> Committee on Standards and Privileges, First Special Report of Session 2010–12, HC 527

<sup>146</sup> Not included in the written evidence

the Committee had agreed that I should report this matter to the Metropolitan Police Service and that I should suspend my own inquiry. I asked the Commissioner to let me know as soon as the Metropolitan Police Service had concluded its consideration of this matter.

111. On 16 December 2010 Mr MacShane wrote to me, enclosing a further cheque for £5,400 payable to the House of Commons Administration, which he said represented the full cost of the EPI claims over the period.<sup>147</sup> He said that he had been aware of the approach that I had adopted “*in relation to expenses claims generally*” and of my “*interpretation, and that of other authorities within the House, of the application of the expenses provisions*”. He said that, in hindsight, he could see that this approach was “*the proper one, given the recent intense scrutiny of the expenses and allowance scheme*”. Although he had believed that that he “*was making claims using a system and on a basis then accepted by the Fees Office and the House administration*”, he now saw “*that the method of claiming through the EPI invoices was inappropriate.*” I acknowledged Mr MacShane’s letter and forwarded the cheque to the House administration.<sup>148</sup>

112. I checked periodically with the Metropolitan Police Service that they were still actively considering the case. I kept the Committee informed on a continuing basis. On 3 July 2012 the Metropolitan Police Service wrote to me to inform me that the police would be taking no further action against Mr MacShane.<sup>149</sup> I considered carefully whether I should resume my inquiry. Mr MacShane remained a Member of Parliament. There had been no resolution of the original complaint that he had breached the Code of Conduct and its associated rules and there had been no opportunity for the Committee or the House to consider these matters. I concluded therefore that I should resume my inquiry and, in view of the time that had elapsed, bring it to a conclusion as quickly as possible.

113. I wrote to Mr MacShane on 4 July to inform him that I was resuming the inquiry that I had, with the Committee’s agreement, suspended on 12 October 2010.<sup>150</sup> I told Mr MacShane that I proposed to move to arranging an interview with him and explained the process. I invited Mr MacShane to let me know whether he had any additional information he wished to give me in relation to the complaint. If he did have any such information, I told him that it would be helpful to know whether, in his view, it added to or modified the extensive evidence he had already helpfully given me.

114. Having received no response to my letter of 4 July,<sup>151</sup> my office spoke to Mr MacShane on 30 July. My office reported to me that Mr MacShane had said that he had not yet responded to my letter because he had been advised by the Chair of the Committee on Standards and Privileges to answer via his lawyer. He said that my inquiry had caused loss and damage to him and his family.<sup>152</sup> He was unable to say when he would be able to

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147 WE 56. The EPI claims from 2004–05 to 2007–08 amounted to £12,900. Mr MacShane repaid £7,500 of these claims on 10 February 2010 (see paragraph 63 and WE 30). His cheque for £5,400 repaid the balance.

148 Not included in the written evidence

149 Not included in the written evidence

150 WE 57

151 WE 57

152 In commenting on 8 October 2012 on this paragraph in the draft factual sections of this memorandum, Mr MacShane wrote: “I also made clear that I had been through hell following your reference to the police and I was too emotional and stressed to handle any further interrogation until I had recovered my full health. I made that

respond. I wrote to Mr MacShane again on 30 July.<sup>153</sup> I noted that it was of course open to him to seek advice but that, under the procedures agreed by the House, Members were required to respond to my inquiries for themselves. I also said that I was sure that Mr MacShane was aware of the expectation set out in the Code of Conduct that Members would cooperate at all stages with a Commissioner’s inquiry. I invited Mr MacShane to let me know when I could expect a reply to my letter.

115. I received no response. I therefore wrote to Mr MacShane again on 4 September.<sup>154</sup> I told him that I was satisfied that he had already given me sufficient evidence to enable me to bring this inquiry to a conclusion and that I had given him a substantial period to comment further on that evidence. I therefore invited him to interview so that we could discuss the main questions which arose on the basis of the evidence he had given me. I said that my office would be in touch with him to arrange a date and time which was convenient to him.

116. My office contacted Mr MacShane on 10 September to make arrangements for the interview, but he said that he did not wish to do so. I therefore wrote to him again on 12 September.<sup>155</sup> In my letter I noted that he had made clear to my office that he did not wish to make arrangements for an interview. I reminded him that the Code of Conduct required Members to participate at all stages of an investigation into their conduct by or under the authority of the House. I told him that I was disappointed that he had decided not to cooperate at this final stage of the inquiry. I informed him that I would be preparing a memorandum for the Committee.

117. Mr MacShane wrote to me on 26 September.<sup>156</sup> He apologised for the “*long delay*” in replying to my letters. He explained that much of his life had been “*put on hold*” during the police investigation and that “*when finally the dark cloud was lifted*” he had gone into “*shut down for most of the summer period*”. He said that he did not think that he was “*in any fit state to be interviewed in that period.*”

118. Mr MacShane said that he had believed that the claims he made under the EPI invoices were “*a reasonable reflection of the monies that had been spent in relation to parliamentary business*”. He believed that he could have claimed all the costs directly if he had “*kept all the individual receipts for each payment or purchase (if they were given by the supplier)*”. He had been aware “*that claims could be made of up to £250 per month for petty cash under the IEP scheme*”. He had made no such claims, “*instead estimating and amalgamating all the costs and monies paid for work incidental to [his] Parliamentary duties in the EPI invoice claimed under the IEP Allowance scheme*”. He had believed that “*the Allowances Scheme allowed an MP to estimate various categories of claim up to a reasonable maximum amount*”. He had come to realise that he had been “*unable to provide sufficient documentary evidence to support all the EPI claims*” and said that this was why he had paid back all the money claimed “*under that heading*”.

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clear when someone from your office called me in July. It was on the basis of advice that I declined any more cross-examination following my ordeal with the police.”

153 WE 58

154 WE 59

155 WE 60

156 WE 61

119. Mr MacShane said that he had also come to recognise that his “actions had fallen below the accounting standards that are now required for individuals claiming public funds and were open to criticism”. He said that “the process of lumping together” his “out of pocket expenses in EPI invoices”, some of which related to the request from the then Prime Minister that Mr MacShane act as his “envoy to European politicians”, was “the wrong way to approach the claims and could be the subject of criticism”. He said that he regretted “not collecting receipts for every item of expenditure and duly submitting them” and said that he was not, and never had been, “sufficiently organised in that way”. He concluded: “I can only repeat my regret and apologies for not having fully followed the rules to the strictest interpretation of the letter and bringing down upon my own head the troubles that have taken up so much of my life since the summer of 2009. In the light of this I do not think an interview can add anything.”

120. I replied to Mr MacShane on 3 October 2012.<sup>157</sup> I told him that I was disappointed that he had declined to accept my invitation to an interview at a time convenient to him. I said that I believed that his cooperation would have helped the Committee when it came to consider my memorandum. I enclosed the factual sections of my draft memorandum and asked him whether he was content with its factual accuracy. Mr MacShane responded on 8 October 2012.<sup>158</sup> He noted that the draft memorandum stated that the EPI invoices had been signed by a member of his staff at his request.<sup>159</sup> He said: “*That is not what I wrote to you on 22 July*”.<sup>160</sup> He told me that “*this was investigated by the police*” and said that he would be grateful if I quoted “*in full the relevant sentence [...] so that [the] facts are clear*”. I replied to Mr MacShane on 9 October.<sup>161</sup> I said that, in relation to the question of who had actually signed the invoices, I had taken from his letter of 22 July 2009 as a fact that his staff scrawled the “nom de plume” in the same way that they scrawled Mr MacShane’s own name.<sup>162</sup> I said that I took it from his letter of 8 October 2012 that this was not correct and that I had therefore made clear that he had scrawled the “nom de plume” himself.<sup>163</sup> I asked him, if that was wrong, to let me know whether he had signed the name, his staff had signed the name, or both had done so on different occasions. I said that I would otherwise assume that he had signed the name himself.

121. Mr MacShane replied on 10 October.<sup>164</sup> On the question of who had signed the invoices, he said “*This matter was dealt with by the police and I do not propose to reopen it. So please use what I wrote [...] namely “I and I alone take full responsibility for all payments and claims made by the EPI as a vehicle. My staff scrawl my name regularly on letters and the reference to [name] is to a similarly scrawled nom de plume.”*” He said that, as far as he was concerned, “*that phrase*” was “*the correct one*” from his earlier written evidence. I replied to Mr MacShane on 15 October.<sup>165</sup> I told him that I was disappointed that he had

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157 WE 62

158 WE 63

159 In accordance with Mr MacShane’s wishes (see WE 63) this statement has been removed.

160 WE 53

161 WE 64

162 WE 53

163 WE 63

164 WE 65

165 Not included in the written evidence

not cooperated in answering what I believed to be a relevant question—namely, who signed the invoices. I said that I had however recast the relevant paragraph to reflect our exchange of correspondence.<sup>166</sup>

## Findings of Fact

### *EPI claims*

122. Between 2004 and 2008, Mr MacShane made 19 claims against his incidental expenses provision (IEP) which were supported by invoices from the European Policy Institute (EPI). The total amount claimed was £12,900. All of the invoices described the services provided as “*research and translation*”, except for one which was for “*research and translation consultancy*” and another which was for “*research and communications work*”.

123. Mr MacShane’s evidence is that the EPI was created in the early 1990s as a loose network of like minded individuals and academics interested in European affairs and that he reactivated the EPI on leaving ministerial office in 2005. At the time the claims were made, Mr MacShane’s evidence is that the EPI had no formal structure, no office and no employees. He controlled its bank account.

124. Mr MacShane’s evidence in respect of his claims is that he used the EPI as a vehicle to enable him to claim for a range of services and activities. He is unable confidently to link each claim to specific payments. The claims covered the cost of his trips to eight European countries, including his travel, accommodation and subsistence costs, and the costs of hospitality and travel for his contacts. One such trip was to interview candidates for Mr MacShane’s Personal Assistants. The claims also covered payments, in cash or in kind (hospitality), to EPI collaborators for translation, research, reading and editing a manuscript, the drafting of reports and political analysis. The claims also included the costs of purchasing books, newspapers and magazines.

125. The evidence of the Director of Strategic Projects, Department of Resources, on Mr MacShane’s claims against the IEP in respect of the EPI is that the rules governing the IEP allowed for claims in respect of “*work commissioned and bought in services*” and that this included both research and translation services. The Department of Resources has no record of any discussion with Mr MacShane about either the wording of the invoices or the services that the EPI had provided. The Director’s evidence is that some of the services provided were not legitimate claims against the IEP and that, had the services provided been broken down by type when the claims were submitted, then travel and accommodation for Mr MacShane and hospitality and travel costs for EPI contacts would have been queried by the Department and almost certainly disallowed. The Director’s evidence is that it was not permissible for Members to claim for their own international travel and accommodation from the IEP even when the costs were incurred in support of their parliamentary duties. Hospitality which was not remuneration would not have been permitted.

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<sup>166</sup> This paragraph is now paragraph 126.

126. The invoices submitted to support Mr MacShane's claims were addressed to him at the House. They were printed on EPI notepaper—which named a General Manager, an Acting Director and four Associate Directors of the organisation—and were signed in the name of the General Manager. The printed address was an office address once used by Mr MacShane's brother. Mr MacShane has stressed that his brother had had no involvement with the EPI for more than a decade. Mr MacShane's evidence is that he prepared the EPI invoices himself using a pro forma on his computer and that the invoices were printed on EPI letterheads dating from the 1990s. Mr MacShane's evidence is that he and he alone takes "*full responsibility for all the payments and claims made by the EPI as a vehicle*" and that his "*staff scrawl [Mr MacShane's] name regularly on letters and the reference to [name] is to a similarly scrawled nom de plume*".<sup>167</sup> He has declined to answer the specific question of who actually signed the invoices. Mr MacShane's evidence is that in drawing up the invoices he sought to stay within the civil service allowance for travel abroad "*within my own framework of what was fair to charge*."<sup>168</sup> He estimated and amalgamated "*all the costs and monies paid for work incidental to [his] parliamentary duties in the EPI invoice*."<sup>169</sup> The amount given on the invoice varied according to what Mr MacShane judged he had spent. Mr MacShane's evidence is that he prepared the invoices in this way for ease of administration.

127. Mr MacShane's evidence is that all the costs for which he claimed arose in connection with his parliamentary work. This included his role as Chair of the All-Party Parliamentary Inquiry into Anti-Semitism, his membership of delegations to the Parliamentary Assembly of the Council of Europe and the NATO Parliamentary Assembly, work he said he was asked to do by the Prime Minister and preparation for debates on the Lisbon Treaty. He considered it necessary to maintain a high level of involvement with European matters in order to carry out his parliamentary duties.

### **Claims for computers**

128. Mr MacShane made nine claims for eight computers from his IEP in the period 2004–05 to 2007–08. The total cost of these claims was £6,467.76. These computers were in addition to equipment loaned to him free of charge by the Parliamentary ICT service (PICT) in June and July 2006, namely three laptops and three PCs. The evidence of the then Director of Strategic Projects, Department of Resources, is that it was not the practice of departmental staff when validating claims for IT equipment to query whether the equipment was necessary for a Member to carry out his or her parliamentary duties. If such a practice had been in place at the time, the Director believed that it would have been reasonable to have asked Mr MacShane why this level of IT provision, in addition to that provided by PICT, should not have been regarded as excessive. On the computers purchased for the use of Mr MacShane's paid and unpaid staff, including interns, the Director's evidence is that this would have seemed to him to be a proper use of allowances, provided the machines were used only for Mr MacShane's parliamentary purposes and that value for money was obtained. The Director's evidence is that two of the claims made

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167 WE 53

168 WE 12

169 WE 61

by Mr MacShane in this period were for the same machine, at a cost of £498.95, and that Mr MacShane had been reimbursed twice for the same purchase.

129. Mr MacShane's evidence is that he believed that the rules of the House allowed him to purchase whatever equipment he considered he needed, provided that he remained within the IEP limit, and that he "*gave no thought to*" the cost of his purchases.<sup>170</sup> He did not keep an inventory of his computers and was unable to say with certainty what had happened to the computers for which he had claimed. On the computers he had supplied to his interns, some of these computers had been taken by them when they left and so were "*scattered to the four winds in America and Europe*".<sup>171</sup> Mr MacShane's evidence is that he bought these computers because he was not satisfied with the quality of the computers provided on loan free of charge by the Parliamentary ICT service. Mr MacShane's evidence is that all of these computers were bought for his own use or for the use of his staff in order to carry out his parliamentary duties.

### Overall

130. Mr MacShane's evidence is that his prime responsibilities as a Member of Parliament are to meet and serve the needs of his constituents, to play his full role at a national level, to undertake responsibilities asked of him by the Government at an international level and in so doing to do his best to implement the policies and politics for which he was elected. He has no interest or ability in being an office manager. His affairs are disordered. That is reflected in the management of his expenses claims. He used his allowances to get the "*job in hand done*" without "*bothering too much about anything*" other than that.<sup>172</sup> But he is satisfied that these claims were all made to support him in carrying out his parliamentary duties and his EPI claims were a "*reasonable reflection*" of the monies he had spent in relation to parliamentary business.<sup>173</sup> He believes that he could have claimed the costs directly if he had kept all the individual receipts for each payment or purchase. Many would not have required receipts because they fell below the £250 threshold or could have come out of the monthly provision of up to £250 for petty cash. His evidence is that he needed to travel to Europe, buy books, meet people, and commission papers, research and translation in order to be able to maintain his expertise and to contribute fully to parliamentary debates on European affairs. He funded this aspect of his parliamentary work by carefully husbanding his constituency office costs, leaving room in his incidental expenses provision for these claims and to provide his office staff with computers and other office equipment as they were required. He never intended to do any wrong. He considers his claims for the computers he bought were necessary. But he now accepts that "*lumping together*" the expenses he incurred in EPI invoices was the "*wrong way to approach these claims*"<sup>174</sup> and that these claims are not above reproach. He has said that his failure to deal well with his affairs was "*undoubtedly compounded*" by distressing personal and professional circumstances.<sup>175</sup> He has apologised. He has paid back in full the sums he

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170 WE 18

171 WE 51

172 WE 11

173 WE 61

174 WE 61

175 WE 30

claimed on the basis of the EPI invoices, amounting to £12,900. He has offered to pay back any other sums required by the Committee.

## Conclusions

131. The matter I have to resolve is whether Mr MacShane was in breach of the rules of the House in respect of his claims for research and translation services and for computers against the House of Commons incidental expenses provision from 2004–05 to 2007–08.

132. I initiated this inquiry in July 2009, well over three years ago. The Committee agreed to my recommendation in October 2010 that it should be suspended while the police were given the opportunity to consider with the Crown Prosecution Service (CPS) whether criminal proceedings should be instigated. The police informed me—a few months short of two years later, in July this year—that, following their inquiries and having taken CPS advice, they had decided to take no further action. Accordingly, I resumed my inquiry as I had previously informed the Committee that in such circumstances, I would.

133. I am very aware—and concerned—that overall this matter has been hanging over Mr MacShane’s head for more than three years. My investigation covered only the question of whether Mr MacShane had breached the rules of the House, and, if so, how serious that breach was. I took no part in the police investigation, and was neither asked for, nor did I provide to that investigation, the evidence I had received. That evidence was subject to parliamentary privilege and secured without the normal protections of the criminal law. The police inquiries could not and did not resolve the question of whether Mr MacShane had breached the Code of Conduct for Members of Parliament and its associated rules. That is a matter solely for the House. I considered that the allegations against Mr MacShane—who has remained a Member of the House—were serious and substantial. It was right, therefore, that following the police’s decision to take no further action, I should report my conclusions to the Committee with as little further delay as possible so that the Committee, and the House, could consider the matter. This memorandum enables them to do so.

134. Mr MacShane cooperated fully and sincerely with my inquiry from July 2009 until October 2010, when it was suspended. On occasions he took some months to reply to my letters, but I appreciated the full and frank replies he sent and understood the pressures which were on him at the time. For his part, Mr MacShane was generous enough to say that I and my staff had conducted the inquiry in a “*thorough but very fair manner*.”<sup>176</sup>

135. I very much regret, therefore, that Mr MacShane did not continue to cooperate fully with my inquiry following its resumption in July 2012. Despite reminders, he initially ignored my letters to him in July inviting him to let me know whether he had any additional information he wished to give me and then in September inviting him to interview. It was not until 26 September 2012 that Mr MacShane sent me a substantive reply to these letters. I was grateful that he did so, and that he subsequently responded promptly in commenting on the factual sections of this memorandum. But I am disappointed that Mr MacShane declined to attend an interview and declined to tell me in

terms whether it was he or his staff who had signed the invoices. While he told me that he had nothing further to add, I consider that the Committee and the House would have been assisted had Mr MacShane given me oral evidence and had he answered my specific and relevant question about the invoices. An interview would have enabled him, among other things, to explain more fully the process by which he prepared the EPI invoices and his deployment of his parliamentary computers. It would also have enabled me to put to Mr MacShane in person the allegations against him. It is understandable that Mr MacShane felt he needed the summer away from the pressures of the inquiry, but I made clear the interview would be at a time convenient to him and it is disappointing that he did not agree to this and did not answer in writing the direct question that I put to him about the invoices.

136. The Code of Conduct provides that, in relation to a Commissioner's investigation, Members "shall cooperate, at all stages, with any such investigation by or under the authority of the House."<sup>177</sup> I appreciate the pressures on Mr MacShane, but that cannot, in my judgment, justify refusing what I consider to be reasonable requests to attend an interview at a time convenient to him and to answer a specific question. If Members were to feel an interview when sought by the Commissioner was optional it would considerably hamper the Commissioner's inquiries. So too would a view that Members could decline to clear up ambiguities in their evidence. With regret, therefore, I find that Mr MacShane was in breach of the Code of Conduct in deciding to withdraw his cooperation in this final stage of my inquiry.

137. I turn now to my findings. The questions I have to resolve are:

- i. Were Mr MacShane's claims within the Green Book rules for the incidental expenses provision?
- ii. Was the way in which these claims were submitted above reproach?

### *Were Mr MacShane's claims within the Green Book rules for the incidental expenses provision?*

138. I deal first with Mr MacShane's claims for his European activities. The rules on the incidental expenses provision allowed, among other things, for Members to claim for "work commissioned and bought in services". Under this heading allowable expenditure is listed as including interpreting and translation services, research and recruitment services. Under the heading "communications and travel", Members could claim for subscriptions e.g. to newspapers and periodicals and for recruitment and recruitment advertising costs.

139. Some of Mr MacShane's expenditure in support of his European activities was, in my judgment, an allowable claim under the incidental expenses provision. That included those research and position papers which Mr MacShane commissioned and which were clearly in support of his parliamentary duties, in particular his contributions to debates. It properly covered the translation of those documents which again he felt he needed for his parliamentary duties. And it included the purchase of magazines and periodicals for these purposes.

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<sup>177</sup> Paragraph 19 of the 2012 Code of Conduct.

140. But Mr MacShane's claims went far beyond these provisions, and, in my judgment, far beyond what was allowable under the rules. In particular, over four financial years he claimed for the costs of his own extensive travel across Europe. This included his own air fares, his hotel accommodation where required and his meals. Mr MacShane suggested that this was necessary so he could conduct his own "*face to face*" research.<sup>178</sup> Given what Mr MacShane has said about the visits, which covered a wide range of activities, that may be stretching the definition of research. But in any event, since expenditure on research was specifically associated in the rules with "work commissioned and bought in services" it was clearly outside that provision. The definition of commissioned and bought in services cannot be extended to a Member who commissions himself and who buys in his own services.

141. Mr MacShane has suggested that he should have been allowed to undertake his European trips funded by the House of Commons because Members could undertake unlimited extended travel within the United Kingdom under the separate allowance for travel. That could have been grounds for arguing for a change to the rules. It was not, in my judgment, grounds for the Member taking the rules into his own hands. And extended travel within the United Kingdom required prior authorisation from the House authorities (the Fees Office). It might have been possible for a few of the costs of Mr MacShane's European visits to have been met by claims against the European travel entitlement, but, as Mr MacShane knew, the number of trips per year, and their destination, was limited.<sup>179</sup> They also required prior authorisation by the Department of Finance and Administration. Mr MacShane never sought such authorisation for his extensive European travel. Indeed, the House authorities never knew until my investigation that that was what a significant part of his claims for research and translation services was being spent on.

142. Mr MacShane has also suggested that it was open to him to use the incidental expenses provision to pursue his European interests because, since he was making no claims for his constituency office, he had the money available in his allowance. Mr MacShane was probably not alone in thinking that the expenses provisions in the Green Book were a series of allowances which Members could spend to the full as they wished. This view was mistaken. Mr MacShane's claims under the incidental expenses provision were only allowable if they could be met within the financial limits of that provision (which they could) and if they met the requirements of the rules for that provision (which they substantially did not).

143. While it is difficult to be precise about Mr MacShane's expenditure since he has readily accepted that his record keeping was "*totally inadequate*",<sup>180</sup> I consider that Mr MacShane's claims for the following activities were outside the scope of the incidental expenses provision and so, sometimes for overlapping reasons, not allowable:

- i. All Mr MacShane's personal travel, hotel and food bills for his visits to Europe. In my view, Mr MacShane's travel claims under the incidental expenses provision were not justified, or allowable, whether or not any were made in response to an

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178 WE 17

179 WE 17

180 WE 30

- invitation from the then Prime Minister, in support of work for the All Party Parliamentary Inquiry into Anti-Semitism, or for any other purpose. They therefore breached paragraph 5.3.1 of the Green Book.
- ii. Payments for travel to Paris for meetings related to the European Book of the Year award, which, as well as including travel and subsistence costs which fell outside the rules, was in my view clearly not a parliamentary duty. This was a breach of paragraph 5.1.1 of the Green Book.
  - iii. Payments for travel to Paris to interview candidates for Mr MacShane's Personal Assistants—which, as well as being prohibited travel, was not, in my view, justifiably proportionate expenditure solely, exclusively and necessarily incurred on account of Mr MacShane's parliamentary duties. A trip to Paris cannot, I believe, reasonably be justified by a wish to interview PAs. It was a breach of paragraph 5.1.1 of the Green Book.
  - iv. The costs of a report in Mr MacShane's name on the position of Labour's sister parties in the EU. This went beyond what Mr MacShane fairly accepted might have been "*some overlap between parliamentary and political involvement in European affairs*".<sup>181</sup> It was in my judgment a report in support of party political activities and so contrary to paragraph 5.1.1 of the Green Book.
  - v. Mr MacShane's claims for some of the hospitality he provided to his academic and political contacts which appeared to go beyond remuneration in kind for a commissioned service. Mr MacShane appears to have been using parliamentary funds to entertain his European contacts. This is not allowable expenditure under paragraph 5.13.4 of the Green Book.
  - vi. Mr MacShane's extensive purchase of books in the course of his travels which went, in my judgment, well beyond the scope of a provision allowing claims for subscriptions to newspapers or periodicals. These claims were substantial, extensive and for comparatively expensive volumes. Mr MacShane has provided a list of 54 books with a total cost of more than €1,000<sup>182</sup>. There was, he told me, a further list of titles which he could not find. Mr MacShane has suggested that he could have sought to obtain these books from the House of Commons Library. Be that as it may, while it would be disproportionate to have prevented claims for some books being made against the incidental expenses provision, Mr MacShane's claims went way beyond what was reasonable and, in my judgment, seemed to border on him using parliamentary resources to build his personal European library. They breached paragraph 5.13.4 of the Green Book.

144. While, therefore, some of Mr MacShane's Europe-related claims were allowable under the incidental expenses provision in respect of the work he commissioned for research and translation and his purchase of periodicals, many of them were extensively in breach of the rules. The total value of his claims over the period of just over three years covered by the complaint was £12,900. It is impossible to say with any assurance what proportion of his

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181 WE 11

182 Around £700 at the relevant time.

claims were outside the rules, but, taking account of the sums Mr MacShane initially decided to return to the House, it may have been in the order of £7,500.

145. I turn now to Mr MacShane's computer purchases. Mr MacShane was clearly within the rules of the House in claiming for computers additional to those loaned by the Parliamentary Information and Communications Technology service. But, as the Department of Resources has implied, Mr MacShane's claims would appear to have been excessive. In the course of just under three years, he obtained 14 computers: 6 provided by the House and 8 bought from his allowances. Even allowing for the two which he said had broken down and for essential upgrades, that could not in my judgment be justified. While I believe that Members should expect to have a considerable degree of latitude in deciding, within the limits of any allowance, what provision they need in their offices to support them in their parliamentary duties, Mr MacShane's computer purchases appear to go well beyond that reasonable expectation. They reflect a cavalier approach to the use of public resources and, in some cases, at least, it appears that Mr MacShane allowed an outgoing intern to take away with them a parliamentary-funded laptop, and then bought a new one for his or her successor. In my judgment, the result was that, for part of the lifetime of the equipment, these computers were not being used solely in support of Mr MacShane's parliamentary duties and there were, in any case, just more than any reasonable person would think necessary. These were comparatively expensive items and should have been better husbanded. On both counts, therefore, I find that the expenditure was not wholly, exclusively and necessarily incurred on parliamentary duties. As a result, Mr MacShane was, in my judgment, in breach of paragraph 5.1.1 of the Green Book.

146. Mr MacShane was also in breach of the rules in submitting the same invoice twice for a computer he bought in December 2007 for £498.95. I fully accept that this was a mistake on his part and agree with Mr MacShane that it is unfortunate that this was not picked up by the Fees Office at the time.

### *Was the way in which these claims were submitted above reproach?*

147. While Mr MacShane's approach to the management of his office computer equipment could be seen not to have been above reproach, in my judgment that pales when set alongside the way in which Mr MacShane presented his claims in support of his work on European affairs.

148. Mr MacShane has very fairly said that: "I accept that errors were made but they were mistakes based on an over-enthusiastic zeal to carry out my parliamentary work on European affairs [...] I now accept that my approach is indeed open to question and reproach."<sup>183</sup> Mr MacShane had written earlier to me that: "I could well understand that consideration of just the facts could lead to individuals being highly critical but I did not intend a wrong"<sup>184</sup> and "I wish now that I had not operated as I did."<sup>185</sup>

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183 WE 51

184 WE 30

185 WE 34

149. I agree with Mr MacShane’s overall conclusion that his approach to his claims for his European work were not above reproach. This was not a close call: it was a very substantial failure.

150. I come to this conclusion for three reasons. First, Mr MacShane provided invoices purporting to come from the European Policy Institute (EPI) which described the services provided by the Institute as being for research and translation or research and communications work. That description did not, in my view, come even close to providing an adequate description of what the money was being spent on. It is so far short of a proper description as to mean that neither the Department of Finance and Administration nor anyone reading the redacted invoices when they were finally published would have known that the money was being spent also on Mr MacShane’s travel across Europe. This was not an isolated occurrence. 19 such misleading invoices were presented by Mr MacShane to the Fees Office over the course of just over three years. By purporting to use the EPI as the provider or commissioner of the relevant service, Mr MacShane avoided any requirement for specific invoices to be provided. Mr MacShane explained that this was “*for ease of administration.*”<sup>186</sup> It was clearly administratively convenient for him not to have to explain his claims, but that did not make it acceptable. It was not.

151. Mr MacShane has argued that many of his claims would not have needed invoices since individual items were often below the £250 threshold above which invoices were at that time required or could have been taken out of the £250 monthly petty cash provision. Neither is in my view a plausible argument. It is hard to see how much of his European expenditure could reasonably have been funded from a petty cash provision and even claims without invoices had to be itemised, described and costed. Had Mr MacShane claimed for reimbursement of the costs in this way, the unacceptable nature of his expenditure should very quickly have been exposed.

152. Secondly, Mr MacShane’s invoiced claims were in fact no more than broad estimates of what he had spent in support of his European work. He told me that the amounts on the invoices varied “*according to what I judged to have expended*”<sup>187</sup> and that he sought to stay within the civil service allowance for travel abroad “*within my own framework of what was fair to charge.*”<sup>188</sup> Whether, on his own terms, Mr MacShane overcharged or undercharged his actual costs—and I have no evidence that at any time he made a personal profit from his claims—that is not an acceptable basis on which to submit claims against parliamentary resources. The Green Book provides that the incidental expenses provision “is available to meet costs incurred on Members’ parliamentary duties.” But those costs have to be the costs which have actually been incurred. Mr MacShane’s claims were not prepared in this way. It is difficult to avoid the conclusion that he spent as he felt necessary and put in rounded claims to the Department when the account he used for his European work was running low.

153. Thirdly, Mr MacShane made claims purporting to be based solely on invoices submitted to him by the European Policy Institute, authenticated by the EPI’s letterhead

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186 WE 51

187 WE 51

188 WE 12

and signed by the General Manager of the Institute. But by the time he started making these claims, the Institute in this form did not exist; the notepaper on which the invoices were produced was obsolete, and there was no General Manager—the General Manager’s signature was provided by Mr MacShane himself or someone else under his authority. The sum claimed was not a sum determined by the General Manager of the EPI to meet the cost of services commissioned on Mr MacShane’s behalf. It was the sum of money entered on his computer by Mr MacShane himself. In effect, he was sending the invoice to himself and writing his own cheque. The claims were paid out unchallenged by the House authorities and the money put into a separate bank account which Mr MacShane controlled. He used the money as he thought fit, in support of his European activities.

154. Mr MacShane has sought to argue that the name of the General Manger was in effect a “*nom de plume*”.<sup>189</sup> Mr MacShane told me that his staff regularly sign his letters in his name and seemed to imply that this arrangement was no different. But of course it was. The name used was that once used by Mr MacShane’s brother: if it was anyone’s “*nom de plume*” it was his—and Mr MacShane’s evidence is that his brother was not involved in any way with his claims during this period.<sup>190</sup> Nor was this a “*nom de plume*” used by the Member for an activity disassociated from Parliament. It was used to receive monies from Parliament. And the vehicle was the invoices produced by Mr MacShane and signed in someone else’s name. Those paying out the money were never told that the “*nom de plume*” was in fact being used by the Member himself. The effect was that, unbeknown to the Department, Mr MacShane was submitting invoices to himself and asking the parliamentary authorities to pay.

155. The result was that the invoices misled the House authorities; they provided no check, balance or restraint on Mr MacShane’s claims; they ensured there was no means of checking their accuracy or admissibility, and, when they came to light, they put unwelcome pressure on a member of Mr MacShane’s own family.

156. Mr MacShane has suggested that the management of his financial activities was “simply inept”.<sup>191</sup> He has accepted that “with the benefit of hindsight I almost certainly should not have used the EPI as a vehicle to cover costs of working on European affairs.”<sup>192</sup> I consider Mr MacShane’s conduct in presenting the invoices in this way was more than inept. It was clearly wrong. It is not necessary to consider this with the benefit of hindsight or in the context of the expenses scandal which was to follow. Whatever the pressures, and however chaotic his affairs, Mr MacShane should have recognised immediately that filling in his own invoices, without receipts, purporting to come from an outside organisation which did not exist in that form and ensuring that the invoice was authenticated using someone else’s name was simply unacceptable and wrong.

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189 WE 53

190 WE 9

191 WE 30

192 WE 53

*Overall conclusions*

157. I conclude, therefore, that Mr MacShane was in breach of the Code of Conduct in withdrawing his cooperation by declining at the conclusion of this inquiry to attend an interview and to answer a specific question about his invoices. This was contrary to paragraph 19 of the Code of Conduct approved by the House in 2012. He was also in breach of the Green Book rules for the 19 claims he made from 2004–05 to 2007–08 together totalling £12,900 against his incidental expenses provision in support of his work on European affairs. Mr MacShane was also in breach of the rules for buying some computers between 2004–05 and 2007–08 when that expenditure was not wholly, exclusively and necessarily incurred on parliamentary duties. And one claim for £498.95 had already been submitted and so should not have been made or paid. I therefore uphold this complaint.

158. Taken together, I consider these breaches to be a particularly serious violation of the Code of Conduct. Wrongly claiming from the incidental expenses provision for his European activities was itself serious, more so than for his computer claims. But the seriousness was very substantially compounded by Mr MacShane's wrongdoing in his presentation of the highly misleading and inaccurate invoices which helped to fund his European activities.

159. I recognise that Mr MacShane was under personal pressure throughout much of the period covered by his claims. I recognise too that the police investigation, followed by the resumption of my inquiry, had the effect of continuing that pressure. Mr MacShane is an acknowledged parliamentary expert on European affairs and, having lost his post as Minister for Europe, it was understandable that he would have wished to have continued with the work to which he has been committed for many years. He has also repaid the cost of his European claims of his own volition and has offered to repay whatever else is required. He has apologised. I have no evidence that Mr MacShane received any personal profit from his claims. All this needs to be weighed in the balance. But in my judgment, it cannot absolve Mr MacShane from his responsibility for the extremely serious way in which he breached the House of Commons Code of Conduct and its expenses rules over a period of some four financial years. On reflection, I hope he might recognise that overall his conduct fell far below the standards of integrity and probity expected of every Member of the House.

# Written evidence received by the Parliamentary Commissioner for Standards

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## 1. Letter to the Commissioner from Mr Michael Barnbrook, 29 June 2009

I wish to register a formal complaint against Mr Denis MacShane, MP.

The complaint relates to an article in the *Mail on Sunday*, dated 28th June, 2009, headed “*Denis MacShane claims for 8 laptops in 3 years*”, a copy of which I enclose.<sup>254</sup>

In the article it states that Mr MacShane used his office expenses to claim more than £5,900 for 8 machines between March 2005 and January last year.

The computers, which cost between £498 and £1276 each, are in addition to technical equipment provided to MPs by Parliamentary authorities.

The *Mail on Sunday* claims that four laptops were claimed in 2007–08—the last year for which records are available—including what appears to be a duplicate claim in successive months for a computer of the same value, £498.

The *Mail on Sunday* also claims that Mr MacShane claimed more than £8,000 for translation services.

Apparently, he submitted more than a dozen invoices to the Commons fees office bearing the heading of the European Policy Institute. Each bill was justified by one line—“*research and translation*”—followed by a demand for fees ranging between £550 and £950.

The European Policy Institute, which according to the *Mail on Sunday* has a ghost presence on the Internet, is controlled by Mr MacShane’s brother, [name].

Finally, Mr MacShane has claimed expenses of nearly £20,000 a year for seven years in order to run his official constituency office from a shabby looking garage at his home address.

If the allegations made in the *Mail on Sunday* are true, Mr MacShane appears to be in breach of parliamentary rules.

I am requesting that you use your powers under Standing Order 149 to demand from Mr MacShane all telephone, broadband and other records, in order to satisfy the taxpayer that the £20,000 a year to run his constituency office is properly accounted for.

I am also requesting that you use your powers under Standing Order 149 to obtain evidence of documents that have been translated and research undertaken for Mr MacShane by the European Policy Institute in order to satisfy the taxpayer that the charges were justified.

The Code of Conduct for Members of Parliament clearly states that holders of public office should take decisions solely in the terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their families and their friends.

The Code also states that no improper use shall be made of any payment or allowance made to Ministers for public purposes and the administrative rules which apply to such payments and allowances must be strictly observed.

I have not submitted any evidence with my complaint as it is already in the public domain and I am not aware that Mr MacShane is denying any of the allegations made against him by the *Mail on Sunday*.

It goes without saying that, if during the course of any investigation, you become aware of possible criminal wrongdoing by Mr MacShane, you pass the matter to the Metropolitan Police for investigation, in accordance with the Eighth Report of the Committee on Standards and Privileges, 2007–08.<sup>255</sup>

Thank you for your attention to this matter.<sup>256</sup>

29 June 2009

## 2. Enclosure to Mr Michael Barnbrook's letter of 29 June 2009: Article from *Mail on Sunday*, 28 June 2009

### *Labour MP Denis MacShane claims expenses for eight laptops... in just three years*

Labour MP Denis MacShane is facing further questions over his expenses after it was revealed that he claimed for eight laptop computers in just three years.

According to Commons files, the controversial former Europe Minister used his office expenses to claim more than £5,900 for the machines between March 2005 and January last year.

The computers, which cost between £498 and £1,276 each, are in addition to technical equipment provided to MPs by Parliamentary authorities.

Mysteriously, a recent visitor to MacShane's Rotherham constituency office, said he could see only one computer, a desktop model, in the study. Four laptops were claimed in 2007–08—the last year for which records are available—including what appears to be a duplicate claim in successive months for a computer of the same value, £498.95.

During the three-year period, Mr MacShane also claimed for a £212 Palm Pilot and three digital cameras worth up to £300 each. Five of the laptops were claimed for in November, December or January, and two of the receipts come from a Dixons tax-free airport store.

Last night Mr MacShane, who last week faced questions over more than £8,000 charged to the taxpayer for "translation services" carried out by a think-tank run by his [...] brother, failed to respond to repeated requests from *The Mail on Sunday* for a reaction.

But in a statement released to his local paper he claimed that the nature of his duties and the march of technological change necessitated the purchases.

*"I did not come into politics to manage budgets, supplies, staffing etc, and I am the first to acknowledge this has not had the important and detailed attention which with hindsight I now realise I should have provided,"* he said.

*"I spend a lot of time travelling and am on the road a lot, so like others in similar roles, computers, mobile phones and BlackBerrys are an absolute necessity and are in constant use seven days a week.*

*"In both my offices I employ permanent and part-time staff. Since 1994, I have always had one full-time constituency assistant in Rotherham as well as other part-time employees.*

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<sup>255</sup> Committee on Standards and Privileges, Eighth Report of Session 2007–08, *The Complaints System and the Criminal Law*, HC 523

<sup>256</sup> Mr Barnbrook signed his letter as the Spokesman on Law and Order, British National Party. He let me know on 7 July 2012 (not included in the written evidence) that he was no longer a member of that political party.

*“I also have interns and researchers in my offices, and most of the equipment purchased has been for their use and to ensure I have fully functioning offices.*

*“Camera, computer and phone technology is ever-changing and I have sought to use the annual office costs allowance to maximise the technological opportunities for me and my staff to deal with a very demanding workload.”*

Last week, this newspaper revealed how Mr MacShane submitted more than a dozen invoices to the Commons bearing the heading of the European Policy Institute. Each bill was justified by one line—*“research and translation”*—followed by a demand for fees ranging between £550 and £950.

The EPI, which has a ghost presence on the internet, is controlled by his brother,[name].

We also revealed last month how Mr MacShane claimed nearly £20,000 a year in expenses for an office based in the garage of his South Yorkshire home.

The claim, totalling £125,000 over the past seven years, covered the costs of running his official constituency base from the shabby-looking garage at his semi-detached home in Rotherham.

28 June 2009

### **3. Letter to Mr Michael Barnbrook from the Commissioner, 2 July 2009**

Thank you for your letter of 29 June asking to register a formal complaint against Mr Denis MacShane MP.<sup>257</sup>

In your letter you say that you have not submitted evidence in relation to your complaint. As you know, however, I am required to consider whether the complainant has provided me with sufficient evidence to justify at least a preliminary inquiry into whether the Member has breached the rules. To meet that requirement, you do need to submit the evidence which you consider supports your complaint.

If, therefore, you would like me to consider instituting an inquiry into your complaint, could you let me have the evidence on which you would like to rely and an explanation of how you believe the Member has breached the rules of the House?

2 July 2009

### **4. Letter to the Commissioner from Mr Michael Barnbrook, 7 July 2009**

With reference to your letter dated 2 July asking me to supply evidence to substantiate my complaint against Denis MacShane MP, that he has breached the rules of the House.<sup>258</sup>

The evidence is contained on the Parliament web site under ‘allowances by Members’ on the following pages.

Computers

2004–05

Page 146	14/03/05	Notebook Travel Computer	£1050
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257 WE 1

258 WE 3

2005–06

Page 111	02/11/05	Computer	£834.23
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Page 68	28/12/05	Portable Computer	£554.96
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Page 28	13/02/06	Computer	£563.97
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2006–07

Page 67	07/12/06	Computer	£1276.59
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2007–08

Page 103	05/07/07	Laptop Computer	£611.12
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Page 139	24/09/07	Laptop Computer	£578.99
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Page 57	11/01/08	Laptop Computer	£498.95
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Page 47	17/01/08	Notebook Computer	£498.95
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## Consultancy and Translation Services

2004–05

Page 262	28/03/05	European Policy Institute	£550
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Page 227	22/01/05	European Policy Institute	£850
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Page 167	19/12/04	European Policy Institute	£650
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Page 145	10/03/05	European Policy Institute	£850
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Page 65	01/04/05	European Policy Institute	£750
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Page 32	11/07/05	European Policy Institute	£750
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2005–06

Page 217	05/08/05	European Policy Institute	£500
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Page 132	12/10/05	European Policy Institute	£450
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Page 90	09/12/05	European Policy Institute	£550
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Page 43	30/01/06	European Policy Institute	£550
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2006–07

Page 178	13/06/06	European Policy Institute	£750
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Page 126	15/09/06	European Policy Institute	£750
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Page 114	19/10/06	European Policy Institute	£950
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Page 110	08/11/06	European Policy Institute	£550
Page 82	29/11/06	European Policy Institute	£850
Page 57	19/01/07	European Policy Institute	£550
2007–08			
Page 108	30/10/07	European Policy Institute	£850
Page 74	29/11/07	European Policy Institute	£550
Page 69	04/01/08	European Policy Institute	£650

I have already fully explained how I consider Mr MacShane to have breached the rules of the House in my letter to you dated 29th June, 2009.<sup>259</sup>

I would remind you of your powers under Standing Order 149, which gives you the authority to demand from any Member documentation to assist you in any investigation that you instigate.

By using Standing Order 149, you will be able to satisfy yourself whether the nineteen claims to the European Policy Institute for £12,900 and Mr MacShane's use of his garage as a constituency office, were justified.

Thank you for your attention to this matter.

7 July 2009

## 5. Letter to Rt Hon Denis MacShane MP from the Commissioner, 15 July 2009

I would welcome your help on a complaint I have received from Mr Michael Barnbrook about the arrangements for your parliamentary office.

I attach a copy of the complainant's letters to me of 29 June and 7 July.<sup>260</sup> In essence, the complaint is that the costs you claimed against the Incidental Expenses Provision for your constituency office and certain office services and equipment were not wholly, exclusively and necessarily incurred on your parliamentary duties, contrary to the rules of the House. I have not accepted Mr Barnbrook's complaint about the nature of your constituency office, as he has not submitted any evidence to suggest that you may have breached 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 most 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:

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259 WE 1

260 WE 1 and 4

*“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 almost identical to those in the June 2003 and July 2006 editions. The scope of the allowance is set out in paragraph 5.1.1 as follows:

*“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.”*

And paragraph 5.12.2 (5.12.1. of the June 2003 edition) provides, under the heading ‘Propriety’:

*“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.”*

Paragraphs 5.13.2 and 5.13.3 provide the following examples allowable expenditure:

***“5.13.2. Work commissioned and bought in services***

*Note: With the exception of costs associated with publications and websites, the costs listed below may also be met from the staffing allowance, provided that in any given year the costs of work commissioned do not exceed 25% of that budget.*

***Allowable expenditure:***

...

- ❖ Interpreting and translation services*

*(This includes sign language, interpretation and Braille translation)*

- ❖ *Research and media scanning services*
- ❖ *Consultancy eg on software or websites*

...

***Equipment and supplies for the office and/or surgery***

**5.13.3: Allowable expenditure**

- ❖ *Purchase or lease of photocopiers, faxes, scanners, phones and other office equipment, including computers*
- ❖ *Purchase of office furniture*
- ❖ *Purchase of stationery and consumables*
- ❖ *Purchase of hardware and software.”*

Section 12 of the Green Book provides as follows:

***“Computers and other IT equipment for Members and their offices***

*This equipment is free of charge, on loan to Members for Parliamentary use only. It is provided by the Parliamentary Communications Directorate (PCD) on behalf of the Department of Finance and Administration.*

*Members can also use their IEP to buy additional items, providing they are used solely for Parliamentary purposes.*

*Further details are on the Parliamentary Intranet or via the help desk on [...].”*

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:

what computers provided free of charge by Parliament you have used for your parliamentary duties since 2004–05 and why you needed to buy each of the nine additional computers which you purchased from your IEP over the four financial years beginning in 2004–05;

whether the two separate claims in January 2008 for £498.95 were for different computers or whether they refer to the same machine;

what happened to each of these nine computers and where they are now;

what services were provided to you by the European Policy Institute in each financial year since 2004–05; why you selected this organisation to provide these services and what role if any your brother [name] had at the Institute and in the provision of the services to you;

whether you consulted the then Department of Resources (formerly the Department of Finance and Administration) or parliamentary IT managers about any aspect of these arrangements.

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 on this.

15 July 2009

## 6. Letter to the Commissioner from Rt Hon Denis MacShane MP, 16 July 2009

Thank you for your letter of 15th July with the complaint from [Mr Barnbrook].<sup>261</sup> I fully understand that you have to deal fairly with anyone who writes in with a complaint and I am glad of the opportunity to answer any queries.

[Material not relevant to the inquiry]

[Mr Barnbrook] appears to have taken his complaint from articles in the *Mail on Sunday* which over the years has run unpleasant articles about me and invaded my privacy and that of [...] and other family members.

I did give the *Mail on Sunday* statements of explanation which they did not publish in full. Instead the paper has taken stories from the *Guardian* in 2001 about the use of my home in Rotherham for constituency work and about the European Policy Institute which has organised conferences and publications as well as research over the past two decades. The *Mail on Sunday* then lifted almost verbatim a report in the *Rotherham Advertiser* after that paper has gone in detail through the IEP and ACA claims and found I had purchased a number of computers. I did show all the unredacted claim forms to local journalists just after the *Telegraph* broke its story.

I enclose an email which I sent to the *Rotherham Advertiser* which is on their website and which I hope answers all [Mr Barnbrook's] points.<sup>262</sup>

After I left office as Minister for Europe in 2005 I remained as active as ever on European political affairs. In addition to serving as a UK delegate on the Council of Europe and Nato Parliamentary Assembly the then Prime Minister asked me to keep working as his unofficial political envoy in Europe. It is no secret that as an MP I am known for my interest and knowledge in European affairs based on extensive travel, meetings and taking part in events with politicians on the continent.

That meant that since 2005 I have had a good number of paid and unpaid researchers and interns working in my office from the UK, USA and different European countries to help with me with Parliamentary work on European (EU and wider Europe) and international policy matters. I have always sought to provide them with equipment including computers and took for granted that the IEP could be used to make those purchases. I have also made sure that my homes were equipped and I have bought light-weight notebooks at airports. Some of these were replacement computers for computers that broke down or had dysfunctioning keyboards. As I write I am looking at two malfunctioning computers I bought which when time permits I will take to PICT and ask to see if they can be brought into service. My Sony broke down completely while on a Parliamentary delegation visit in Washington DC last November and could not be repaired. Writing this in my small Commons office I can see two laptops in addition to the desktop I am writing on and the Sony P lightweight notebook I have in my bag (in addition to the two computers previously mentioned that do not work). I saw an advert in the *Times* today for a more robust but lightweight ACER laptop with 8 hours battery life which would help me enormously when on the road. I will check on the point about the two computers purchased in 2008. I think I was upgrading computers in Rotherham. I do not think I could have submitted

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261 WE 5

262 WE 7

the same invoice twice if that is what [Mr Barnbrook] alleges and the Fees Office normally did check and pick up any discrepancy.

I have also had to organise research and translation work in different corners of Europe. To this end, on leaving ministerial office in 2005 I reactivated the European Policy Institute which as I told the *Mail on Sunday* was founded as a network of policy intellectuals in the 1990s and has published books, organised conferences and commissioned research. My brother is on an old letterhead as administrator but receives no payment or monies and never has. He has had no direct involvement for some time. All of this money claimed from under the IEP heading which in the previous and new Green Book permitted research and translation work was to carry on with my high level of European political work as a UK parliamentarian and for which, as you know, there is no payment or support of any kind.

To my certain knowledge the Fees Office has never queried any receipt I have submitted and of course I have always abided by their rulings.

I hope this reply helps clarify the points you raise and of course I stand ready to help further in any way and to abide by any decisions you come to.

[Material not relevant to the inquiry]

16 July 2009

## **7. Enclosure to Rt Hon Denis MacShane MP's letter of 16 July 2009: Statement issued to the *Rotherham Advertiser* by Rt Hon Denis MacShane MP, 25 June 2009**

[Material not relevant to the inquiry]

In order to do my job as an MP I have to run two offices, one in Westminster and one in Rotherham, as well as two homes, one in Rotherham and a second in London. I see my prime responsibility as an MP to meet and serve the needs of my Rotherham constituents—individually and collectively; play my full role at Government at a national level; undertake those responsibilities asked of me by the Government at an international level and, in all these various roles doing my best to implement the policies and politics for which people elected me as their MP.

I did not come into politics to manage budgets, supplies, staffing etc and I am the first to acknowledge that this has not had the important and detailed attention which with hindsight I now realise I should have provided.

I spend a lot of time travelling and am on the road a lot, so like others in similar roles, computers, mobile phones and Blackberries are an absolute necessity and are in constant use seven days a week. In both my offices I employ permanent and part-time staff. Since 1994 I have always had one full-time constituency assistant in Rotherham as well as other part-time employees. I also have interns and short-term researchers working in my offices and most of the equipment purchased has been for their use and to ensure I have fully functioning offices. Camera, computer and phone technology are ever changing and I have sought to use the annual office costs allowance to maximise the technological opportunities for me and my staff to deal with a very demanding workload.

[Material not relevant to the inquiry]

The Prime Minister has made it a requirement for the expenses of all MPs in recent years to be checked by an independent body. I am very happy with this arrangement and if this independent scrutiny identifies any errors I will of course make the necessary repayments, including [...] the cost of research and translation work undertaken by the European Policy Institute in connection with my European political activities.

[Material not relevant to the inquiry]

25 June 2009

## 8. Letter to Rt Hon Denis MacShane MP from the Commissioner, 20 July 2009

Thank you very much for your letter of 16 July responding to mine of 15 July about this complaint in respect of the arrangement for your parliamentary office.<sup>263</sup>

It was very helpful to have this and I do appreciate receiving such a prompt response. I appreciate also that you are now away for the next three weeks and so will not receive this letter until after your return. Your initial response was, therefore, particularly appreciated.

You have offered further help. It would certainly be helpful to me if you could provide me with the following which I covered in my letter of 15 July<sup>264</sup>:

what computers provided free of charge by Parliament you have used since 2004-05 and a statement of the reasons for purchasing each of the computers identified in the complainant's list, and what happened to them. I appreciate that you may not have kept detailed records, but it would be helpful to have as accurate a recollection as possible of your reasons for buying each one and what became of each one;

fuller details of each of the 19 claims identified by the complainant for the work of the European Policy Institute from 2004-05 to 2007-08 and why you selected this organisation to provide these services to you. Again, it would be particularly helpful to know what was bought or supplied by the institute for each of the claims made. It would also be helpful to see examples of the research and translation work which was covered by any of these claims.

If you could let me have a response to this letter when you return from leave I will take this forward, subject, of course, to my own leave towards the end of August. Once I receive your response, I am likely to seek advice and comments from the Department of Resources.

Thank you again for your help.

20 July 2009

## 9. Letter to the Commissioner from Rt Hon Denis MacShane MP, 10 October 2009

I do most sincerely apologise for the time it has taken to reply to your letters just before the holiday period. I set out below as fully as I can my justification for using the European Policy Institute to claim back moneys I spent working on European affairs which I consider to be part and parcel of my Parliamentary work. As I said to you my brother [...] has had nothing to do with the EPI since some time and is not involved in any way with claims in the period under review.

September has been very busy with visits to Madrid, Berlin, Paris, Brussels and Strasbourg in connection with parliamentary work [...]. That plus pre-election constituency work and normal party political work in the conference season has left me with little spare time. Now we wait for Sir T Legg's letters.<sup>265</sup> I was taught at school the maxim "*Non Judicabit Deus bis in idipsum*" but it seems we are all to be judged and judged and judged—by the press, by political opponents, by our peers, and by different committee and then again by the press etc. Forgive this moan but this whole process—the first in my 15 years as an MP and indeed the first in nearly four decades of professional life regularly claiming expenses and allowances—has really weighed heavily.

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263 WE 6 and WE 5

264 WE 5

265 This refers to the review undertaken by Sir Thomas Legg of Members' claims against the Additional Costs Allowance. See Members Estimate Committee, First Report of Session 2009-10, *Review of Past ACA Payments*, HC 343.

I will reply later on the computers questions but as I said to the press these were bought to have a fully equipped facility for computer communication in two homes, as well as lightweight travel computers, two of which broke down and needed replacement as well as providing computers for the flow of interns or one-off research assistants I have in my office.

### **European Policy Institute**

The European Policy Institute was created in the early 1990s in Geneva as an informal network of writers and political activists interested in European affairs. It has published books and reports and bulletins. It was used by different people as a vehicle for payments and for publishing or conference organising activities. It has no full-time staff. It has paid for travel, research, translation, purchase of reports and books connected to European political activities on an informal basis. I have used it over a number of years to cover costs relating to my parliamentary work, for example as Chair of the All-Party Committee of Enquiry into Anti-Semitism (2005–2008) where no other source of parliamentary funding was available or when travelling to prepare for the many debates on European affairs including the debates on the Lisbon Treaty.

### **2005**

So in the final months of 2004 I was exploring the impact on British politics of the new Zapatero government in Spain. I collaborated with [name], formerly special adviser to Robin Cook when Foreign Secretary who by then was based in Madrid. This involved a trip to Madrid and a hotel stay plus purchase of books and meetings with policy specialists and Spanish parliamentarians. The costs were met from the EPI.

As former chair of the British-Swiss Parliamentary Group and as someone who lived and worked in Geneva for a number of years before becoming an MP in 1994 I have always taken a keen interest in Swiss political and economic affairs and made a point of travelling regularly to Berne, Geneva and Zurich to meet MPs and officials there. So in January 2005 I made such a trip using the EPI for reimbursement. I commissioned a report from a Geneva based consultant, [name], for which I paid (from memory) CHF 500 in cash.

This was followed by a visit to Warsaw ahead of the Polish accession to the European Union. My father was a Polish army officer newly commissioned in 1939 who was wounded in the September campaign against the Wehrmacht at the beginning of WW2 and who then escaped to France to be evacuated to Scotland. There he met my mother. I was a main go-between for western trade unions and the Solidarity trade union in 1980–1981 and was briefly imprisoned in 1982 by the communists when caught running money to the underground Polish Solidarity union. Since becoming an MP I have taken a sustained interest in Polish links. Not having the language, alas, I have used the EPI to pay informally for research and translation as well as to cover flight and hotel costs as in the spring of 2005.

### **Spring 2005**

The payments claimed here relate to an intense period of activity prior to and connected with the presumed general election that year. I asked my network of correspondents to prepare reports on how Britain was seen from the point of view of various European countries in order to prepare debating points and arguments for use in parliament and in media and Commons debates with the Conservative opposition.

The EPI produced an analysis in different languages as well as a report under my name on the position of Labour's sister parties in the EU.

### **Summer 2005**

The key issue in Europe in this period were the referendums in France and the Netherlands on the constitutional Treaty. The issue was a hot subject in the Commons and in order to brief myself as fully as possible I travelled to France and the Netherlands [to] investigate on the ground what the arguments were. I bought a considerable number of newspapers, magazines and books over this period which I used EPI payments to cover. I had research undertaken in different capitals on how they would react to the No from the

French and the Dutch. These informed my interventions in the House and in British public debate on the issue in which I took a leading part in this period.

### **Autumn 2005**

The Prime Minister asked me to be his envoy to European political parties and personalities meeting people informally and reporting back to No 10—principally to his European adviser, [name] and his chief of staff, [name]. I met the PM at Downing Street to report on my impressions and to help him keep informed from other than formal diplomatic sources on development in Europe. As is well-known Whitehall has no way of paying for this kind of work undertaken at the Prime Minister's request which involves travel, research, contacts, hotels, purchase of books and journals etc. For wealthy individuals like, for example, [name] who also acted as an unofficial envoy for the PM in Latin America and the Middle East has considerable personal wealth to allow him to pay all costs associated with that job. I had four [...] children, two mortgages, and an MP's salary so felt it was reasonable to use the Commons allowances to cover costs of work that lay at the centre of my Parliamentary activities. In this period, I spoke in every FCO question session usually on Europe and in most foreign policy and international debates. I wrote a great deal, occasionally for payment as recorded in the Register for Members' Interests, but usually unpaid and broadcast regularly on my Parliamentary work on European political affairs. I spoke at events all over the country and in Europe on European affairs. Again, I could not have undertaken this intense level of work in which up-to-date knowledge of EU developments and European political affairs (much of it only available in languages which needed translating) without being able to call on the modest sums claimed via the EPI.

### **2006**

The work as a personal envoy for the PM continued throughout the year. In the first months of 2006 I went to Switzerland twice to meet with Swiss politicians, editors and diplomats. The issue of the Swiss negotiating an agreement with the EU to allow free movement of people was important. Some years previously I had persuaded the Government to allow Swiss citizens to enter the UK using the same channel at airports as EU citizens. Now the Swiss were involved in tricky negotiations, which involved Britain as an interlocutor, with the European Commission on free movement of people and solidarity payments by the Swiss to the EU.

I went to Paris to promote the cause of recognition of Kosovo which was a priority for the Government. I met French politicians and ambassadors of key states to press the case. In the spring I travelled to Pristina for meetings with Kosovan political leaders. By now I was established as a UK delegate to the Parliamentary Assembly of the Council of Europe and to the NATO Parliamentary Assembly. This was parliamentary work outside of the Commons and being informed, briefed and up-to-date on European political and defence/security matters required intensive research, briefing and translation which was covered by EPI payments.

In February 2006 I went to Poland and prepared a report on Polish politics for the PM at his request. On average over this period I tried to go to Poland at least twice a year. I have family links and was arrested and briefly imprisoned by the Polish communists in 1982 when caught running money to the underground Solidarity union. I do not speak Polish beyond a few words and have had to ask for translations of material in order to be fully briefed.

In March 2006 I went to Berlin at the PM's request to talk to the Energy Minister, Sigmund Gabriel and the leadership of the Social Democratic Party then in coalition with the CDU. This was useful to my parliamentary interventions on EU energy policy and on the foreign policy approach of the new German coalition government. I met diplomats and editors there and bought €100+ worth of books on aspects of German politics. Again I used EPI claimed for money to help cover the costs of these trips which I consider helped to improve my ability to contribute as an MP to the UK debate on German and EU politics.

By this stage I was chairing the All-Party Commission of Enquiry into Anti-Semitism. This was set up in 2005 and reported in September 2006. Iain Duncan-Smith, Chris Huhne and Lady Sylvia Hermon were amongst the 12 members of the Commission many of them former ministers or Privy Councillors.

I travelled to Paris, Amsterdam, again to Berlin and Rome to have talks with different Jewish organisations. I used EPI money claimed in 2006 to help defray costs and to have translations done and buy books in French and German on anti-Semitism.

The autumn of 2006 saw travel to Italy, Bulgaria, Hungary, the Czech Republic and to Berlin to speak on my Commission's report on anti-Semitism. The EPI payments recorded in September, October, and November of 2006 helped cover these costs as well as helping with translation into and from different European languages.

## 2007

2007 was more or less the same as the previous two years and two succeeding years in terms of regular visits to different parts of Europe, the purchase of journals and book and organising translations. I was in France in the spring of 2007 in connection with the French presidential election. I was now working actively on combating anti-Semitism at the European level, meeting politicians and researchers on this issue and reading widely which involved buying books which I used money claimed under the EPI heading to pay for. In April 2007 the Government produced its Command Paper response to my Commission's report. A key recommendation was the need to engage in European and international parliamentary and government work to fight and expose anti-Semitism. This was a new area of parliamentary work—reflected in questions and contributions to debates—in addition to my continuing work on European politics where my contributions in the House and public debate in 2007 are a matter of record also required being in touch with politicians and researchers in different European countries where anti-Semitism is a problem.

I spent time in France after the election in May 2007 to gauge the changes in the way France was likely to approach issues like the problems of immigration by asylum seekers clustered on the north French coast who seek entry into the UK. At each of my fortnightly surgeries in Rotherham about half the people who come along are asylum seekers who make no secret they arrived via people smuggling criminal gangs who use lorries to bring asylum seekers and economic migrants in from France. Finding out from French politicians and officials about this problem was a contribution to my ability to intervene usefully in this area of European politics.

I was by now actively researching contemporary European anti-Semitism which involved visits to Frankfurt and Grenoble. I was invited by Jacques Delors to join a committee to draw up a short-list for the European Book of the Year on which I still serve. Again, there were no funds to cover the costs of travel and staying in Paris for these meetings and since I used them to try and advance the case of British writers, including helping to steer the committee to chose the work of British historian [...] in 2008 I thought it reasonable to use EPI money to cover these costs.

I hope the above arguments provide some background as I explained in previous letters to you why I believe it was reasonable to claim moneys for parliamentary activity which could not be sourced in any other way.

I enclose copies of work translated into different European languages over the period concerned, some of which was covered by EPI payments.<sup>266</sup>

As I told you on the phone I am happy to abide by any judgement you make. If told to make rectification I will do so but with some concern as it will mean that in the future I will not be able to be as engaged on European political work which has informed all my Parliamentary work in recent years.

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266 Not included in the written evidence

10 October 2009

## 10. Letter to Rt Hon Denis MacShane MP from the Commissioner, 14 October 2009

Thank you for your letter of 10 October<sup>267</sup> responding to my letter to you of 20 July<sup>268</sup> about this complaint in respect of your claim against the incidental expenses provision from 2004–05 to 2008–09.

In my letter of 20 July<sup>269</sup>, I asked for further details of each of the 19 claims identified by the complainant for the work of the European Policy Institute for 2004–05 to 2007–08. Your letter helpfully describes the activities you undertook with the support of the EPI over those years. I think it would be helpful for me to have as clear an idea as possible of what each of the claims covered, and I have, therefore, drawn up the attached schedule based on the information you have provided.<sup>270</sup>

I would be most grateful if you would

either confirm or amend the attached schedule, which I will then use as a basis for this inquiry.<sup>271</sup> In particular, I would be grateful if you could provide information about the payments claimed on 9 December 2005, 29 November 2007 and 4 January 2008. It would also be helpful if you could explain why there is apparently such a wide variation in costs for the various activities you describe;

help me on how much you spent on translation, research and books and how much on accommodation and travel within each of these claims;

confirm that the 30 or so articles you sent me, for which I was very grateful, were all researched or translated (or both) by the EPI;

confirm the date when your brother ceased to be involved with the EPI;

clarify for me your own involvement with the EPI. I see from your letter of 16 July that you reactivated the institute when you left ministerial office in 2005.<sup>272</sup> Could you let me know how you did that; whether you hold any position with the EPI, and (if possible) what proportion of the EPI income for each of the years in question was represented by your claims (or if not how I could get hold of that information) and whether you considered an alternative supplier for your translation and research work.

It would be very helpful if you could let me have a response to this letter in the next three weeks. Meanwhile, I look forward to receiving a response to my question about your purchase of computers which I included to my letter to you of 20 July.<sup>273</sup>

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267 WE 9

268 WE 8

269 WE 8

270 Not included in the written evidence. For a revised version, see WE 33.

271 Not included in the written evidence. For a revised version, see WE 33.

272 WE 6

273 WE 8

14 October 2009

## 11. Letter to the Commissioner from Rt Hon Denis MacShane MP, 29 October 2009

I am replying to your letter of 14th October<sup>274</sup> which I enclose for ease of reference and I hope I have covered the points you raise in the enclosed documents.<sup>275</sup> I would be happy to meet you if you have further questions.

As you can imagine I have been turning over and over in my mind this issue in the months since the initial *Mail on Sunday* report and then [Mr Barnbrook's] complaint.

Was I wrong to use the IEP expenses system to claim payments made to the EPI which in essence was a way of being reimbursed for what I sincerely considered to be expenses connected to my parliamentary work on Europe where, it would be fair to say, I am one of the most active of Parliamentarians?

At the time my answer would have been No. All my working life first as a BBC producer, then as a trade unionist, and since 1994 as an MP I have used systems of allowances and expenses to help me do my job without bothering too much about anything other than getting the job in hand done. I confess I am casual and careless on expenses and if anything spend moneys without getting receipts and not claiming. I wish MPs had a personal finance officer to do all the filing, listing and claiming. My desk is awash with tiny receipts and documents from my tax return to mileage forms which have not been completed.

But today, as we all face the public concern over how MPs have claimed expenses I realise that what was done in the past is no longer acceptable. I hope you will find that my claims were reasonable. But as I told you on the phone if you judge that rectification of all or part of the claims about which the complaint is made are necessary then of course I shall comply under clause B of subparagraph 3 of Standing Order 150 as set out on pages 20–21 of your 2008–2009 report.<sup>276</sup>

29 October 2009

## 12. Enclosure to Rt Hon Denis MacShane MP's letter of 29 October 2009: Notes for Parliamentary Commissioner

Notes for Parliamentary Commissioner - following his schedule of queries as in his letter of 14th October 2009<sup>277</sup>

Points 1 and 2)

9 December 2005.

I was asked in November 2005 by [name] the Prime Minister's Chief European Advisor to go to Paris to talk to editors and French opinion-makers about the crisis over the EU budget. I noted at the time that he said: "[Chief of Staff] and Tony would appreciate it if you could go and talk to any of your friends and spell it out that this is the last chance of getting a deal on the budget." The trip to Paris was around the order of £350 for a return fare, 20-30 for taxis. Sometimes I would stay with friends or with the British Ambassador if he had a spare room at the residence, or else at a modest hotel like the [name of hotel] which costs around €120. I used the EPI payments to cover these costs. I did not exactly list every cost but averaged what I paid out so that I was not out of pocket. The civil service allowance for travel abroad varies from country to country but I

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274 WE 10

275 WE 12

276 Parliamentary Commissioner for Standards, *Annual Report 2008–09*, HC 608, paragraph 3.25

277 WE 10

sought to stay under it within my own framework of what was fair to charge to undertake parliamentary and political work. I used this time to do some research for an essay on the legacy of Francois Mitterrand. The tenth anniversary of his death fell in the period covered by this EPI payment. I referred to this in parliamentary and political work at the time.

I made a second trip also to Paris early December 2005 to meet [name], the editor of *le Monde*, to make the argument for UK interests. To the best of my recollection I stayed in the UK Ambassador's residence in Paris so there were no hotel costs. The EPI payment referred to above was to help defray the costs of these trips and other general work and sums expended in connection with my European parliamentary/political work.

29 November 2007

This covers two trips—one to Berlin to keep in touch with political and parliamentary colleagues there. As I recall I went on a fairly cheap flight around the £150 mark but I also bought books and informed myself on the German approach to the Lisbon Treaty as we were limbering up for the Lisbon Treaty debates in the Commons in which I was one of the main and regular speakers from the Government side. On 18th November I made a trip to Paris to interview a set of possible replacement PA's for my Parliamentary office. I have always sought to have at least one of my full-time co-workers in the Commons from an EU member state in addition to the network of EPI collaborators. I also paid cash €100 to EPI collaborator, [name] for help with a paper I used later in debates.

I freely confess that I did not make an exact listing of every receipt for taxis, books, journals, meals, etc. I have attached below a list of books bought. I could of course have asked the Library to procure them for me but as I saw them in bookshops [on my] travels in Europe it seemed easier and more natural to buy them and use EPI claims to cover costs. The differences in claims simply were whether one or more trip was involved - each averaging around £400 and whether I had forgotten to claim for one in a previous claim.

4 January 2008

This covered a pre-Christmas trip to Warsaw to meet EPI collaborators [names] and hold meetings with Gazeta Wyborcza editor [name]. I paid [the second collaborator] €200 for help with translation and bought [the first collaborator] a very large dinner for his continuing help with my queries about political developments in Poland—a country I track closely but without any Polish beyond simple courtesies I need help with translation of material and with interpretation. Again I sought the cheapest possible airfare and stayed with the UK Ambassador there. But the total amount spent on the trip was in excess of £600.

I enclose a list of books bought though I appear to have mislaid one sheet listing French books which I will try and find to send on to you.<sup>278</sup>

Point 3)

Most of the articles in foreign languages I sent you were researched and some were translated by EPI friends or researched by myself on EPI funded trips. I have good French and reasonable German and Spanish but cannot write with grammatical perfection in any European language so would ask EPI collaborators to help do initial drafts or polish up work prior to publication. I would make modest cash payments as and when I saw people who helped me or entertain at my (EPI) expense as a payment in kind.

Point 4)

My brother, [name], kindly let me use his London address and name when the EPI was launched in 1992 when I lived and worked in Geneva. But he never took any direct, active part in its work other than the use of one of his business addresses in London to receive mail etc. He is still very upset that the *Mail on Sunday* used his name and I deeply regret that instead of making a “*No Comment*” to the paper they took my words to mean that he was currently engaged and active which is not true.

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<sup>278</sup> This was never received.

[...] I have told him that I have told you that he is in no way to be linked with the EPI and that I accept full responsibility. He seems to think it is a matter just of repaying (rectifying any EPI) moneys and [...] while I am willing to make any rectification you demand I do honestly believe that the moneys claimed were connected with my parliamentary work on European affairs. [...] Therefore let me stress that I and I alone take all responsibility in this matter and [name] has not been linked to the EPI in any formal sense since the middle 1990s.

Point 5)

As I wrote to you previously, the EPI was set up by a group of pro-European policy writers, journalists and activists in the 1990s. It produced reports, published books and organised conferences. Right now it has a project to prepare a multi-lingual report on the current state of play of Turkey's bid to join the EU. There is another book project. I was by far the main organiser, editor. I used it carry on my European parliamentary work in terms of travel, translation, etc. after I stopped being a minister. I also used the EPI to help defray costs related to my work as Chair of the All-Party Committee of Inquiry into Anti-Semitism that began in 2005 with reference to material from continental Europe on this issue. Most of the income since 2005 in the EPI has been from the IEP claims I made.

The EPI is not an office and has never been above the VAT threshold as all moneys going in and have been paid out to cover costs. It was just easier to cover the costs of what I was doing using this means. I accept fully that this arrangement was informal and unusual but at the time it made sense in terms of my trying to maintain a high level of involvement in European affairs which I considered necessary for carrying out my parliamentary duties. I accept fully as I told you on the phone there may have been some overlap between parliamentary and political involvement in European affairs but since I am regularly called upon by the media to comment on aspects of European politics as they pertain to the House of Commons I could see no other way of funding this work save by using the EPI as a means of securing reimbursement for moneys paid out. I am clear in my own mind that what I claimed was to cover expenses connected with my work as an MP but I can also understand that others may place a different interpretation. I am happy to rectify any payments if so directed either in whole or in part.

### *Books Purchased Using EPI Expenses*

L'Etat du monde, 2004, 2005, 2006, 2007, 2007 2008	€25 each €150
S Scheil Logik der Machte: Europa und Globalisierung	€36
HJ Schrotter Europa Lexicon	€19.90
M Geyer Operation Rot-Griin	€15
S Aust Der Fall Deutschland	€20
M Schmidt Das politische System Deutschland	€12.80
T Baumann Die Spinnen, die Deutschen	€8
U Beck Kosmopolitisches Europa	€18
S Wanniger New Labour und die EU	€29
Langenscheit Worterbuch	€75
B Engelmann Du deutsch	SFR17.80
F Merli Das neue Polen in Europa	€55

G Quenzel Konstruktion von Europa	€28	
G Schröder Erinnerung	€30	
Dicionaria de la lengua espanol	€42	
J Reverte El Arte de Matar	€8	
[Note: Manuscript note on list says at this point that there is a full page missing which will be supplied later. No such list has been received.]		
Pour l'Europe, R. Schuman	€5	
Ceuta, Melilla, Olivenza y Gibraltar. Dónde acaba Espana?, M. Cajal		€6
Deutsche Aphorismen, F. Hindermann	€2	
Plus encore ! F. de Closets	€20.90	
Entscheidungen, G. Schroeder	€8	
Les Juifs au Pays du Mont Blanc, G. Grandjacques	€3	
Frere Tariq, C. Fourest	€9.50	
Le liquidateur, P. Moscovici	€8	
La discorde, R. Brauman	€0	
Adieu a terminus, J. Kuntz	SFR 39.70	
Supplique aux progressistes, R. Debray	€5.50	
Le croissant et le chaos, O. Roy	€4	
Le monde moderne, E. Morin	SF 23.70	
Le pouvoir et la vie, V. Giscard d'Estaing	€1.90	
L'Europe, L. Febvre	€4	
Un antisemitisme ordinaire. R. Badinter	€0	
Le discours de la haine, A. Glucksman	€8	
Juifs et Arabes au XXe siècle, M. Abitbol	€9.50	
Iran, le choix des armes ? F. Heisbourg	€5.50	
L'islamisme en face, F. Burgat	€2	
La verite sur Tariq Ramadan, I. Hamel	€9	
La furza de los pocos, A. Ortega	(€0)	
La genese des trait& de Rome, Fondation Jean Monnet	€4	

Dieudonne & masque, A-S. Mercier	€8
Al Qaeda in its own words, G. Keppel	£21

### *Computers Bought by D MacShane MP*

14.3.05 This was a lightweight Sony Vaio bought for travel use. It was not very robust.

2.11.05 This was bought when I moved to a new home [...] and installed a computer there.

28.12.05 This was bought for my then PA/Intern, [name], who was doing research work for me often in another office in the Commons as well as at her home. I should explain that my office in the Commons [...] is about the size of a large railway carriage and I have required researchers/interns often to do some of their work away from the Commons and felt it reasonable to provide them with the tools to do the job.

13.02.06 This was bought to replace the Sony Vaio computer which had broken down.

7.12.06 This was bought to have a hi-quality computer in my study in my constituency home.

5.07.07 This was bought for a new researcher working on Spanish political affairs, [name] who was doing work for me, often away from the office.

24.09.07 This was bought for [name], my dictation typist who has worked from her home for me for 15 years. She said her computer was out of date, which it was, and I felt it reasonable as I was within the spending limits to provide equipment (dictation transcription machines, computer, printer etc) for her to carry out parliamentary work for me.

11.01.08 This was bought for [name], a PA/intern who had to work from home, at nights and over the weekend.

17.01.08 This was bought for [name], a PA/Intern who was carrying out research and who needed a computer to work away from the office at weekends, evenings etc.

*29 October 2009*

### **13. Letter to Rt Hon Denis MacShane MP from the Commissioner, 10 November 2009**

Thank you very much for your letter of 29 October<sup>279</sup> responding to mine of 14 October<sup>280</sup> about this complaint. In view of its complexity, I hope it might be helpful if I summarize again where we have got to and identify any points that need clarification before I seek advice from the Department of Resources.

Referring to the EPI, I attach first a revised schedule of the payments you made to the EPI, summarizing the evidence you have given to me.<sup>281</sup> As you will see, it reflects the fact that you are not able to provide a full breakdown of your expenditure or the categories under which it was incurred. If this is incorrect or the summary is insufficient in any regard, please let me know at once. Otherwise, I will take it as a reasonable and accurate summary of your evidence of the payments you made to EPI.

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279 WE 11

280 WE 10

281 Not included in the written evidence. For the final version, see WE 33.

Secondly, could you let me know why instead of claiming via the EPI for research, translation, literature and travel costs, you did not claim these directly from your allowances, where permissible?

And thirdly, I would be grateful if you could confirm the status of this organization. Is it, for example, a virtual organization which was used by you to make payments direct for a range of facilities and services as described in your evidence to me? Could you help me on the arrangements for this organization — does it have a bank account and office holders; is it a company or partnership; who are its employees; and could I see copies of its accounts for the relevant years?

On your expenditure on computers, I was grateful for the information about nine computers which you purchased. I would be grateful if you could help me clarify the following points:

1. I am having some difficulty reconciling this list with the information you provided in your letter to me of 16 July.<sup>282</sup> I note you refer to a Sony Vaio computer which broke down on a visit to Washington DC in November 2008. That is not, of course, relevant to this particular complaint, but perhaps you could confirm whether that is the same computer for which you claimed on 13 February 2006, replacing the Sony for which you claimed on 14 March 2005.
2. Could you also confirm that you were mistaken in suggesting in your letter of 16 July that the two computers purchased in 2008 were to upgrade computers in Rotherham?<sup>283</sup> It would appear from the note attached to your letter of 29 October that they were in fact bought for two PAs/interns.<sup>284</sup>
3. Could you let me know, as requested in my initial letter to you of 15 July, where each of these nine computers is now?<sup>285</sup> From what you have told me, it would seem that two were bought, in about November 2005 and December 2006, for your own use at home (one for your main home and one for your constituency home). I assume they are still working and are being used for your parliamentary duties. It seems that two Sony Vaios were bought for travel use - but it may well be that neither is still working. The remaining five were bought for your staff, but it is not clear if you still have these computers, even if the staff themselves have since moved on. I would be grateful for clarification of this;
4. Finally, could you let me know what computers provided free of charge by Parliament you have used since 2004-05 as requested in my letters to you of 15 and 20 July and could you let me know why you needed the bought computers in addition to the free provision.<sup>286</sup>

I would like to make progress with this inquiry, so would be very grateful if you could respond to this in the next two weeks.

Thank you for your help.

10 November 2009

## **14. Letter to the Commissioner from Rt Hon Denis MacShane MP, 19 November 2009**

I am replying, in part and in haste, to your letter of 10th November which I have just got.<sup>287</sup> I am just back from Brussels and was in Edinburgh at the Nato Parliamentary Assembly 13–16 November and then in the Chamber to speak in the Queen's Speech yesterday before getting a 0507 train in Brussels this morning. I have to get to my constituency tonight and then travel to Newcastle tomorrow to chair a major UK-Spanish

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282 WE 6

283 WE 6

284 WE 12

285 WE 5

286 WE 5 and WE 8

287 WE 13

political and business conference until Sunday. This letter is written in haste as I try and get out to catch my train north. I put all this down to try and indicate that it is not absence of good will but just immense pressure of time and work that is delaying my reply.

I now find as I hunt around my desk that I cannot find my file (and am very concerned in case it has been removed deliberately but, sadly, I am the worst paper organiser and record keeper in the world so it is probably lost in the midst of a mass of other papers and will turn up) but I do recall that my letter to you of 29 October<sup>288</sup> was based on your 2-page letter of 14th October which asked me to reply to a schedule.<sup>289</sup> I had assumed there might be some piece of extra paper with a list in it but there was none so I tried to give detail of the 3 dates you required. I now see from the note headed "*Payments to EPI*" that you appear to want much greater details covering all of the claims not just the three mentioned in your letter.

Is this the case? I will comply of course with all requests but this will require more research into notebooks etc to provide the details you want. I will be in my office I hope with some time to work on all of this next week and if you can call me or let me know exactly what dates you want an explanation for I will do my best to provide it.

19 November 2009

## 15. Letter to Rt Hon Denis MacShane MP from the Commissioner, 23 November 2009

Thank you for your letter of 19 November<sup>290</sup> following up mine of 10 November<sup>291</sup> summarising where I thought we had got to on my inquiries into this complaint and asking you for some additional information, both in respect of the EPI and your expenditure on computers.

I attach a further copy of my letter to you of 14 October,<sup>292</sup> to which I annexed the first draft of a schedule intended to summarise the information you had given me in your letter of 10 October.<sup>293</sup> As you will see, I asked a number of follow-up questions. The schedule left blank the explanation for three dates: 9 December 2005, where you had claimed £550; 29 November 2007, where you had claimed £550; and 4 January 2008, where you had claimed £650. I am sorry if it was not clear to you that those were the gaps I needed to have filled, as well as needing responses to the additional issues I described in that letter.

I sent you on 10 November a revised schedule<sup>294</sup> which summarised for the three dates the information which you had sent me in your letter of 29 October.<sup>295</sup> These were identified by being typed in italics and explained in the footnote. The schedule, with the detailed explanations given, was otherwise unchanged from the version I sent you on 14 October. I attach a copy of that letter of 10 November.<sup>296</sup>

You ask whether I would like to have much greater details covering all the claims you have made in respect of the work undertaken by the EPI. The answer is that it would be helpful to have a full breakdown of each of the claims you have made in respect of the EPI, together with the relevant invoices. When I wrote to you on 20 July, I asked for fuller details of each of these 19 claims, including what was bought or supplied by the institute for each of the claims made.<sup>297</sup> The schedule attached to my letter of 14 October<sup>298</sup> identified the information

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288 WE 11

289 WE 10

290 WE 14

291 WE 9

292 WE 10

293 WE 9

294 Not included in the written evidence

295 WE 11

296 WE 13

297 WE 8

you had provided in your letter of 10 October.<sup>299</sup> As you will see from my letter of 10 November, I thought it right to point out that that the information you had provided did not give me a full breakdown of your expenditure or the categories under which it was incurred.<sup>300</sup> If you have such information, in whatever level of detail you have retained it, including invoices identifying the services provided and the costs of those services in each of your relevant claims, then it would be very helpful to have it. I will then be able to revise the schedule and provide a much clearer understanding how each of these claims was built up. If, however, you have given me all that you can, I ask you to confirm this, and I will then take the summary as the best information you can now provide me with.

The outstanding information I have requested therefore relates to the computers provided free of charge by Parliament since 2004–05 and what happened to each of the nine computers you bought and where they are now, which I asked about on 15 July;<sup>301</sup> and to the claims you made for payments to the EPI. I hope it will be possible for you to provide this information in the next two weeks. But if you remain unclear about this request, or would otherwise like to have a word, please do contact me at the House.

Thank you for your help.

*23 November 2009*

## **16. Letter to the Commissioner from Rt Hon Denis MacShane MP, 1 December 2009**

This is a further holding letter as I have been handling in recent months [personal information] today—which would have been dedicated to trying to finalise a reply to your points—has been spent in [personal information].

Sunday–Wednesday of next week I am at the Congress of the Party of European Socialists in Prague and then at non-stop events Thursday–Monday 14th December in my constituency.

I have been spending more time trying to contact people and recall trips and work connected with my European parliamentary/political activity related to EPI claims than on almost any other bit of parliamentary work since returning from the summer break. The BNP knows what it is doing when it makes this complaint based on the newspaper reports sensationalised in the summer.<sup>302</sup>

As the Legg inquiries show, the plain fact is that MPs are not book-keepers and do not have tidy files and records since our work is as public representatives and public policy people, not clerks or accountants.

I am trying my best to get up early and find moments to reply to all your queries going back over 5 years of work. I am contact with different people around Europe and elsewhere in the world. I would have hoped to finish this this week but [...] has completely thrown me off-kilter. There is no need to reply to this letter which I write in haste to let you know I am trying to give you what you have asked for as fast as I humanly can.

*1 December 2009*

## **17. Letter to the Commissioner from Rt Hon Denis MacShane MP, 11 January 2010**

I try to set out below my replies to your letters of 10th November and 23rd November 2009.<sup>303</sup> I apologise for lateness in reply. You kindly wrote to me after [personal information] which necessitated a degree of

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298 Not included in the written evidence

299 WE 9

300 WE 13

301 WE 5

302 See footnote 195.

303 WE 13 and WE 15

organisation [personal information].<sup>304</sup> I was travelling extensively in December and after the New Year. And to be honest it is rather hard to be campaigning against the BNP in my constituency and nationally ([the BNP] target me especially given my writings and interventions attacking their anti-Semitic and xenophobic politics) and then have to justify my European work and the research I carried out or had commissioned which I claimed for.

I am attaching further documents relevant to EPI's existence.<sup>305</sup> It is frustrating that reports, pamphlets and books the EPI published including a major one on the Euro for Robin Cook or a collection of essays on international labour issues by Lord Brett are not to hand. MPs have no storage space and my office drowns in paper as it is so material is ruthlessly disposed of. I attach letters from academics and others on the continuing existence of the EPI.<sup>306</sup>

The 2005 Green Book at the start of this period (Section 5.13.2) allowed payments for research, interpreting and translation services. I took this to cover carrying out my own research based on face-to-face contacts in addition to translations of articles/notes you have been sent. I have asked people paid for by EPI payments to send in statements which I attach and they show payments of €5,700 plus US\$950.<sup>307</sup> I attach these receipt statements. Others who have helped me include government officials and employees of NGOs who would prefer not to make formal statements of modest EPI payments since as I understand it anything I send to you may end up published on the record.

As I explained in earlier letters I felt that in order to maintain my parliamentary work as one of the House's "experts" on Europe I needed to maintain a level of face-to-face contact and dialogue with EU politicians and policy/opinion formers across the range. I can speak three European languages but need help with translation and such help was paid for in cash since to go through a formal translation/interpretation agency is costly and cumbersome.

I did on occasion claim the European Travel Allowance which is quite limited but this did not allow the flexibility of visits and arrangements, often made at short notice that I required. Moreover the European Travel Allowance pays full business class and hotel costs so that, for example, a trip to any remoter European capital can cost £2,000 or more. The Department of Resources can confirm this. Many of the EPI payments made, including for Easyjet travel, came under the £250 limit required for receipts. I have never charged the IEP for office rental and felt it was reasonable to use some of the permitted IEP allowance to carry out my European research. In order to maximise visit possibilities I felt it better to make two or even three trips rather than limit myself to the 3 x per annum European Extended Travel visit. In my judgement if the House permitted any number of Extended Travel trips within the UK in connection with Parliamentary work it was reasonable to seek, within the overall limits of the IEP allowance, to make some low-costs trips to Europe as part of my continuing interventions in the House on Europe. I also used EPI moneys to have translated articles which you have been sent.

I have no private income or external sponsors to allow this work to be carried out. I felt that using the EPI as a vehicle to cover costs and payments was reasonable though in the light of new, stringent interpretations on what MPs can and cannot claim for I accept that I may have been too relaxed in making claims. As I have said I am willing to make rectifications if that is so decided.

I have been hunting through old files to show reports and books and conferences published and organised by the EPI. It is not a company, nor a partnership (in the sense of lawyers or GPs) has no office, and a bank account which has never reached VAT registrable levels so there have been no accounts to audit or submit. I enclose letters from [name of EPI contact], [name of EPI contact], and [name of EPI contact] which refer to their invitations to me in connection with EPI activity to speak at events.

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304 Not included in the written evidence.

305 Not included in the written evidence.

306 WE 19-25

307 WE 19-22

In the last Parliament as I ceased to be a Minister I used the EPI almost entirely to cover the costs I have described and to claim from the Fees Office to cover those costs. In the next Parliament, (assuming my re-election) I plan to upgrade its activities with a full-time researcher/organiser, [name] (currently with the Party of European Socialists in Brussels) but even then it will be located in our respective computers and I doubt if it will ever attain the status of a full-scale office operation. It is already commissioned to publish a report on the new barriers to Turkey's future admission to the European Union and I will be travelling to Istanbul to carry out work in that regard. I would it [were] possible for me as an MP to exercise my judgement on what work I need to carry out. For good or ill I am an expert on European affairs. Other colleagues may travel freely using Extended Travel allowances to any corner of the UK to research matters or meet people in connection with matters before Parliament. I have spoken more on European issues than any other subject in the last five years and rightly or wrongly felt it reasonable to use the EPI as a payment method for researching this work which was to help me as an MP. As previously stated I am content to make rectifications and apologise to the S&P Committee if you so decide.

*11 January 2010*

## **18. Enclosure to Rt Hon Denis MacShane MP's letter of 11 January 2010: Note on computers**

### **Computers**

1) I have slightly lost track of the computer saga. As with Blackberries, Palm Pilots, mobile phones, printers, photo-copiers and other office equipment I treat computers as tools to be used, discarded, bought for co-workers and provided I was within the office costs allowance limit I gave no thought to the cost of purchase. The lap-tops provided by the Commons authorities are clunky, slow and heavy. There is one Commons laptop in my office. [These] keyboards are notoriously sticky after about a year's use and I would have replaced one of these in my work areas in Rotherham and [London]. But I do not keep any kind of file or inventory of all this electronic equipment. I discussed this with other MP colleagues and they buy different bits of equipment like expensive colour printers or colour photo-copiers or more expensive Apple Mac computers as they and staff do not like the PC type computers supplied centrally. To be honest I could not account for mobile phones or printers though the complainant and the press could have just as easily have listed all of those from the published IEP claims.

2) Some of these computers are just lying gathering dust in my offices or have been thrown away when they stopped working properly. As with printers and fax machines that are bought, break down and in due course thrown away. I do not get any inventory of computers. They were bought as and when for myself and for staff as listed in previous notes to sent to you.

3) I have bought 3 Sony Vaios for travel use as they are wonderfully light but not very robust. Two of these broke down and one was replaced by a more modern version with wi-fi.

4) The Commons provided computers with operating systems and word programmes that become out-of-date and which are not Wi-fi equipped. I am writing this on a mainframe that keeps glueing up and where I have spent frustrating hours talking to PICT or getting their engineers around. I do not use any of the Commons laptops though I can see two in my office as I write. If we had been told by the Fees Office not to buy equipment which in my judgement I needed for myself and staff I would have complied but in my 15 years as an MP I have always bought whatever equipment I wanted provided it was within the limits of the allowance. I have tried to allocate different computers to different researchers/interns who have worked for me.

11 January 2010

**19. Enclosure to Rt Hon Denis MacShane MP's letter of 11 January 2010: Letter from a remunerated EPI collaborator (1), 22 December 2009**

(Approximate translation of letter sent in French)

I understand that there is some question over the payments you made to me in connection with your parliamentary work under the auspices of the European Policy Institute. I am writing to confirm to whom it may concern that in 2005, 2006, 2007, 2008 and 2009 you have paid me in cash SFR 400 each year in addition to hospitality when you have visited Geneva for translation, research and other general advice on political developments in Switzerland as they relate to the United Kingdom. I hope this is helpful.

22 December 2009

**20. Enclosure to Rt Hon Denis MacShane MP's letter of 11 January 2010: Letter from a remunerated EPI collaborator (2), 23 December 2009**

I am sorry to hear that you are being audited by the House of Commons after a complaint [...].

I am happy to confirm that in the years 2005, 2006, 2007, 2008 and 2009 you paid me in cash when we saw each other sums averaging €500 for all the bits and piece of work —translating, analysing French and international labor politics that you asked me to ahead of your regular visits to France and on the French media to discuss UK and European politics. I can also confirm that you paid me US\$950 to read and edit your manuscript of the work on antisemitism arising from the Commission of Inquiry into Antisemitism you chaired on behalf of the UK Parliament. You also kindly bought me dinners or lunch (though I have no idea of their cost) and I value our collaboration together.

As a retired US citizen of Belgian extraction living in France I have enjoyed working with you and the modest honorariums you have paid have been useful though the pleasure in our collaboration has been the more important aspect. [...] as someone who has worked so hard to promote good understanding of European and international labor work as well as your vital Parliamentary work on anti-semitism I am concerned that you are under any kind of pressure and I willingly make this attestation which I am happy to swear with a Notary if that is necessary.

23 December 2009

**21. Enclosure to Rt Hon Denis MacShane MP's letter of 11 January 2010: E-mail from a remunerated EPI collaborator (3), 2 January 2010**

(Approximate translation of e-mail sent in German)

I hereby confirm that, in each of the years 2006 and 2007, I received from Mr Denis MacShane 300 Euros for the translation of several texts. The fees arose in connection with the parliamentary work of Denis MacShane. In addition, in 2007 I received 100 euros for communicating with counterparts within the scope of IG Metall<sup>308</sup> and the Frankfurt Book Fair.

The total amount of fees amounted to 700 euros.

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308 The Industrial Union of Metalworkers.

2 January 2010

**22. Enclosure to Rt Hon Denis MacShane MP's letter of 11 January 2010: E-mail from a remunerated EPI collaborator (4), 10 January 2010**

I am happy to confirm that you visited Madrid more than once during the period 2006-08.

During these trips, in pursuance of your parliamentary duties and the work of the European Policy Institute, you met local politicians advisers to the Government in Spain and journalists. I helped with some of the organisation but the costs including meals for the guests and travel were all met by the EPI. I would estimate these expenses to be at least €500.

10 January 2010

**23. Enclosure to Rt Hon Denis MacShane MP's letter of 11 January 2010: E-mail from an EPI contact (1), 29 November 2009**

Very sorry to learn that the BNP is attacking you in the run-up to the election. I'm not at all surprised that the far right would seek to grab on to whatever they can to stir up headlines and use the Parliamentary procedures to make life difficult.

Here in the States truth is an absolute defense, so would think all the political claims fade as you bring forward the facts to the proper people.

I know for myself, as a lifelong American trade unionist and labor rights campaigner, your European Policy Institute work has had great value.

Your visits to the US and the briefings you've provided under EPI auspices have helped keep us better informed on trade union developments not only in the UK, but also across Europe. In the old days, of course, unions got a lot of attention from the policy community, academics, and the media. But that's diminished, so your updates for those of us on this side of the pond have been very valuable.

I hope the current climate won't diminish your ability through EPI to keep updating us on European trade union issues...I'm still hard at work on the campaigns to win freedom for jailed worker activists in China, Burma, and elsewhere, so info on developments there always is useful.

Just wish such human rights work wasn't necessary, but as you and EPI know many of those workers and union activists live in a very harsh world. I'm particularly focused on [name] in Burma at the moment....been jailed since 1997 by the regime there and not in good shape.

So just wanted to send an encouraging word in the midst of the current attacks.

29 November 2009

**24. Enclosure to Rt Hon Denis MacShane MP's letter of 11 January 2010: E-mail from an EPI contact (2), 8 December 2009**

In thanking you for your attendance and stressing how useful we find it to work with you and the European Policy Institute, I wanted to pass on some of the compliments on your analyses of European politics and policies we received from the corporate leaders who attended our CEO Retreat at [...].

"Magisterial" and "masterly" and "extraordinarily well-informed" were just three phrases that stood out from comments on your interventions that came in the reviews of the event.

We hope to see you again next June at [our] next CEO Retreat in [...], where EU-Russia relations will be a major theme. Once again, I am confident that the EPI's ability to blend geo-political, economic and European policy perspectives will be of great benefit to our members.

8 December 2009

## **25. Enclosure to Rt Hon Denis MacShane MP's letter of 11 January 2010: Note from an EPI contact (3), undated**

I'm just getting to that time of year when I start planning for the next term in [...] ( I leave January 4th) and I am wondering how we can build on last year's very successful visit both for the European Policy Institute and yourself. Is there any EPI business bringing you to Washington or indeed anywhere on the East Coast between the New Year and April? I could start working on dates if there is. If not let's have a chat with what would suit best both in terms of your and the EPI's priorities.

## **26. Letter to the Commissioner from Rt Hon Denis MacShane MP, 20 January 2010**

One of the Spanish researchers/translators I paid using EPI money claimed for my parliamentary work has now sent me this note confirming I paid her €500.<sup>309</sup> She is [name] who works for a major Spanish agency [...]. [Name] interned for me when she was doing a LSE Masters and upon her return to Spain I used her for the services I claimed payment for. She was reluctant to have her name used because like others she does not want to be involved in any publicity but has kindly agreed to send this declaration.

A quick translation reads: *"Some lines to express appreciation of your work over the last four years in different fora we have provided in Madrid to defend Europe which is necessary and which few other politicians undertake and to which you dedicate time and resources. I appreciate that you have allowed me to collaborate in the Tertulias (UK-Spain Parliamentary annual event) and the money you have paid me (500 Euros)."*

20 January 2010

## **27. Letter to Rt Hon Denis MacShane MP from the Commissioner, 21 January 2010**

Thank you for your further letter of 20 January with the email of the same date from your Spanish colleague.<sup>310</sup>

I was grateful for this. I will consider it along with your previous letter. I note that you paid this colleague €500 for collaborating in the UK-Spain parliamentary annual event. It is not clear from this what services she provided for this sum or the date of the payment—but if you had both pieces of information, that would be helpful too. I would expect to identify the name of your collaborator in any publication of the evidence which I have received in the course of this inquiry, but if there is a problem with that, please let me know, together with the reasons.<sup>311</sup>

Thank you again for your help with this.

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<sup>309</sup> Not included in the written evidence

<sup>310</sup> WE 26

<sup>311</sup> In the event, I have not needed to use this name.

21 January 2010

## **28. Letter to the Commissioner from Rt Hon Denis MacShane MP, 23 January 2010**

Thank you for your letter of 21 January.<sup>312</sup> I don't think [name] would have any objections to having her name published if this is necessary. The €500 I paid her was as her note says was for translations as claimed for via the EPI claim against the IEP. Her letter thanks me for allowing her to be involved or collaborate in the preparation of the Tertulias but the payment refers to translation work.

23 January 2010

## **29. Letter to Rt Hon Denis MacShane MP from the Commissioner, 25 January 2010**

This is just to thank you for your letter of 23 January responding to mine of 21 January with the email from your Spanish colleague.<sup>313</sup>

I was grateful for confirmation that this was payment for translation work. I asked also about the date; I presume you have no further information to help on that.

As I said in my previous letter, I am considering the evidence you have provided and will be back in touch when I have completed my considerations.

25 January 2010

## **30. Letter to the Commissioner from Rt Hon Denis MacShane MP, 10 February 2010**

I have spent a considerable amount of time reviewing the correspondence that we have exchanged over the last eight months and I just wanted to take this opportunity to thank you and your staff for the way in which you have conducted your enquiries in relation to the complaint brought against me by [...] Mr Barnbrook. Your conduct and that of your staff has been even handed and exemplary and very fair when I had a difficult period [...].

Obtaining documentary evidence for the time frame covered by the complaint has presented me with a number of challenges; it is now very clear to me that my record keeping was totally inadequate and that the management of my financial administration was simply inept. My failure to deal well with my own affairs at that time were undoubtedly compounded by my personal and professional circumstances which were particularly distressing, [...].

Upon reflection I can now see quite clearly that with respect to my expenses claims and the reasons for them I could have achieved some of the same aims, in terms of acquiring information to enable me to support my activities as a parliamentarian with considerable expertise in relation to European affairs, if I had simply used the administrative vehicles which were available to all Members of Parliament at the time or discussed with the Fees Office systems to allow me to research and travel in Europe, and I chastise myself every day for failing to do this.

I have considered how my actions could be regarded by others, and I could well understand that consideration of just the facts could lead to individuals being highly critical but I did not intend a wrong. In mitigation I can only say that the adequacy of my judgements and the paucity of my administration at the time were very influenced my personal circumstances. My view is that given these facts, and my duty in

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312 WE 27

313 WE 28

respect to those who would pass judgement on me it is now only right and proper to repay the sums in question at this time and I enclose a cheque accordingly based on the total amounts claimed minus the invoices I have submitted from collaborators who worked for me.

This complaint has given me an opportunity to reflect on what was a very difficult time and to put into place administrative procedures which reflect best practice. I await your report, I thank you once again for your careful consideration.

*10 February 2010*

### **31. Letter to Rt Hon Denis MacShane MP from the Commissioner, 11 February 2010**

Thank you for your letter of 10 February with which you enclose a cheque for £7,500 made payable to the House of Commons Administration in respect of your claims for work undertaken by the European Policy Institute.<sup>314</sup>

I am writing now just to acknowledge your letter and to let you know that I am forwarding your cheque, with a copy of your letter, to the House authorities. I have, as you know, been considering carefully your letter of 11 January<sup>315</sup> and I will now add to that consideration what you say in your latest letter. I will write to you more fully when I have considered what you have said and how best to take this matter forward.

Thank you again for writing.

*11 February 2010*

### **32. Letter to Rt Hon Denis MacShane MP from the Commissioner, 18 February 2010**

Thank you for your letter of 11 January<sup>316</sup> responding to mine of 10 and 23 November<sup>317</sup> about this complaint about your claims against the Incidental Expenses Provision from 2004–05 to 2008–09 in respect of both EPI and computers.

I was grateful too for your letters of 20 January<sup>318</sup> and 23 January<sup>319</sup> and for the enclosed email<sup>320</sup> from your Spanish colleague, [name], in respect of a payment to her for €500 to add to the evidence of payments set out in your letter of 11 January.<sup>321</sup> I have also carefully considered your letter of 10 February with which you enclosed a cheque to the House of Commons Administration for £7,500.

I was grateful for your letters and recognise the considerable thought you have given to these matters. As you recognise, I do need to have an understanding of the circumstances on which you made your claims in respect of EPI and for your computers.

In view of the complexity, I think it would be helpful if I again attempted to summarise what you have told me. That should assist the Department of Resources in advising me on this matter. First, in respect of the 19 claims identified for the work of the European Policy Institute from 2004–05 to 2007–08, I attach a revised

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314 WE 30

315 WE 17

316 WE 17

317 WE 13 and WE 15

318 WE 26

319 WE 28

320 Not included in the written evidence

321 WE 17

version of the payments schedule which takes account of the information you have sent me about the receipt of certain of your payments. In summary:

1. The EPI is a loose network of like minded individuals and academics. It has no formal structure and no separate financial structure. You control its bank account.
2. In respect of your allowance claims, you had used the name of the Institute to enable you to claim for a range of services and activities, namely: your own travel and accommodation; the purchase by you of books and periodicals; your own research; research papers and translation work commissioned by you and paid for in cash and kind (namely meals); reading and editing the manuscript arising from the Committee of Inquiry into Anti-Semitism; and hospitality and travel costs for EPI contacts, including other politicians, advisers and journalists.
3. There is no contemporary record of any of these payments, although five of your contacts have written now with evidence about receiving some of these payments, which were all in cash.
4. You considered that it was desirable for you to claim against your Incidental Expenses Provision for these costs since you had been asked to undertake the work by the Prime Minister; it enabled you to pursue your wider European interests; there is no separate provision for such activities; and while you claimed the European Travel Allowance on occasions, it was limited to three trips to European institutions and agencies each year.
5. The claims forms you submitted stated that they were for research and translation services — they did not refer to the other costs which were covered by these claims.
6. Neither you nor your contacts have records which would enable you confidently to link your claims to specific payments made via the EPI.

I would be grateful if you would confirm or amend this summary.

Once I am clear about the facts, I would propose to consult the Department of Resources before deciding on how best this matter can be resolved. The question I have to resolve is whether you were in breach of the rules of the House in making these claims. You now consider that you could have achieved some of the same aims in supporting your parliamentary interests in European affairs other than making these claims; you recognize your claims have left you open to criticism, and you have voluntarily made a repayment of £7,500 representing the full sum of your claims for the EPI [£12,900] less, I assume, £5,400, representing the cash payments made to five of your colleagues and confirmed by them.<sup>322</sup>

In relation to the nine computers you bought from 2004–05 to 2007–08, I attach a summary of the evidence which you have given me.<sup>323</sup> I should be grateful if you could confirm its accuracy, particularly in relation to your first purchase, where the claim refers to an Asus M5 and your evidence says it was a Sony Vaio. You have also stated that all these computers were necessary for the performance of the parliamentary duties of you and your staff. The two Sony Vaio's which you believe you bought over this period broke down and you have now replaced them with a third (as I understand it). It is not clear whether you still have the computers bought over this period. You cannot now at this remove identify whether any of the computers you now have in your main home and your constituency home, and which have been issued to your staff, are the computers bought over this period or are replacement computers. You bought these additional computers because you were not satisfied with the quality of the computers provided free of charge by the Parliamentary ICT service.

It would be very helpful if you could confirm this summary of your evidence within the next week. I will then consider the next steps. I am grateful for your help in this matter.

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<sup>322</sup> The cash payments amounted to the equivalent of about £4,500 at the relevant times.

### 33. Enclosure to the Commissioner's letter of 18 February 2010: Final revised summaries of EPI payments and computer purchases

#### *Payments to the European Policy Institute claimed by Rt Hon Denis MacShane from the IEP*

Date	Sum claimed from IEP	Explanation given
<b>2004-05</b>		
19.12.04	£650.00	Final months of 2004: "trip to Madrid and a hotel stay, plus purchase of books and meetings with policy specialists and Spanish parliamentarians. The costs were met from the EPI."
22.1.05	£850.00	January 2005: Trip to Geneva "using EPI for reimbursement"; report from [name] costing CHF 500.
10.3.05	£850.00	Spring 2005: "I have used the EPI to pay informally for research and translation... flight and hotel costs" in the spring of 2005, connected with visit to Warsaw. "I asked my network of correspondents to prepare reports on how Britain was seen from the point of view of various European countries....The EPI produced an analysis in different languages as well as a report under my name on the position of Labour's sister parties in the EU."
28.3.05	£550.00	
1.4.05	£750.00	
11.7.05	£750.00	Summer 2005: "I bought a considerable number of newspapers, magazines and books ... which I used EPI payments to cover. I had research undertaken in different capitals on how they would react to the No from the French and Dutch."
Evidence from collaborators:		
2005		"I am happy to confirm that in the years 2005, 2006, 2007, 2008 and 2009 you paid me in cash when we saw each other sums averaging €500 for all the bits and pieces of work - translating, analysing French and international labor politics that you asked me to ahead of your regular visits to France and on the French media to discuss UK and European politics." Letter of 23 December from [name] <sup>324</sup>
2005		"I confirm that in the years 2005, 2006, 2007, 2008 and 2009 you have paid me in cash CHF 400 each year ... for translation and help with research on political developments in Switzerland." Letter of 22 December from [name] <sup>325</sup>
<b>2005-06</b>		
05.08.05	£500.00	See entry for 11.7.05
12.10.05	£450.00	<b>Autumn 2005:</b> "The Prime Minister asked me to be his envoy to European political parties and personalities ... I could not have undertaken this intense level of work in which up to date knowledge of EU developments and European political affairs (much of it available only in languages which needed translating) without being able to call on the modest sums claimable via the EPI."
9.12.05	£550.00	One trip to Paris "to talk to editors and French opinion makers about crisis over EU budget". Cost about £350 return plus £20-30 for taxis, and possible hotel costs of €120. One trip to meet editor of Le Monde; travel costs only.

324 WE 20

325 WE 19

30.01.06	£550.00	<b>2006</b> “The work as a personal envoy for the PM continued throughout the year.” In the first months of 2006 I went to Switzerland twice ... I went to Paris... being informed, briefed and up to date on European political and defence/security matters required intensive research, briefing and translation.
<i>Evidence from collaborators:</i>		
2006		“I am happy to confirm that in the years 2005, 2006, 2007, 2008 and 2009 you paid me in cash when we saw each other sums averaging €500 for all the bits and pieces of work - translating, analysing French and international labor politics that you asked me to ahead of your regular visits to France and on the French media to discuss UK and European politics.” Letter of 23 December from [name] <sup>326</sup>
2006		“I confirm that in the years 2005, 2006, 2007, 2008 and 2009 you have paid me in cash CHF 400 each year ... for translation and help with research on political developments in Switzerland.” Letter of 22 December from [name] <sup>327</sup>
2006		“I hereby confirm that in each of the years 2006 and 2007 I received from Mr Denis MacShane 300 Euros for the translation of various texts. The fees arose in connection with the parliamentary work of Denis MacShane..” Statement of 2 January 2010 from [name] <sup>328</sup>
2006		“... you visited Madrid more than once during the period 2006-08... during these trips you met local politicians advisers to the government in Spain and journalists. The costs including meals for the guests and travel were all met by the EPI. I would estimate these expenses to be at least €500.” Email of 10 January 2010 from [name] <sup>329</sup>
<b>2006-07</b>		
13.6.06	£750.00	“In March 2006 I went to Berlin I met diplomats and editors and bought €100 worth of books ... Again I used EPI claimed for money to help cover the costs of these trips... I used EPI money claimed in 2006 to help defray costs and to have translations done and buy books in French and German on anti-Semitism.”
15.9.06	£750.00	“I was chairing the All-Party commission of Enquiry into Anti-Semitism. The autumn of 2006 saw travel to Italy, Bulgaria, Hungary, the Czech Republic and to Berlin to speak on my Commission’s report on anti-Semitism. The EPI payments recorded in September, October and November of 2006 helped to cover these costs as well as helping with translation into and from different European languages.”
19.10.06	£950.00	See entry for 15.9.06 above
8.11.06	£550.00	See entry for 15.9.06 above
29.11.06	£850.00	See entry for 15.9.06 above
19.1.07	£550.00	“2007 was more or less the same as the previous two years and two succeeding years in terms of regular visits to different parts of Europe, the purchase of journals and books and organising translations. I was now working actively on combating anti-Semitism at the European level, meeting politicians and researchers on this issue and reading widely which involved buying books which I used money claimed under the EPI heading to pay for.”

326 WE 20

327 WE 19

328 WE 21

329 WE 22

<i>Evidence from collaborators:</i>		
2006?		"You paid me US\$950 to read and edit your manuscript of the work on anti-Semitism arising from the Commission of Inquiry into Anti-Semitism you chaired on behalf of the UK Parliament." Letter of December 23 from [name] <sup>330</sup>
2007		"I am happy to confirm that in the years 2005, 2006, 2007, 2008 and 2009 you paid me in cash when we saw each other sums averaging €500 for all the bits and pieces of work - translating, analysing French and international labor politics that you asked me to ahead of your regular visits to France and on the French media to discuss UK and European politics." Letter of 23 December from [name] <sup>331</sup>
2007		"I confirm that in the years 2005, 2006, 2007, 2008 and 2009 you have paid me in cash CHF 400 each year ... for translation and help with research on political developments in Switzerland." Letter of 22 December from [name] <sup>332</sup>
2007		"I hereby confirm that in each of the years 2006 and 2007 I received from Mr Denis MacShane 300 Euros for the translation of various texts. The fees arose in connection with the parliamentary work of Denis MacShane. In addition, in 2007 I received 100 Euros for communication with counterparts within the scope of the [Industrial Union of Metalworkers] and the Frankfurt Book Fair. The total amount of fees amounted to 700 Euros." Statement of 2 January 2010 from [name] <sup>333</sup>
2007		"... you visited Madrid more than once during the period 2006-08... during these trips you met local politicians advisers to the government in Spain and journalists. The costs including meals for the guests and travel were all met by the EPI. I would estimate these expenses to be at least €500." Email of 10 January 2010 from [name] <sup>334</sup>

<b>2007-08</b>		
30.10.07	£850.00	2007: "I was by now actively researching contemporary European anti-Semitism which involved visits to Frankfurt and Grenoble. I was invited by Jacques Delors to join a committee to draw up a short list for the European Book of the Year... there were no funds to cover the costs of travel and staying in Paris for these meetings ... I thought it reasonable to use EPI money to cover these costs."
29.11.07	£550.00	"This covers two trips—one to Berlin to keep in touch with political and parliamentary colleagues there. As I recall I went on a fairly cheap flight around the £150 mark but also bought books and informed myself on the German approach to the Lisbon Treaty. On 18 November I made a trip to Paris to interview a set of possible replacement PAs for my parliamentary office. I also paid €100 in cash to EPI collaborator."
04.01.08	£650.00	"This covered a pre-Christmas trip to Warsaw to meet EPI collaborators... and hold meetings with Gazeta Wyborcza editor... I paid [a collaborator] €200 and bought [the other] a very large dinner. Again I sought the cheapest possible airfare and stayed with the UK ambassador. The total amount spent was in excess of £600."
<i>Evidence from collaborators:</i>		

330 WE 20

331 WE 20

332 WE 19

333 WE 21

334 WE 22

2008		"I am happy to confirm that in the years 2005, 2006, 2007, 2008 and 2009 you paid me in cash when we saw each other sums averaging €500 for all the bits and pieces of work - translating, analysing French and international labor politics that you asked me to ahead of your regular visits to France and on the French media to discuss UK and European politics." Letter of 23 December from [name] <sup>335</sup>
2008		"I confirm that in the years 2005, 2006, 2007, 2008 and 2009 you have paid me in cash CHF 400 each year ... for translation and help with research on political developments in Switzerland." Letter of 22 December from [name] <sup>336</sup>
2008		"... you visited Madrid more than once during the period 2006-08... during these trips you met local politicians advisers to the government in Spain and journalists. The costs including meals for the guests and travel were all met by the EPI. I would estimate these expenses to be at least €500." Email of 10 January 2010 from [name] <sup>337</sup>
No date given		"€500 ...for translations claimed for via the EPI against the IEP". No date given. Letters of 20 and 23 January from Rt Hon Denis MacShane; also email of 20 January from [name] and letter from Mr MacShane of the same date. <sup>338</sup>

### Mr MacShane's computer purchases

		Information from claim and supporting documentation	Information from Mr MacShane's letter of 19 November 2009 <sup>339</sup>
2004-05	14.3.05	Notebook travel computer Asus M5	lightweight Sony Vaio (laptop) bought for travel use
2005-06	2.11.05	Toshiba Tecra A2 (laptop)	computer for MP's new home
	28.12.05	Fujitsu Amilo (notebook)	'bought for my then PA/intern'
	13.2.06	constituency computer Packard Bell (desktop?)	'bought to replace the Sony Vaio computer which had broken down'
2006-07	7.12.06	Portable computer [details redacted]	'bought to have a high quality computer in my study in my constituency home'
2007-08	5.7.07	Laptop and programmes: Toshiba A100-02L	'bought for a new researcher'

335 WE 20

336 WE 19

337 WE 22

338 WE 26 and WE 28

339 WE 14

	24.9.07	Constituency. Laptop; office sundries. Toshiba Satellite	bought for [name] my dictation typist'
	11.1.08	Laptop computer: Toshiba Equium	bought for [name], a PA/intern
	17.1.08	Notebook computer: Toshiba Equium	bought for [name], a PA/intern

18 February 2010

### 34. Letter to the Commissioner from Rt Hon Denis MacShane MP, 25 February 2010

Thank you for your letter of 18th February which I got on my return to Westminster after the break.<sup>340</sup>

I think your summary is a fair one though I suppose the greater details and justification I provided might be adduced in argument. But as a summary it is fair and I would like to thank you and [an official] for the proper, courteous, patient, and reasonable way you have handled this complaint..

On the computers I can try and find all these computers scattered around my homes, offices and with colleagues who worked for me. I had always thought an MP could purchase whatever equipment he or she needed up to the IEP limit and he or she was a free agent in terms of these purchases. I assume the Asus computer notebook is correct though I have bought three Sonys in this period so I assumed it was one of them.

When I came in in 1994, [a former Member], an old friend said to me: "*Denis. You've got to see yourself as a small business. You will get no guidance, no accounts officers, no equipment, no staff, nothing. You have to go out and buy it and sort everything out yourself.*"

I may now wish that I worked as once I did for the BBC or international organisations and whatever I wanted for myself or my department I put in a request and got up-to-date gear.

I assumed on all these claims that if the Fees Office thought there was anything amiss or to be questioned then they would let me know and either I would change practice or seek their agreement to be funded for this research work in Europe.

The BNP is making hay with their complaint as they have always targeted me on account of my work on Europe and against anti-Semitism. I freely concede that I wish now I had not operated as I did. Or that I had gone and asked the Fees Office for some arrangement to carry on my European work which has been at the centre of my parliamentary existence over the years. Sir Paul Kennedy has just informed that he has decided I should not pay moneys that Sir Thomas Legg asked me to repay in his first findings. But as with that side of the expenses story since the details were published I still wish that MPs had been under more rigorous controls.

In that sense, I feel more and more like a character from Koestler's *Darkness at Noon* who truly believes that what he did was right but finds that a new dispensation obliges him to confess guilt.

But to be honest to clear my name I am happy to pay any amount. This process has ruined the last 9 months, allowed endless malicious comments in the local press, and [...]. I hope one way or another it can come to a conclusion.

25 February 2010

### **35. Letter to the Commissioner from Rt Hon Denis MacShane MP, 1 April 2010**

Clearing away papers etc ahead of the election I came across this short book published by the European Policy Institute in 1996.<sup>341</sup> It has been a constant frustration in dealing with your queries that so many documents etc have not been logged or kept. In particular this applies to the EPI which did produce reports and documents steadily in the 1990s and which remains available as a mechanism to publish reports or receive moneys for conferences and travel though as previously indicated to you I accept my errors in respect of claims under question.

Anyway, rather than throw some tenuous evidence that the EPI did really exist I enclose a copy of at least one of its publications!

1 April 2010

### **36. Letter to Rt Hon Denis MacShane MP from the Commissioner, 6 April 2010**

Thank you for your letter of 1 April with a copy of your booklet, *Britain's Steel Industry in the 21st Century*, produced in 1996.<sup>342</sup>

I have noted that the booklet bears the imprint: "*Epic Books is the publishing division of The European Policy Institute, [address].*"

As you say, this was in 1996. I hope that I am right in assuming from your letter of 25 February,<sup>343</sup> in which you agreed to the summary which I sent you on 18 February<sup>344</sup>, that the European Policy Institute no longer has the structure implied by that imprint. In particular, it no longer has a publishing division and no longer operates out of that or any other postal address. The summary which I sent you on 18 February<sup>345</sup>, and to which you agreed, is that the EPI is now a "*loose network of likeminded individuals and academics. It has no formal structure and no separate financial structure. You control its bank account.*" If this assumption is wrong, could you let me know straightaway?

In the meantime, I am copying your letter and mine (but not the booklet) to the Department of Resources so that they can take it into account in the advice which, as you will know from my letter of 1 March, I have asked of them.

I will not be able to conclude this inquiry before the dissolution of Parliament. I am writing to you separately about this,<sup>346</sup> but I will resume it once the new Parliament assembles on 18 May.

6 April 2010

### **37. Letter to the Commissioner from Rt Hon Denis MacShane MP, 9 April 2010**

Thank you for your letter of 6 April.<sup>347</sup> I don't think sending you the little book alters in any way the basic assessment you have made. It was just very frustrating that as a hopeless record keeper and someone who files

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341 Not included in the written evidence

342 WE 35

343 WE 34

344 WE 33

345 WE 33

346 Not included in the written evidence

nothing I was unable to show you publications and reports and books that the EPI had produced in order to demonstrate that it was not created simply and solely to claim IEP money. So when, by chance, as I was tidying up some long forgotten papers I came across this book I sent it to you to show that the EPI did exist.

But I see no reason for you to alter the description as you have set it down. I hope this is helpful.

9 April 2010

### **38. Letter to the Director of Operations, Department of Resources, from the Commissioner, 1 March 2010**

I would welcome your help on a complaint which I have received against the Rt Hon Denis MacShane MP in respect of expenses he claimed from 2004–05 to 2008–09 from his Incidental Expenses Provision for services provided by the European Policy Institute and for computers.

I enclose a copy of the complainant's letter of 7 July 2009;<sup>348</sup> my letter to Mr MacShane of 15 July;<sup>349</sup> Mr MacShane's response of 16 July;<sup>350</sup> my letter to him of 20 July;<sup>351</sup> his response to me of 10 October;<sup>352</sup> my letter to him of 14 October;<sup>353</sup> his response of 29 October with enclosures;<sup>354</sup> my letter to him of 10 November;<sup>355</sup> his response of 19 November;<sup>356</sup> my letter to him of 23 November;<sup>357</sup> his letters to me of 11 and 20 January, 23 January and 10 February;<sup>358</sup> my letter to you of 11 February;<sup>359</sup> my letters to Mr MacShane of 21 January and 18 February;<sup>360</sup> and his e-mail response to me of 25 February.<sup>361</sup>

I recognise that there is a lot of correspondence associated with this inquiry so far. Nevertheless, I hope that my letter of 18 February and its attachments,<sup>362</sup> which have been agreed by Mr MacShane, will give you the starting point, with supporting evidence in the previous correspondence.

I would be grateful for your comments and advice on this complaint. In particular, it would be helpful to know

whether you consider that Mr MacShane's claims against his Incidental Expenses Provision for research and translation carried out by the European Policy Institute (EPI), as set out in subparagraph 1 of my letter to him of 18 February, met the criteria for claims against that allowance. In particular, it would be helpful to have your advice on whether these claims were all permissible, in the light of the information Mr MacShane has provided, including the use of this expenditure for travel and hotel costs by him and others, and its use in relation to the work of the All-Party Committee of Inquiry into Anti-Semitism;

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347 WE 36

348 WE 1

349 WE 5

350 WE 6

351 WE 8

352 WE 9

353 WE 10

354 WE 11 and WE 12

355 WE 13

356 WE 14

357 WE 15

358 WE 25, WE 26, WE 28 and WE 30

359 Not included in the written evidence

360 WE 27 and WE 33

361 WE 34. This response was also received as a letter.

362 WE 32 and WE 33

whether Mr MacShane's claims for computers over this period were, in your view, within the rules of the House. You will see from his letter to me of 25 February that Mr MacShane is unable to recollect the full details of the nine computer purchases listed by the complainant.<sup>363</sup> It would therefore be helpful if you could supply unredacted copies of the relevant claims and supporting documentation. It would also be helpful to know whether in your view the two claims for £498.95 in January 2008 were likely to have related to separate machines.

Finally, I should be grateful for any other information which the Department holds about the EPI, including details of the type and location of its bank account. (Since the Department appears to have made some payments direct to the EPI, I assume that this information was held at the time.)

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

I appreciate that it has taken some time to reach this stage, but if you could let me have a response to this within the next three weeks, I, and I know Mr MacShane, would be most grateful.

Thank you for your help.

1 March 2010

### **39. Letter to the Commissioner from the Director of Strategic Projects, Department of Resources, 29 April 2010**

Thank you for your letter to the former Director of Operations of 1st March,<sup>364</sup> and your letters to me of 6 and 12 April.<sup>365</sup>

May I deal with the two issues separately?

#### *Research services*

The rules governing the Incidental Expenses Provision (IEP) allowed for claims in respect of "*work commissioned and bought in services*". This included both research and translation services.

Each of Mr MacShane's claims in respect of the European Policy Institute (EPI) was submitted on a C2 direct payment form (the form used in respect of claims from the IEP), with a relevant invoice from EPI attached. On each occasion, the invoice simply stated "*Research and translation as requested*". There is no record of any discussions between the Department and Mr MacShane regarding either the wording of the invoices or the services that EPI had provided. The Department relied on Members' certification as evidence of their claims' compliance with the House's requirements.

In light of the information now provided to you by Mr MacShane, I believe that some of the services provided were not legitimate charges against IEP. Had the services been broken down by type when they were submitted, then travel and accommodation for Mr MacShane, and hospitality and travel costs for EPI contacts, would have been queried and almost certainly disallowed. (There was, of course, provision for extended travel which Mr MacShane may have been able to use for some of his costs).

For completeness, I also ought to say that I take it that the reference in your summary of 18th February<sup>366</sup> to Mr MacShane's "*own research*" is a reference to such things as the purchase of materials needed for research, rather than to any emolument paid to Mr MacShane for his own research work. Any such emolument would not have been allowable.

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363 WE 34

364 WE 38

365 Not included in the written evidence

366 WE 33

The Parliamentary Committee Against Anti-Semitism is a registered All-Party Group (APG).

It published a major Report in September 2006, which was the subject of debate in Westminster Hall and which received responses from the Government by means of Command Papers. Mr MacShane chaired the Committee for its inquiry. It seems to me that work in relation to the Committee was entirely properly work in furtherance of parliamentary duties. There was, however, no specific guidance about APGs and expenses before a Practice Note agreed by the Members' Allowances Committee in early 2010 which stated that no more than 25% of the time of an employee paid out of parliamentary expenses should be spent on APG-related activity.

I have some concerns about the work which Mr MacShane was asked to undertake by the Prime Minister in 2005-6. If this was work in connection with his parliamentary duties, then it would have been an eligible expense. If, however, it was work for party political purposes, it would not have been eligible, and if it was work for the purposes of Her Majesty's Government, then it might have been more appropriate for the Government to meet the cost.

#### *Computer costs*

A list of computers purchased by Mr MacShane, together with descriptions, is attached. I am also enclosing copies of the unredacted claims in respect of these computers.<sup>367</sup> It appears that the claims on 11 and 17 January 2008 were for the same machine and that Mr MacShane was reimbursed twice for the same cost.

It was not the practice of departmental staff when validating claims for IT equipment to revisit previous claims in order to confirm the nature and frequency of earlier, similar purchases nor was it their practice to query whether the equipment was necessary for a Member to carry out his or her parliamentary duties. If such a practice had been in place at the time, I believe that it would have been reasonable at least to have asked Mr MacShane why this level of IT provision, in addition to that provided by PICT, should not be have been regarded as excessive.

I can confirm that the Department has no record of any correspondence or other communication with Mr MacShane about his computers.

Mr MacShane says in his letter to you of 16 July 2009 that he provided computers to his paid and unpaid staff both in the United Kingdom and abroad.<sup>368</sup> So long as these computers were used only for Mr MacShane's parliamentary purposes, and that value for money was obtained, this would seem to me to be a proper use of allowances.

Please let me know if I can help further.

*29 April 2010*

#### *Summary of Computer Purchases claimed by Rt Hon Denis MacShane*

<b>Description (from receipt)</b>	<b>Cost (£)</b>	<b>Purchase date</b>	<b>Allowance year</b>	<b>Further details</b>
Notebook Travel computer	1,050	11/03/2005	04-05	"Ultraportable laptop"
Toshiba Tecra	834.23	02/11/2005	05-06	Laptop
Siemens Portable Computer	554.96	28/12/2005	05-06	Laptop

<sup>367</sup> Not included in the written evidence

<sup>368</sup> WE 6

Packard Computer	563.97	11/02/2006	05–06	Desk top
Sony Portable computer	1,276.59	05/12/2006	06–07	Top of range laptop
Toshiba T5300 laptop	611.12	22/06/2007	06–07	Laptop
Toshiba laptop	578.99	17/09/2007	07–08	Laptop
Toshiba laptop	498.95	31/12/2007	07–08	Laptop

29 April 2010

#### 40. Letter to the Director of Strategic Projects, Department of Resources, from the Commissioner, 5 May 2010

Thank you for your letter of 29 April<sup>369</sup> responding to my letters of 1 March,<sup>370</sup> and of 6 and 12 April.<sup>371</sup> I was most grateful for this response.

I would be very grateful if you could give me a little more guidance about the Department's practice and policy covering the claims which Mr MacShane made for the European Policy Institute. As you know, Mr MacShane included in these claims the cost of his own international travel and his accommodation abroad. It would be helpful if you could let me know:

1. whether it was permissible at the time for Members to claim from their Incidental Expenses Provision for the cost of such travel and subsistence if they did so in support of their parliamentary duties;
2. whether they could claim for such costs from their own IEP when those costs were incurred as part of the work of an all-party group.

Secondly, it would be helpful to know whether the Department would have considered it acceptable at the time for Members to meet the costs of research and translation services by paying the providers in cash and in hospitality, without invoices or receipts from those providers, as apparently happened in this case.

Thirdly, you will have seen from my letter of 18 February<sup>372</sup> to Mr MacShane summarising his evidence, to which he has agreed, that the European Policy Institute would appear to be a network of likeminded individuals and academics with no formal structure and no separate financial structure. Its bank account would appear to be controlled by Mr MacShane. In the light of that background, it would be helpful to know whether the Department would consider that the nature of EPI as now described makes it a legitimate recipient for funding in response to claims which appear to have been paid out to others. Could you also let me know to which bank account the Department's payments were made in response to Mr MacShane's EPI claims, and whether any were made to his personal bank account?

If you could let me have a response to this letter by 24 May, I would be most grateful.

5 May 2010

#### 41. Letter to the Commissioner from the Director of Strategic Projects, Department of Resources, 13 May 2010

Thank you for your letter of 5th May.<sup>373</sup>

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369 WE 39

370 WE 38

371 Not included in the written evidence

372 WE 32

373 WE 40

It was not permissible for Members to claim for their own international travel and accommodation from the Incidental Expenses Provision even when the costs were incurred in support of their parliamentary duties. These rules applied equally when a Member incurred such costs as part of the work of an all-party group. (Accommodation during trips funded by extended travel could be funded out of IEP, but not accommodation during trips funded by European travel, for which civil service subsistence rate payments could be claimed).

Mr MacShane submitted receipts from the European Policy Institute (EPI). The Department would not have had any particular difficulty with EPI paying its own suppliers in cash. If hospitality was a form of remuneration, this would have been unorthodox, and, had the Department known about it, it would have raised queries. If hospitality was not remuneration, it would not have been permitted, whether or not invoices or receipts were provided.

If Mr MacShane had absolute control of EPI's finances, that might have made it unwise of him to allow claims to be made against parliamentary allowances in respect of EPI. I am, of course, aware of Sir Thomas Legg's and Sir Paul Kennedy's views on conflicted transactions in the ACA review, and there is an argument that transactions with EPI were similarly conflicted. However, there was no rule which meant that an organisation structured and controlled as EPI was should not be a legitimate recipient of funding, and the Department neither had nor sought information about EPI's internal arrangements.

All EPI payments were made to the following bank account:

Sort Code	Account Number	Account Name
[...]	[...]	European Policy Institute

The invoice address was [address in London SW6].

No payments were made to Mr MacShane's personal bank account.

Please let me know if I can help further.

*13 May 2010*

## **42. Letter to Rt Hon Denis MacShane MP from the Commissioner, 18 May 2010**

Now that the new Parliament has assembled, I have resumed work on my inquiries into this complaint. This letter is to let you have copies of my correspondence with the Department of Resources.

I enclose a copy of my letters to the Department of 1 March<sup>374</sup> and 6 and 12 April.<sup>375</sup> I enclose also a copy of the Department's initial reply of 29 April,<sup>376</sup> my letter to them of 5 May,<sup>377</sup> and their response of 13 May to that letter.<sup>378</sup>

As you will see, the Department addressed both your EPI claims and your claims for computers. I do not propose, however, to ask you in this letter to respond to their views on the computer purchases, since I am currently seeking some further information from the House authorities about the computers which were available to you, and I will come back to you on the computer purchases when I receive their response.

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374 WE 38

375 Not included in the written evidence

376 WE 39

377 WE 40

378 WE 41

In respect of your claims for the European Policy Institute, you will see that, in the Department's view, some of the services provided were not legitimate claims against the IEP. In particular, it was not within the rules for you to have claimed for travel and subsistence from the EPI on your own behalf or when you were acting as part of an all-party parliamentary group. In the Department's view, it would have been acceptable for EPI to have paid its researchers in cash. It would not have been acceptable for you to have claimed for hospitality unless it was remuneration for services rendered, and, even then, they would have raised questions with you had they known about it. The Department note that if, as I understand to be the position, you had absolute control of the EPI's finances, and allowed claims to be made against parliamentary allowances in respect of the EPI, such transactions might have been unwise. There is also an argument that such transactions were conflicted. The Department note, however, that in their view there was no rule that meant that an organisation structured and controlled as was EPI should not have been a legitimate recipient of funding.

I will need myself to come to a view on these matters, including whether your claims on behalf of EPI met the Speaker's injunction that Members' use of allowances should be above reproach.

I would, therefore, welcome your comments on the Department's advice. It would be helpful also, in the light of that advice, if you could help me on the following three points:

Was the hospitality you gave part of the remuneration of those who provided you with research and translation services? If so, can you explain whether the arrangement was agreed in advance, and how you identified the value of the hospitality to be offered?

When you provided that hospitality, did you meet the cost of your own meals out of the funds you claimed from the EPI, or did you pay separately for your own food and any drink?

Given your evidence that the EPI did not have an office or structure during the period covered by this inquiry, could you help me on who was at the Hammersmith address ([address] from which the invoices were sent; and who raised and authorised each of the invoices?

I will be back in touch again to consult you about the computer matters, but I would be very grateful if you could let me have a response to this letter within the next two weeks. I am hopeful that, subject to your reply and clearing up any points on the computers, it will be possible then for me to bring this inquiry to a resolution. I am grateful for your continued help with this.

*18 May 2010*

#### **43. Letter to the Director of Operations and Member Services, Parliamentary ICT Service, from the Commissioner, 11 May 2010**

I would welcome your help on a complaint which I have received against the Rt Hon Denis MacShane MP in respect of expenses he claimed from his Incidental Expenses Provision to buy computers.

I would be very grateful if you would let me have details of any computers which Mr MacShane borrowed or purchased from the House during the period covered by the complaint, which is from 2004-05 to 2008-09. If you had any other relevant information, including information about any computers held or used by Mr MacShane at the opening of this period, that would also be most welcome.

If it were possible to let me have a reply by the end of the month, I should be very grateful. Thank you for your help.

11 May 2010

#### 44. E-mail to the Commissioner from the Director of Operations and Member Services, Parliamentary ICT Service, 18 May 2010

You wrote to me asking of the IT records relating to the Mr MacShane. Please find these attached.<sup>379</sup>

If I can be of any further assistance please ask.

18 May 2010

#### 45. Enclosure to the Director of Operations and Member Services, Parliamentary ICT Service's e-mail of 18 May 2010: Extract from Rt Hon Denis MacShane MP's IT records

Order date	Equipment type	Model	Location
23 June 2006	Laptop	D610	Westminster
23 June 2006	Printer	5110cn	Constituency
23 June 2006	PC	GX520	Constituency
23 June 2006	Monitor	1704FPT	Constituency
23 June 2006	Laptop	D610	Constituency
23 June 2006	Printer	5110cn	Westminster
23 June 2006	PC	GX520	Westminster
23 June 2006	Monitor	1704FPT	Westminster
23 June 2006	Laptop	D610	Westminster
25 July 2006	PC	GX520	Westminster
25 July 2006	Monitor	1707FPT	Westminster

*Parliamentary ICT*

May 2010

#### 46. Letter to Rt Hon Denis MacShane MP from the Commissioner, 20 May 2010

When I wrote to you on 18 May<sup>380</sup> I said that I had asked the House authorities for information about the computers which were available to you in the period covered by the complaint, and that I would write to you again when I received their response.

I have now received that information. I enclose a copy of my letter of 11 May to the Director of Operations and Member Services in the Parliamentary ICT service,<sup>381</sup> his emailed response of 18 May, together with a list of the centrally-provided computer equipment which you received in 2006,<sup>382</sup> a further copy of my letter of 1 March to the Department of Resources,<sup>383</sup> and their response of 29 April with your unredacted claims for computers in the years from 2004–05 to 2007–08.<sup>384</sup>

I enclose a schedule<sup>385</sup> which summarises your computer provision from both PICT and IEP. As you will see, it shows that you received 14 computers from 2004–05 to 2007–08. The computers seem to have been allocated as follows:

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379 WE 45

380 WE 42

381 WE 43

382 WE 44 and WE 45

383 WE 38

384 Not included in the written evidence

385 WE 47

- constituency—six computers provided between February 2006 and September 2007, namely two PCs and four laptops;
- Westminster—four computers provided in June and July 2006, namely two PCs and two laptops;
- unspecified—two notebooks bought in March and December 2005: one laptop (for “new home”) in November 2005 and a further laptop bought in December 2007.

You said in your letter of 10 October that two lightweight travel computers broke down and had to be replaced.<sup>386</sup> It seems that, according to your evidence, one was replaced by a PC bought in February 2006 (although there is no record of it being, as suggested in the list attached to your letter of 29 October, a Sony Vaio). You have not identified which other laptop broke and was replaced. In any event, taking account of the two breakages, it would seem that you had available at any one time over the period up to 12 computers (four PCs and eight laptops/notebooks)—broadly spread between six computers in your constituency, four in Westminster and two for travelling.

In the light of this, I would be grateful if you could:

1. confirm or revise this summary of the purchase and use of your computers;
2. let me know how many parliamentary staff you employed at any one time from 2004–05 to 2007–08, divided between Westminster and your constituency;
3. confirm that each member of staff, including interns, passed on their computer to any successor when they left your office;
4. confirm that the Sony laptop you bought VAT-free in Heathrow on 5 December 2006 returned with you to your constituency home, as suggested in your letter of 29 October;<sup>387</sup>
5. let me know whether you accept that you claimed twice for the £498.95 Toshiba laptop which you bought in Fulham on 31 December 2007, and, if so, how this mistake occurred.

In the light of your response, I will need to consider whether the computers you bought in addition to the PICT provision you ordered were costs which were wholly, exclusively and necessarily incurred in your Parliamentary duties.

It would be most helpful to have a response to this letter by 9 June.

*20 May 2010*

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386 WE 9

387 WE 11

#### 47. Consolidated summary of Rt Hon Denis MacShane MP's computer acquisitions, 20 May 2010

Rt Hon Denis MacShane: computer acquisitions						
Financial year	Cost	Date of claim	Information from claim and supporting documentation (or, for centrally provided computers, from PICT)	Information from Member's letter of 29.10.09 (where applicable)	Destination (from claim and supporting documentation - or, for centrally provided computers, from PICT)	Other comments
2004-05	£1,050.00	14.3.05	Notebook travel computer Asus M5	'lightweight Sony Vaio (laptop) bought for travel use'	Not specified	Bought in Tottenham Ct Road and claimed against IEP
2005-06	£834.23	2.11.05	Toshiba Tecra A2 (laptop)	computer for MP's new home	Member's home	1 yr warranty. Bought in New Oxford St and claimed against IEP
	£554.96	28.12.05	Fujitsu amilo (notebook)	'bought for my then PA/intern, [name]'	Not specified	Bought in Fulham and claimed against IEP
	£563.97	13.2.06	constituency computer Packard Bell (desktop)	'bought to replace the Sony Vaio computer which had broken down'	Constituency	Bought in Meadowhall and claimed against IEP
2006-07		23.6.06	Laptop	n/a	Westminster	Centrally provided
		23.6.06	PC	n/a	Constituency	Centrally provided

		23.6.06	Laptop	n/a	Constituency	Centrally provided
		23.6.06	PC	n/a	Westminster	Centrally provided
		23.6.06	Laptop	n/a	Westminster	Centrally provided
		25.7.06	PC	n/a	Westminster	Centrally provided
	£1,276.59	7.12.06	port.computer Sony TX3HP 1300	'bought to have a high quality computer in my study in my constituency home'	Member's constituency home	Bought in Heathrow and claimed against IEP
<b>2007-08</b>	£611.12	5.7.07	Constit.laptop and programmes: Toshiba A100-02L	'bought for a new researcher', [name]	Constituency	Bought in London? and claimed against IEP
	£578.99	24.9.07	constit. Laptop; office sundries. Toshiba Satellite	'bought for ... my dictation typist'	Constituency	Bought in Rotherham and claimed against IEP. Also bought dictation machine
	£498.95	11.1.08	Laptop computer: Toshiba Equium	'bought for ...a PA/intern, [name]'	Not specified	Bought in Fulham and claimed against IEP
	£498.95	17.1.08	Notebook computer: Toshiba Equium	'bought for ...a PA/intern, [name]'	Not specified	Bought in Fulham and claimed against IEP. DOR believes this was duplicate claim.

*Office of the Parliamentary Commissioner for Standards*

*20 May 2010*



**48. Letter to the Director of Strategic Projects, Department of Resources, from the Commissioner, 17 May 2010**

Thank you for your letter of 13 May<sup>388</sup> responding to mine of 5 May<sup>389</sup> seeking further advice on this complaint against Mr Denis MacShane MP.

I was most grateful for this response. I will be showing our correspondence to Mr MacShane and inviting his comments on it. In the meantime, it would be very helpful if you could let me have the unredacted copies of the relevant claim forms and invoices from 2004–05 to 2007–08.

Thank you for your help.

*17 May 2010*

**49. Redacted example of an EPI invoice, dated 11 July 2005, from the 19 invoices provided by the Director of Strategic Projects on 25 May 2010**



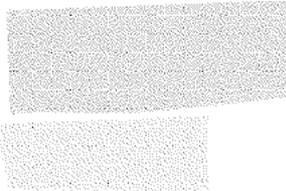
Dr D MacShane MP  
House of Commons  
London  
SW1A 0AA

11 July 2005

TO : Research and translation as requested

£750

With thanks,



*Associate Directors:* [Redacted]  
*General Manager:* [Redacted]  
*Acting Director:* [Redacted]

## 50. Letter to Rt Hon Denis MacShane MP from the Commissioner, 27 May 2010

I wrote to you on 18 May to show you the advice I had received from the Department of Resources in respect of claims which are the subject of this complaint and asked some questions in relation to the EPI from that advice.<sup>390</sup> I wrote to you separately on 20 May about your computer claims.<sup>391</sup>

I am writing to you now because, following the Department's letter to me of 13 May,<sup>392</sup> I asked them to send me the unredacted invoices for your EPI claims in 2005 and 2006.<sup>393</sup> I attach a copy of my letter to them of 17 May<sup>394</sup> and the Department's response of 25 May with the relevant claims and invoices.<sup>395</sup>

As you will see, the invoices are all presented for work on: "research and translation," although one invoice describes the work as "research and communications work" and another as "research and translation consultancy." Work is described either as "as agreed" or "as requested." As well as the office address referred to in the Department's response, the invoices are all presented and signed [name]. The invoice footer identifies [name] as the General Manager. It identifies [name] as Acting Director and identifies four Associate Directors one in Geneva, two in Washington and one without a location. You enclosed correspondence from three of these with your letter to me of 11 January.<sup>396</sup>

I am having some difficulty in reconciling the information on the invoices with the information which you have so far provided. You had agreed as a summary of your evidence that EPI had no formal structure, no separate financial structure and that you controlled its bank account (my letter to you of 18 February<sup>397</sup> confirmed by your letter to me of 25 February<sup>398</sup>). The invoices, however, suggest that as well as an office address, there was a General Manager who was responsible for signing the invoices, an Acting Director, and four Associate Directors. Could you help me on the role, responsibilities, and identities of the General Manager, Acting Director and Associate Directors identified on the invoices? Could you also give me the current postal addresses of the General Manager and the Acting Director so that I can take evidence from them about the work of the EPI and, in particular, about the invoices which the General Manager presented to you? Finally, it would be helpful to know for how long EPI has been based at these premises, and whether they were a business address of your brother, as suggested in your letter to me of 29 October.<sup>399</sup>

You may wish to respond to this letter at the same time you respond to my letter of 18 May.<sup>400</sup> If so, I would be grateful if you could let me have a response by 9 June. Thank you for your help.

27 May 2010

## 51. Letter to the Commissioner from Rt Hon Denis MacShane MP, 15 June 2010

Thank you for your letters of 18th, 20th and 27th May.<sup>401</sup> I am sorry to be late in replying but I have been on the road a great deal of time and setting up new office arrangements here and in the constituency have taken a great deal of time.

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390 WE 42

391 WE 46

392 WE 41

393 Not included in the written evidence. For an example of an EPI invoice, see WE 49.

394 WE 48

395 Not included in the written evidence

396 WE 17

397 WE 32

398 WE 34

399 WE 11

400 WE 42

I hope the letter below answers your queries on both the EPI and computers in as much as I can respond to your detailed questions. As have previously written to you I accept that errors were made but they were mistakes based on an over-enthusiastic zeal to carry out my parliamentary work on European affairs.

#### EPI

As you yourself wrote to me on 18th February “The EPI is a loose network ...It has no formal structure and no separate financial structures. You control the bank account.”<sup>402</sup>

That is the case. The letterheads used to claim for reimbursement which as I have argued I believed were legitimate in order to carry out or commission research in the fields of parliamentary work in which I specialise (though as my letter of 10 February 2010 made clear I now accept that my approach is indeed open to question and reproach) date back from the 1990s when I was working in Geneva and set up the EPI. The names at the bottom of the letterhead were friends and associates at the time. The titles were simply on the letterhead to make it look more official. At the time I asked my brother if I could use a business address of his though any payments were made by BACS so the address fell into disuse. There is no office nor has there ever been any employed salaried staff. I have never been to the address [...].

As I stressed in previous letters and when we met [my brother] has no involvement in, responsibility for, payments from or is in any way connected to the EPI. He was extremely concerned, as was I, at the *Mail on Sunday* on Sunday story and the efforts by the paper’s reporters to approach him and his family in their usual intrusive manner. [...] he is rightly anxious not to be linked in any way to this inquiry. [...] but I repeat as I made clear in letters to you and in an informal meeting as well as over the phone the EPI did not involve him in any way.

As previously explained I used the EPI as a means to recoup expenses that I paid out for the research I carried out by travelling in Europe to sustain my parliamentary work on European issues. As I wrote in *The Times* on last Friday “To be on top of what is going on in Europe, I go there a lot. One visit and talk to European politicians is worth reading a dozen articles back in London. So, of late, I have been in Paris, Riga, Cracow. Naples, Madrid and Brussels for brief in-and-out trips.”

Thus on my travels to carry out research I would have paid for a drink, a coffee or the odd meal for people I met for the purposes of continually updating my parliamentary knowledge on European affairs. As I have told you in the past I have no detailed invoices such as you suggest in sub-para 1 of your letter of 18th May. Nor did I make any agreement or specific arrangements about hospitality. I visited. I met. I stayed overnight. I bought books and magazines in foreign languages. In the UK this would have been met by extended travel, or by sending in individual bills for books or newspaper/magazine subscriptions.

The Fees Office always met reasonable requests in that regard. In my interpretation of what I considered to be research on my main area of parliamentary work and for ease of administration I submitted EPI bills which covered what I considered to be what I had disbursed in the period concerned. The invoices were pro-forma on my computer with just the amount varying according to what I judged to have expended. Again I stress my sole responsibility based on my interpretation of the rules and my belief that carrying out this research in Europe added value to my role as an MP specialising in European affairs.

I discussed with [name of official], UK Representative to the EU, last week, the decision of the then Prime Minister to ask me to report directly to him via [name of official] on EU politics but that there is no provision in Government to pay anyone to do this work. “You are right on both counts. Denis. The PM and we valued your work and information but of course we couldn’t pay anything to your costs,” he said. I asked [name of official] to send a note you to that effect—which he agreed to do subject to clearance from the FCO PUS.<sup>403</sup> I genuinely believed that as an MP what I was doing was of value to public service even if as I now accept and [the Director of Strategic Projects] makes clear that I may have cut corners.

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401 WE 42, WE 46 and WE 50

402 WE 32

403 This note was not received.

## Computers

On computers I have tracked down one in Rotherham which was not thrown away and I have brought it down to London. There may be others gathering dust somewhere but I have never paid much attention to *matériel*. I have always just bought what was needed when it was needed within the limits of the IEP allowances -bearing in mind I was not claiming rent for an office in my constituency so I felt relaxed about buying kit.

I have bought a great deal of kit - printers, mobile phones, Palms, mobile phones, scanners, collating machines, fax machines, cameras etc - which I have replaced, thrown away, or stopped using as new models have come along. I had an extensive network of interns - not employed staff - in the period when I stopped being a minister and if they needed a cheap and cheerful computer I just bought a new one much as I would buy any other bit of kit that I needed for the office. They are scattered to the four winds in America and Europe.

The computers offered by PICT quickly became out-dated -- they had no wi-fi function for example and PICT while being very helpful in certain regards were not able to upgrade computers so it was easier to go to PC World and get what I needed to do my parliamentary work.

In respect of your letter of 20 May on computers I have no reason to object to your summary as I genuinely cannot remember why or when I purchased any bit of office kit in the 16 years I have been an MP.<sup>404</sup> I have had at any one between 3 and 5 people paid as full or part-time staff with one dictation typist part-time in Rotherham and usually one or two interns in my Westminster office. I had complaints from staff about slowness of some computers especially with the bigger programmes for case-work, web-sites, design and so forth so just said "Let's get a new one." The 2006 Vaio was a light-weight one that stayed with me in my brief-case until it broke down and was not repairable. If I claimed twice for the same computer bought 31 December 2007 that was clearly a mistake though I am surprised the Fees Office did not notice it.

My paperwork is useless -- as I write I have piles of papers left and right including all the post-election bills which a kind gentleman from Ipsa will I hope help to put through the system tomorrow when he comes to my office. I am the world's worst keeper of bills, invoices, papers etc and am constantly forgetting either to claim payments I am entitled to or make payments I should pay. If you come to my office you will see you are dealing with someone who has very poor paper organisation skills and no book-keeping ability.

I remain conscious that I may have gone beyond what is permitted or inferred in the previous Green Book. I have made some rectification and am willing to make more if required. This [...] complaint has been hanging over my head for a year now and was turned into political capital during the election campaign. I am anxious for it to come to a conclusion and am grateful to you and to [name of official] for the thorough but very fair manner with which you have conducted the inquiry. I am ready to come for a further informal meeting if there are any points you feel need clarification. As evidence of my continuing parliamentary engagement in European and international matters I enclose some recent interventions.<sup>405</sup> I do so to underline that this activity is my parliamentary life and the claims I made were not for personal gain but to discharge my duties as I saw fit.

15 June 2010

## 52. Letter to Rt Hon Denis MacShane MP from the Commissioner, 30 June 2010

Thank you for your letter of 15 June<sup>406</sup> responding to my letters to you of 18, 20 and 27 May about this complaint.<sup>407</sup>

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404 WE 46

405 Not included in the written evidence.

406 WE 51

I was most grateful for this response. In respect of EPI, I have noted that the invoices which were produced were on old letterheads. My understanding of what you have told me is that at the time you submitted these invoices the structure of EPI as suggested by the notepaper was no longer extant, and that EPI had never used the address given for the business. You prepared the invoices using a proforma on your computer. Each of these invoices is addressed to you and apparently submitted by “[name]” who has signed each invoice in manuscript. He was listed on the bottom of the invoice as General Manager. Could you let me know who signed these invoices? And could you give me their address so that I can take evidence from them?

In respect of the questions I asked you about the hospitality funded by your EPI claims, I take it that the hospitality was not a part of the remuneration offered for those who undertook any research or translation work for you. The cost of such hospitality, and the cost of your own meal and any drinks, was met from claims you made through the EPI invoices for research and translation. If this is wrong, please let me know.

Turning to your response on computers, it was helpful to know that you are content with my summary. It would appear that at any one time you had some four computers in Westminster for use by yourself and between one and two interns. Would you kindly confirm that? I take it also that when the interns left, they took with them the laptops or notebooks which you had provided which are now “scattered to the four winds in America and Europe”, and that the Sony laptop bought in Heathrow on 5 December 2006 travelled with you in your briefcase until it ceased to work. If any of this is wrong, please let me know.

You have sent me a little over a hundred pages taken from your website to illustrate your continuing interest in European and international matters. I do not propose to enter that into the evidence for this inquiry, but if there is any particular item which you consider I ought to reflect in the evidence, please let me know.

I would be very grateful if you could let me have a response to this letter within the next two weeks. I will then review all the evidence. At this stage I am minded to prepare a memorandum to the Committee on Standards and Privileges on this matter, although you should draw no inferences from that. Having reviewed the evidence, I will come to a view on whether it would be helpful in bringing this matter to a conclusion for us to meet for a formal interview. I appreciate that this has taken a long time, but I know you will recognize that it has not been altogether straightforward to identify the facts in relation to the claims which are the subject of this complaint. I do recognise the pressure this has put on you and I am grateful for the help you have continued to give me despite the difficulties with your own records.

Finally, if you wish to make any comments on the advice given by the Department of Resources, as set out in my letter of 18 May, they would be very welcome.<sup>408</sup>

*30 June 2010*

### **53. Letter to the Commissioner from Rt Hon Denis MacShane MP, 22 July 2010**

Thank you for your two further letters. I am sorry to be late in replying but in addition to a parliamentary trip to the US, I have [...] That plus almost daily struggle with Ipsa to get any payment (so far unsuccessfully) for any bills since the election has left me behind on all correspondence.

As I have tried to explain I have been and remain heavily involved in European political issues as my main parliamentary speciality. [Name of former Member] once remarked that an MP who could not get to speak at any meeting in Britain by using the Extended Travel Scheme to cover the costs was not worthy of the job.

Today that creative interpretation of parliamentary expenses would be found shocking and to be condemned. I fear I am of the [name of former Member] school. I carefully husbanded my IEP payments — principally by

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407 WE 42, WE 46 and WE 50

408 WE 42

not charging any rent for my constituency office — so that I could use the EPI as a vehicle to cover the costs of my European work as outlined in some detail in previous letters.

Today it was announced that [a Member of Parliament] would fly with the Foreign Secretary to India. I am not sure if [name of Member] will be paying the full costs of his travel as I was expected to cover my costs when the then Prime Minister asked me to be his special envoy to the EU which work and travel was covered in part by EPI claims. I was discussing this yesterday with [a Member of Parliament] whose travel and work on Afghanistan has led to some reshaping of HMG strategy. [Name of Member] said he had paid £12,000 from his own pocket even though his travels there have been poured into a series of important Commons interventions on the issue. I also went to Afghanistan in 2008 and paid for my own fare to Kabul even if my only reason for going there was to be able better to contribute to Parliamentary debate as I have done on this subject.

Thus this [...] complaint has to be set in the context of how MPs are to undertake work which is not formally covered by a budget line. As I have said I and I alone take full responsibility for all payments and claims made by the EPI as a vehicle. My staff scrawl my name for me regularly on letters and the reference to [name] is to a similarly scrawled *nom de plume*. It was once used by my brother who allowed me to use his London office address as a kind of *poste restante* when the EPI was set up in the 1990s. But as I have also said my brother has no involvement with or knowledge of the EPI for more than a decade [...].

As I was trying to explain how I carried out my European political and parliamentary work in the period covered I explained that I had a network of collaborators who helped with research, translation and networking. I either paid them specific fees some of which have been forwarded to you or bought meals and drinks as one would with any such group of co-workers. There is no list of restaurant or bar receipts and since I eat and live modestly and do not frequent expensive restaurants I doubt if it comes to very much. I appreciate you would be more comfortable with a detailed set of receipts etc, and with the benefit of hindsight so would I. With the benefit of hindsight I almost certainly should not have used the EPI as a vehicle to cover costs of working on European affairs and with the benefit of hindsight [name of former Member] should never have used extended travel to cover costs of going to political meetings in the UK. But then my interest and I hope useful Parliamentary work on Europe would not have been able to be developed as it was after I stood down as a Minister in 2005.

On [the Director of Strategic Projects'] comments of course I accept them. I did not say I claimed for an All-Party Parliamentary Group's work. I have never done so. He is confusing this with the Parliamentary Committee of Enquiry Into Antisemitism (not the same as an APPG) which I chaired and which reported in 2007 and then was dissolved. I have since taken a lead as an MP speaking in the Commons and public on the scourge of neo-antisemitism and helped set up the International Parliamentary Coalition Against Antisemitism. Some of my travel to Europe also involved meetings with fellow parliamentarians and others involved in this aspect of work and I did feel it reasonable, given the way I controlled my IEP costs, to allow EPI claims to cover some of this work. I am also one of Parliament's strongest critics of the BNP's anti-semitic history and ideology. I enclose an extract from a book I published in 2008 [...] So part of all my expenses claimed in the period under review were in connection with parliamentary work on antisemitism, including EPI money, but they were not as [the Director of Strategic Projects] suggests in connection with a registered APPG.

On computers as I write there are five in my office in the Commons with others at homes in London and Rotherham and in the constituency office. Looking through old notebooks I noticed I had an intern from the US in 2005/06. Did I provide him with a computer to do work? I cannot remember. Any more than I can remember the printers, cameras, mobile phones, photo-copiers, scanners, TVs, furniture, and other bits and pieces of kit I bought. I am currently seeking to replace my London home computer with one that can do Skype (if I can get anyone from Ipsa to talk to me!) so as to reduce bills for calls abroad. I just bought kit as and when it was needed. [The complainant] has focussed on computers but he might just as easily have listed every other bit of equipment on the expense forms submitted to the Department of Resources for the period under question. I can go and find all these computers or equivalents and bring them to you if you really want me to. On this as on all other aspects of this procedure I accept full responsibility for what I spent and what I claimed. I have been a hard-working MP with a passion for European affairs and with no interest or ability in being an office manager. I had a variety of researchers, interns, co-workers and simply provided them with

computers and any other kit as when it was needed to work both in my tiny office in the Commons or elsewhere as was most appropriate. I wish the Department of Resources had challenged any of these claims in the period concerned and I could have had a discussion with them. Had this happened this whole business might have been avoided. One or two claims I submitted were rejected and I accepted their decision as final. I have not sought to duck my responsibility or regret that my interpretation of what could be claimed is now under challenge and I have tried to show that with the restitution payment I have made.

I was required by the Legg Committee to pay back £1,300 and Sir Paul Kennedy not only upheld my appeal on other Legg demands but wrote to me to state that I had underclaimed certain ACA expenses. The sums other colleagues were required to pay back are much greater than the totality of the EPI claims all of which were submitted in connection with my parliamentary and MP's work linked to my special interest of European affairs.

I appreciate we are all going on the August break now but this has been hanging over my head for 15 months [...] as I keep asking myself if I am a crook and why my work on Europe and antisemitism requires such investigation. I accept fully there was a conflict in the strict interpretation of what might be claimed and I regret that. But I am not going to resile from my commitment to what parliamentary and political work I have undertaken in this period even if the method of being reimbursed for part of it is open to question.

On the issue of material sent to you that was just to show the continuing range of work on European affairs partly covered by EPI payment. I think you have the picture now and if this is to be considered by the new Standards and Privileges Committee whenever it is formed. I don't doubt that colleagues there will be aware of my commitment to and interest in European political issues as they impact on our country.

22 July 2010

## 54. Letter to Rt Hon Denis MacShane MP from the Commissioner, 9 August 2010

Thank you for your letter of 22 July responding to my previous correspondence.<sup>409</sup> You refer to your letter as being in response to two of my letters, but from what I can see, the outstanding letter to which yours is the response is my letter to you of 30 June.<sup>410</sup>

I was most grateful for this response. It would appear from what you say that members of your staff regularly signed invoices on outdated EPI notepaper, not using their own name but the name [which] appears on the notepaper as the General Manager of EPI. The invoices purport to have been signed by [name], when it would appear from your evidence that they were not so signed. In the light of this, I would be grateful to know:

1. if you instructed members of your staff to sign in this way, and if so why such instructions were given;
2. why the name of “[name]” was used, and if there was such a person acting as “General Manager” of the EPI;
3. whether “[name]” is in fact your brother, or some other person;
4. your reasons for using notepaper which referred to an address which you have described as having fallen “into disuse”.

I understand from your letter of 22 July<sup>411</sup> and your earlier letter of 29 October 2009<sup>412</sup> that your brother has never had any direct active part in the work of EPI, whether as General Manager or anything else. His only involvement, as I understand it, was to let you use one of his London business addresses to receive mail.

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409 WE 53

410 WE 52

411 WE 53

I have noted what you say about computers. Could you just confirm that, as suggested in my letter to you of 30 June, interns were able to take the parliamentary-funded laptops with them, and did so, when they left your office?<sup>413</sup>

I appreciate that this inquiry has gone on far longer than either of us would have wished. I am keen to bring this to a conclusion. But you will appreciate, I am sure, the implications of the invoices which you submitted for your EPI claims, and I do need to explore these further before I can decide how best to conclude my inquiry.

I recognise that we are now in the recess, and I am sorry to hear about [...], but I hope you might let me have a response to this letter by the end of August.

9 August 2010

## 55. Letter to the Commissioner from Rt Hon Denis MacShane MP, 14 September 2010

Thank you for your letter of 9 August and I apologise for delays and the necessity of [name of official] to call me.<sup>414</sup> [...] Indeed the nightmare of coming to terms with Ipsa and sorting out new arrangements for so many aspects of one's life under the new regime consumes an intense amount of time. This combined with regular attendance in the Chamber has delayed this response. I still cannot fully understand how the BNP can oblige part of the parliamentary system to submit an MP to more than 15 months of investigation which has been a cause of very great strain, [...], and stress about my good name as a Parliamentarian active on European affairs and in combating anti-semitism which has made me a target [...].<sup>415</sup>

On your questions, I do not know if there is much I can add to previous correspondence. Obviously I take full responsibility for all claims made to the Fees Office. I would invite you to come and spend time with me and see how chaotic my office and work is as I try to keep abreast of all the demands made on my time particularly with reference to my European parliamentary and political work. I am not a civil servant working 9-5 in a structured system with specialists handling finance, travel, engagement in Europe, or personnel questions. In the period concerned I was coping with [...] and still trying to discharge my European parliamentary/political work as set out to you in previous communications since the BNP sent in its complaint.<sup>416</sup> I have had a flow of interns and assistants in my office. They took charge of many aspects of my work, booking travel, sending out invoices for payments, and helping with HoC form filling. I have always allowed others – staff, family, etc – to sign or pp my name. But I take responsibility.

I carefully husbanded my allowance – principally by not charging the Commons any rent for my constituency office – so that I would have part of the allowance to use on my European work. I used the EPI as a convenient vehicle. Since its inception before I became an MP. The EPI is a loose network. There is no office, no staff, and just a post-box address. My brother is not involved in any way [...] So please do not bring my brother into this.

The letter-head has remained unchanged over 20 years. [The name on the invoices] as I have previously explained is a *nom de plume* used over the years to cover expense claims and payments from the EPI. The EPI has published books, reports, organised conferences and is used by its network as and when appropriate. As I have explained I used the EPI to claim reimbursement from the Fees Office. An MP is allowed extended travel to carry out similar travel, attend conferences, carry out research, and stay overnight in the UK but there is no equivalent system for European work beyond three heavily circumscribed trips which I preferred not to claim as they were always held up to press opprobrium when published. I could have submitted all the individual

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412 WE 11

413 WE 52

414 WE 54

415 See footnote 195.

416 See footnote 195.

payments to EPI collaborators on individual invoices but since I was operating within the limits of my allowance it was just easier to submit periodic claims and use that money for reimbursement. I fully accept that this approach is open to criticism and is part of the overall problem of covering MPs' costs which have given rise to all the new rules. I have sought as an indication of my acceptance of this to repay £7,500 even though I am satisfied in my own mind that all EPI claimed money were in pursuit of my work as an elected parliamentarian who specialises in Europe.

On the computer question as I think I have previously written I am happy to hunt down any computer you would like me to return. I bought different bits of kit as and when needed. These include computers and other more expensive pieces of electronic and communication/printing equipment. For some reason [the complainant] has only chosen to list the computers. So if it helps I can find the computers you wish me to return and deliver them to your office. I have two, possibly three new interns coming into my Parliamentary office this month so will again be having to provide computers etc for them. I have had no new computers from the Commons system since 2005 and laptops etc quickly get out of date. Again I used my allocated OCA office to buy what I needed when I needed it.

Finally, can I make clear that I always accepted any ruling from the Fees Office which challenged any claim I made. Had the Fees Office called me in on either EPI or computer claims I would have explained my position but accepted their decisions. I work very long days, weekends on my parliamentary/political/constituency work and have never had time for precise clerical book-keeping. I feel it is somewhat unfair to apply retrospectively today's more rigorous (moralistic?) norms on what MPs can and cannot claim to carry out their duties as they see them. If MPs cannot undertake European work then our debates in the Commons given our membership of the European Union and its influence on public policy will be all the poorer.

*14 September 2010*

## **56. Letter to the Commissioner from Rt Hon Denis MacShane MP, 16 December 2010**

You will recall that I wrote to you on the 10th February 2010 concerning the complaint by [...] Mr Barnbrook and your investigation into my expenses claim.<sup>417</sup> In that letter I enclosed a cheque returning the monies that I had claimed in respect of the European Policy Institute invoice for which I did not have supporting documentation covering the claims.

Since then, you have continued your investigation. I have been aware of the approach that you have adopted in relation to expenses claims generally and your interpretation, and that of other authorities within the House, of the application of the expenses provisions. In hindsight, I can now see that your approach to the interpretation of the rules is the proper one, given the recent intense scrutiny of the expenses and allowance scheme. Although I believed (based on advice from other senior colleagues) that I was making claims using a system and on a basis then accepted by the Fees Office and the House administration, I now see that the method of claiming through the EPI invoices was inappropriate.

I am now enclosing a further cheque of £5,400, the full cost of the European Policy Institute claims over the period and which had been complained about.

*16 December 2010*

## **57. Letter to Rt Hon Denis MacShane MP from the Commissioner, 4 July 2012**

I am writing to let you know that, having been informed by the Metropolitan Police that they have decided to take no further action in respect of their investigation, I am now resuming the inquiry which, with the agreement of the Committee on Standards and Privileges, I suspended following the publication of its 1<sup>st</sup>

Special Report of Session 2010-2011 on 14 October 2010. I informed you of this in my letter to you of 12 October.<sup>418</sup>

I believe that it should be possible to bring this inquiry to an early conclusion since you have provided me with very full information during the course of my inquiry. I would propose, therefore, to move to arranging an interview with you so that we can discuss the issues which arise in relation to the complaint as it affects the Code of Conduct for Members of Parliament and its associated rules, in this case the relevant Green Book rules. I would write to you before we met to let you know more about the procedure and the areas which I suggest we cover. Subject to that interview, I would then prepare a memorandum on the complaint to the Committee on Standards and Privileges. In accordance with my normal procedure, I would show you the [factual] sections of that memorandum for any comments you may wish to make on their factual accuracy.

As you know, the essence of this complaint is that the costs you claimed against the Incidental Expenses Provision for your constituency office and certain office services and equipment were not wholly, exclusively and necessarily incurred on your parliamentary duties, contrary to the rules of the House.

Before taking this further I think it would be right to give you an opportunity to let me know whether you have any additional information you wish to give me in relation to this complaint. If you have any such information, it would be helpful to know whether this in your view adds to or modifies the extensive evidence you have already helpfully given me.

It would be very helpful if you could let me have a response to this letter within the next three weeks. If it would be helpful, I would of course be very happy to see you here at the House to discuss further the process necessary to bring this matter to a conclusion.

I am writing to the complainant to let him know that I have resumed this inquiry.<sup>419</sup>

*4 July 2012*

## **58. Letter to Rt Hon Denis MacShane MP from the Commissioner, 30 July 2012**

I wrote to you on 4 July to let you know that I was resuming my inquiry into this complaint.<sup>420</sup> I invited you to let me have any additional information you wished to give me in relation to this complaint within the following three weeks, before I brought my inquiry to a conclusion through us meeting for an interview.

I received no response to this letter and my office, therefore, spoke to you on 30 July. I understand that you told my office that you were acting through your lawyer, and that your lawyer was away on holiday and that you would soon be going on holiday yourself. You were not able to tell my office when you would reply to my letter.

It is, of course, open to you to seek such advice as you feel necessary. Under the procedures agreed by the House, however, Members are expected to respond to my inquiries for themselves and not through intermediaries, and I am sure that was not your intention. I am also sure that you are aware of the expectation set out in the Code of Conduct that Members will co-operate at all stages with a Commissioner's inquiry.

I appreciate the sensitivities of this matter and that we are now in the recess. I want to give you every opportunity to respond, but equally you will appreciate that I do need to bring this matter to a conclusion. I will be reporting on progress to the Committee at its first meeting when the House resumes. It would be very helpful, therefore, to know when I can expect a reply to my letter. I look forward to hearing from you.

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418 Not included in the written evidence

419 Not included in the written evidence

420 WE 57

30 July 2012

### **59. Letter to Rt Hon Denis MacShane MP from the Commissioner, 4 September 2012**

This letter is to let you know that, although you have not responded to my letters to you of 4 and 30 July, I am nevertheless inviting you to interview so that I can bring this inquiry to a conclusion.<sup>421</sup>

My previous letters gave you the opportunity to add to or modify the extensive evidence which you have already given to me, and drew your attention to the relevant procedural provisions which make it clear that Members should respond to the Commissioner's inquiries for themselves and that they are expected to co-operate with such inquiries at all stages.

I am satisfied that you have already given me sufficient evidence to enable me to bring this inquiry to a conclusion and that I have given you a substantial period to comment further on that evidence. I do not believe that I would be justified in deferring this matter further, and I would now, therefore, like to invite you to interview so that we can discuss the main questions arising on the basis of the evidence you have given me.

My office will, therefore, be in touch with you to arrange a date and time which is convenient to you. You would, of course, be welcome to bring a friend or adviser to that interview, although you will be expected to respond to the questions yourself. I will write to you before the interview to give you more information about the process and to let you know the main areas which I suggest we need to cover.

I would be most grateful for your co-operation at this final stage of the inquiry.

4 September 2012

### **60. Letter to Rt Hon Denis MacShane MP from the Commissioner, 12 September 2012**

This letter is to let you know how I will proceed in the light of your decision not to accept the invitation which I sent you in my letter of 4 September to come to an interview at the conclusion of this inquiry.<sup>422</sup>

My letter of 4 September<sup>423</sup> noted that you had not responded to my previous letters of 4 and 30 July<sup>424</sup> and said that I would nevertheless like to invite you to interview. As promised in that letter, my office spoke to you, on 10 September, to make arrangements for the interview. You made clear that you did not wish to do so and noted that the matter would go to the Committee on Standards and Privileges. My office attempted to get in touch with you for a further word, but was unable to contact you.

The Code of Conduct requires that: "Members shall cooperate, at all stages, with any investigation into their conduct by or under the authority of the House." I am disappointed, therefore, that you have decided not to cooperate at this final stage of the inquiry—as you cooperated so fully in its previous stages. I will now proceed to prepare the draft factual sections of the memorandum which I will be submitting to the Committee on Standards and Privileges. In accordance with my normal practice, I will send you the factual sections of the draft memorandum so that you can comment, if you so wish, on their factual accuracy. I will then prepare my own conclusions and submit the full memorandum to the Committee. The Clerk of the Committee will send you a copy of the full memorandum before the Committee meets to consider it so that you can comment on it and, if you so wish, ask to give oral evidence to the Committee.

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421 WE 57 and WE 58

422 WE 59

423 WE 59

424 WE 57 and WE 58

I hope this letter has set out clearly the remaining stages of this inquiry. I would be very ready to have an informal meeting with you at any time to discuss or explain the procedure more fully. If you would like such a meeting, do please contact me here at the House.

*12 September 2012*

## **61. Letter to the Commissioner from Rt Hon Denis MacShane MP, 26 September 2012**

Firstly I would like to apologise for the long delay in replying to your letters. Much of my life was put on hold during the police investigation into [this] complaint. It was the first time in four decades of professional work as a political animal that anything like that had happened. My children were told at school and university, “Your dad is going to prison”. Almost daily there were blogs, emails or tweets to me, often read by staff and interns, or circulated in the constituency, proclaiming that I should be in jail and would soon be going there. I suffered major international and national reputational damage. I had to stand down from international delegations and other work to which I had dedicated years of my life. External work dried up. [...] Although, thanks to the support of MP colleagues of all parties as well as the Speaker all of whom know me I was sustained by continuing as an MP there were many dark moments in the last two years. Much of my savings, more than £40,000, were expended on lawyers’ fees. I was ill [...] as the police investigation dragged on for nearly two years.

When finally the dark cloud was lifted I went into shut down for most of the summer period [...]. I did not think I was in any fit state to be interviewed in that period.

As you correctly state I hope that in previous correspondence I have tried to set out the position as I saw it. I was active in my capacity as an MP on European issues and after 2005 on working on anti-semitism. The monies I claimed back under the European Policy Institute invoices I believed to be a reasonable reflection of the monies that had been spent in relation to parliamentary business. I believe I could have claimed the costs directly if I had kept all the individual receipts for each payment or purchase (if they were given by the supplier). I was aware that claims could be made of up to £250 per month for petty cash under the IEP scheme. I made no such claims, instead estimating and amalgamating all the costs and monies paid for work incidental to my Parliamentary duties in the EPI invoice claimed under the IEP Allowance scheme.

I believed that the Allowances Scheme allowed an MP to estimate various categories of claim up to a reasonable maximum amount. Since the [...] complaint I have come to realise that I was unable to provide sufficient documentary evidence to support all the EPI claims which is why I paid back all the moneys claimed under that heading. I also came to recognise that my actions had fallen below the accounting standards that are now required for individuals claiming public funds and were open to criticism. During this period I also found out that I had over-claimed by some £3,000 on my ACA claim forms. Although the Director of Finance admitted that his own office had failed to spot a fairly glaring over-claim in the forms I submitted which they should have done, it was clearly a further example of my own weakness and failings in office administration and due and proper accounting. The process of lumping together my out of pocket expenses in EPI invoices (some related to the then Prime Minister’s request I act as his envoy to European politicians) was the wrong way to approach the claims and could be the subject of criticism. I regret not collecting receipts for every item of expenditure and duly submitting them as I am now doing under the Ipsa scheme. I am not and never have been sufficiently organised in that way.

I can only repeat my regret and apologies for not having fully followed the rules to the strictest interpretation of the letter and bringing down upon my own head the troubles that have taken up so much of my life since the summer of 2009. In the light of this I do not think an interview can add anything.

*26 September 2012*

## **62. Letter to Rt Hon Denis MacShane MP from the Commissioner, 3 October 2012**

Thank you for your letter of 26 September<sup>425</sup> responding to mine of 4 and 30 July and 4 and 12 September.<sup>426</sup>

I was grateful for your statement summarising your position, which was most useful. I am disappointed, however, that you have declined to accept my invitation to an interview at a time convenient to you. Your co-operation here would, I believe, have helped the Committee when it came to consider my memorandum.

I now enclose the factual sections of my draft memorandum. While the content of the memorandum is, of course, a matter for me, I would be very grateful to know whether you are content with its factual accuracy. If you have any comments on the factual accuracy, it would be very helpful if you could let me have them by close on Thursday 11 October.

Subject to your response, I will then prepare my conclusions before submitting the full memorandum to the Committee on Standards and Privileges. I will let you and the complainant know in confidence when I do so. The Clerk of the Committee will let you have a copy of the full memorandum before the Committee meets and give you an opportunity to respond, and to ask to give oral evidence to the Committee if you so wish.

I look forward to hearing from you by close on Thursday 11 October. If there is any difficulty about this or you would like a word about the process, do please contact me at the House.

*3 October 2012*

## **63. Extract from letter to the Commissioner from Rt Hon Denis MacShane MP, 8 October 2012**

[...]

[In the memorandum] you write EPI invoices were signed “by a member of Mr MacShane’s staff at his request.” That is not what I wrote to you on 22 July [WE 53]. This was investigated by the police as you know and I would be grateful if you could quote in full the relevant sentence in [WE 53] so that facts are clear in your own report.

[...]

*8 October 2012*

## **64. Extract from letter to Rt Hon Denis MacShane MP from the Commissioner, 9 October 2012**

[...]

Finally, you will see that I have, at your request, amended the reference in paragraph [...] relating to who actually signed the invoices. I had taken from your letter of 22 July 2009 the fact that your staff scrawled the “nom de plume” in the same way that they scrawl your own name.<sup>427</sup> But I take it from your letter of 8 October 2012 that this is not correct. I have therefore made clear that you scrawled the “nom de plume” yourself. If this is wrong, could you contact me by return to let me know whether you signed the name, your staff signed the name, or you both did on different occasions? Otherwise, I will assume that it was you yourself.

[...]

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425 WE 61

426 WE 57–60

427 WE 53

9 October 2012

**65. Extract from letter to the Commissioner from Rt Hon Denis Macshane MP, 10 October 2012**

[...]

Your changes are perfectly reasonable but I must ask that you stick to the text and not make assumptions. This matter was dealt with by the police and I do not propose to reopen it. So please use what I wrote [in WE 53] namely:

“I and I alone take full responsibility for all the payments and claims made by the EPI as a vehicle. My staff scrawl my name regularly on letters and the reference to [name] is to a similarly scrawled *nom de plume*.”  
Of course you have the right and power to write what you want but as far as I am concerned that phrase is the correct one from my earlier written evidence.

10 October 2012

## Appendix 2: Letter from Mr Denis MacShane to the Clerk of the Committee

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Thank you for your two letters in connection with the Parliamentary Commissioner's report. I shall reply to both.

I unreservedly accept Mr Lyon's view that I am in breach of the rules in respect of claims he identifies. At no stage during the period of claims under review was it my intention to do anything improper and I wish with hindsight the old supervisory system of claiming expenses had called me in to raise concerns. But I accept unreservedly Mr Lyon's rebuke.

Before proceeding let me clear up the misunderstanding of the conversation I had with the Chairman in September.

When Mr Lyon referred the BNP complaint to the police for criminal investigation in October 2010 I fell into a state of depression I have never encountered in my life before.

The papers in October 2010 depicted me a criminal suspended from many parliamentary activities. My children at school and university were told "Your Dad is going to jail" and that was also the tenor of many emails and tweets.

To face court charges related to expenses as an MP held out only one prospect especially as writers like Peter Osborne and others regularly depicted all MPs as thieves and fraudsters.\* Every jury in the land shared this view.

I had to beg and borrow from family and friends the £40,000 to pay my legal costs.

Shortly before the House rose for the summer break in 2012 I received the news that the police were not taking the matter further. I was euphoric. A dark cloud had been lifted. I was welcomed back into the full parliamentary and political fold.

I then received two phone calls from Mr Lyon's office saying he was going to re-open the investigation even though the police had poured over every claim form, my bank and credit card accounts, interviewed people and of course interrogated me.

My happiness evaporated and I fell into a deep shock. I was unable to even look at or open any letters from the Commissioner's office. I received medical advice to take as much time off in the summer period to try and recover some equilibrium. I did very little work and let mail pile up. I explained to the lady who called me from Mr Lyon's office in July that I was in no fit state to confront him since I had assumed with the police decision the BNP complaint would now be shelved.

The conversation with the Chairman of the Committee took place in the September session of Parliament. It was brief. I said I just did not know how to take the matter forward given the depression I was in. My solicitor will confirm (if necessary by letter to the Committee) that following my conversation with Mr Barron I telephoned him to say that Mr Barron had said I had better go through my solicitor. I am absolutely clear in my mind that was an exchange between us and my solicitor will confirm that was what I told

him. There was no advice or suggestion from Mr Barron other than it would be a good idea to talk to my solicitor and it was my decision to go to my solicitor.

This did not relate to the July phone calls from the Commissioner's office but was a tea room conversation in September. I apologise to Mr Barron if I have given the impression that he was telling me how to respond to the Commissioner. This is absolutely not the case, simply that Mr Barron agreed that handling the matter via a solicitor might be advisable in the sense that I needed some outside advice.

I had not been asked by the Commissioner to attend an interview in 2009 or 2010 before he referred the matter to the police. (There was a brief friendly 10 minute meeting at my request at an early stage in the inquiry but no request from the Commissioner for me to attend an interview prior to the criminal investigation.)

After consultation with my solicitor in September 2012 I decided that, as I had made clear in correspondence which is annexed to the main report, given I took full responsibility for all actions relating to the contested claims and that as I had already cooperated fully with the police I should rest on my clear written submission to the Commissioner. I intended no disrespect in not being interviewed by the Commissioner. I had accepted my wrong doing.

How had this wrong doing come about? In a nutshell because much of my parliamentary life has been pretty much devoted to European affairs and after 2005 to combating anti-semitism as an international ideological threat.

I received death and other threats from the BNP locally and other extremist organisation on account of my work criticising the anti-Jewish racism of the BNP and related extreme right-wing organisations. I received no complaints beyond the general abuse that all MPs received when expenses were given publicity in the summer 2009. I remain convinced the BNP complaint was malicious and politically motivated even if I fully acknowledge that I did not comply with the House rules and guidelines.

Let me turn now to the three specific complaints.

- a) I claimed £12,900 between 2004-2009 for European travel, buying books and papers, work related to my parliamentary duties there. I claimed using invoices from a small outfit I set up 20 years ago called European Policy Institute. It was easier to just send a rounded up sum every few months than submitting individual receipts for translations, research, fixing, phone bills, buying €20-€30 worth of French, German, Spanish, Italians papers and magazines and political books on each trip. MPs can travel 3 times a year to Europe but are reimbursed at full business cost flights, expensive hotels etc. I thought it better to use Easyjet or Ryanair, stay with friends but have more than 3 trips a year. This was foolish but not done with any intention to defraud.
- b) I bought lightweight and extra laptop computers for travel or for staff and interns. I have usually 5-6 people working for me in Commons or constituency. Commons provides two clunky desk tops and 2 heavy laptops. Wrongly I didn't give a second thought to buying more laptops just as I buy Nokias, BlackBerries, and other bits of kit as when needed provided I did not go over budget limit. Some MPs insist on working on Apple Macs in their offices and can buy these without problems. I offered to return most of these laptops. There was no personal gain and no intention to defraud.

- c) My interrogation. Mr Lyon did not call me in for questioning between the BNP complaint in June 2009 and his referring it to Met in Oct 2010. After an exhaustive inquiry including of course interrogating me the police cleared me. As I explained I was in no state to talk to anyone in July. By September I felt I had gone through the police mill and my explanation had been accepted. I had written accepting full responsibility. I acknowledged I was in wrong. I had repaid all moneys so felt I had suffered enough

Colleagues will understand I hope that had I made my parliamentary specialism say, inland waterways or prison reform, the House of Commons extended travel system would have allowed me travel and related expenses within the UK. Because by definition the only way I could sustain my parliamentary knowledge to a high degree on Europe was by meeting and exchanging views with fellow European parliamentarians I went on several short journeys to other European countries.

In addition, it is hard to refuse a request from one's Prime Minister to carry out specific work for him which he judges to be in the national interest. So when No 10 in the form of Sir Kim Darroch, the PM's European adviser or Jonathan Powell, the chief of staff, said the PM would like me to go to meet ministers and editors or report on developments in other countries and report to him in person it was difficult to say No. So I sought to cover my expenses in a manner which I now realise was wrong. I accept Mr Lyon's conclusions. I have apologised via my local press to constituents and of course long since repaid the money. I made no personal gain and if anything even with the improperly claimed reimbursement I was out of pocket. I apologise again to the Committee and to the House of Commons.

How did this foolish and wrong behaviour come about? I was as Mr Lyon generously recognises under great pressure in this period. I had lost a daughter in a sky-diving accident in Australia, gone through a wrenching divorce and held the hand of my first daughter's mother, Carol Barnes, as she lay dying from a stroke for a week in 2008.

To overcome these griefs I did what many do and buried myself in work. I accepted extra parliamentary delegation work from the Labour Party. I chaired the All Party Commission on Inquiry into Anti-semitism which was hailed as a model of its kind and changed government policy. I wrote two books and hundreds of articles some of them translated but claimed under the wrong heading as Mr Lyon rightly notes.

Foolishly and wrongly I paid no attention to the administration of my expenses claims. I believe I could have listed all the myriad of receipts for my work on European and anti-semitism issues and been reimbursed for many of them. Instead I used a short-cut which was wrong. I was not required to pay back more than £1,000 under the original Legg inquiries into expenses. I have only ever owned two properties as an MP, the second bought following my divorce. I claimed nothing under the petty cash heading. But I did something so foolish and wrong I am still unable fully to explain to myself my stupidity.

Since Ipsa came into operation I have bought two extra computers but only after prior consultation with Ipsa. Of course now I wish I had sought the Fees Office permission and approval before buying computers for travel purposes and for staff and interns. I still have a box of disused electronic equipment in my office including some of the laptop computers bought in this period. I never claimed a penny in constituency office rent and thought—

again wrongly—that as long as my expenses were within the limits set under the old system I had the flexibility to make the purchases I thought necessary.

It is more than 1,000 days since the BNP submitted its complaint. I have spent my entire professional life since university in jobs with the BBC, with trade unions and as an MP in which expenses are claimed and reimbursed. This was the first time ever I was challenged. I have been through nearly two years of a police investigation waking up most nights wondering if I would end up in prison. It has not been an easy time and I apologise to Mr Lyon and to the Committee if it is felt I failed to do all that was required of me.

Finally I repeat that I accept I was in breach of the rules and I apologise unreservedly to the Committee.

*26 October 2012*

## Appendix 3: Letter to Mr Denis MacShane from the Clerk of the Committee

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At its meeting this morning the Committee on Standards and Privileges directed me to write to you about a statement in the Parliamentary Commissioner for Standards' memorandum on your case, namely that:

... my office spoke to Mr MacShane on 30th July. My office reported to me that Mr MacShane had said that he had not yet responded to my letter because he had been advised by the Chair of the Committee on Standards and Privileges to answer via his lawyer. (paragraph 114)

The Chair of the Committee denies ever having given such advice. He has told the Committee that you approached him in the Tea Room, saying that you had sent the Commissioner's correspondence to your lawyer and that you would write to Mr Speaker. In response the Chair had said that as far as he was concerned it was a matter for the Commissioner.

The Committee considers it important to ask you whether you maintain that you received the Chair's advice and acted on it as is reported in paragraph 114 of the memorandum, and if so, when and how this advice was given. If you do maintain that you received and acted on that advice it also wishes to know whether that was a significant factor in your lack of cooperation with the Commissioner from July 2012 onward.

The Committee wishes to have a reply to this letter by noon on Monday 29 October.

*23 October 2012*

# Formal Minutes

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**Tuesday 30 October 2012**

Members present:

Mr Kevin Barron, in the Chair

Sir Paul Beresford  
Annette Brooke  
Mr Tom Clarke

Mr Geoffrey Cox  
Heather Wheeler  
Dr Alan Whitehead

Draft Report (*Mr Denis MacShane*), proposed by the Chair, brought up and read.

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

Paragraphs 1 to 4 read and agreed to.

Paragraph 5 read, amended and agreed to.

Paragraphs 6 to 17 read and agreed to.

Paragraph 18 read, amended and agreed to.

Paragraphs 19 to 26 read and agreed to.

Paragraph 27 read, amended and agreed to.

Paragraphs 28 to 29 read and agreed to.

Paragraph 30 read, amended and agreed to.

Paragraphs 31 to 36 read and agreed to.

Paragraph 37 read, amended and agreed to.

Paragraphs 38 to 40 read and agreed to.

Paragraph 41 read, amended and agreed to.

Paragraphs 42 to 44 read and agreed to.

Paragraphs 45 and 46 (now paragraph 45) combined.

Combined paragraph read, amended and agreed to.

Paragraph 47 (now paragraph 46) read and agreed to

Paragraph 48 (now paragraph 47) read, amended and agreed to.

Paragraphs 49 to 54 (now paragraphs 48 to 53) read and agreed to.

Paragraphs 55 to 56 (no paragraphs 54 to 55) read, amended and agreed to.

Paragraphs 57 to 58 (now paragraph 56 to 57) read and agreed to.

Paragraph 59 read, amended, divided and agreed to (now paragraphs 58 and 59)

Paragraph 60 to 61 read and agreed to.

Paragraph 62 read and amended as follows:

We accept that Mr MacShane is widely acknowledged for his interest in European affairs, and the funds he claimed could be said to have been used in supporting that interest. Those activities may have contributed to his Parliamentary work, albeit indirectly. He has expressed his regret, and repaid the money wrongly claimed. But this does not excuse his behaviour in knowingly submitting nineteen false invoices over a period of four financial years which were plainly intended to deceive the Parliamentary expenses authorities. This is so far from what would be acceptable in any walk of life that we recommend that Mr MacShane be suspended from the service of the House for twelve months. This would mean he lost his salary and pension contributions for this period.

Amendment proposed in line 7 to leave out “suspended from the service of the House for twelve months. This would mean he lost his salary and pension contributions for this period” and insert “expelled from the House”.  
— (*Mr Geoffrey Cox*)

Question put, that the amendment be made.

The Committee divided.

Ayes 2

Sir Paul Beresford  
Mr Geoffrey Cox

Noes 4

Annette Brooke  
Mr Tom Clarke  
Heather Wheeler  
Dr Alan Whitehead

Question accordingly negatived.

Paragraph, as amended, agreed to.

Paragraph 63 read and agreed to.

Three papers were appended to the Report.

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

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

[Adjourned until Tuesday 6 November 2012