

Guidance on changes to the Scheme of MPs' Staffing and Business Costs 2023-24

19 July 2023

IPSA has published revisions to the Scheme of MPs' Staffing and Business Costs for 2023-24, which will be effective from 19 July 2023.

This is a mid-year revision following a public consultation, which took into account changes including the review of constituency boundaries, the repeal of the Fixed Term Parliaments Act 2011, and the impact of those on the Scheme rules.

IPSA has revisited the eligibility rules for the loss of office payment (LOOP) and winding-up payments, the timing of payments and the length of the winding-up period, as well as other issues relating to financial support after an election.

The topics listed below are covered in this guidance.

- Eligibility for the LOOP payment
- Timing of the LOOP payment
- Eligibility for the winding-up payment
- Extension of the winding-up period
- Pay-in-lieu-of-notice (PILON) for MPs' staff
- Financial support for MP staff for statutory parental leave pay entitlement
- Valuations of the market rate for accommodation rent

Eligibility for the LOOP payment

Under the previous rules, LOOP would be paid to MPs who stand unsuccessfully for re-election.

The eligibility criteria for these payments assumed that it would be possible for an MP to stand in the "same seat" – and if someone were to stand unsuccessfully in a new seat, they would not be eligible to receive a payment.

As a result of the recent review of constituency boundaries, the eligibility rules have changed so that LOOP will be paid to all MPs who lose their seat at a general election, meaning that they were an MP on the day before the dissolution of Parliament and a candidate for re-election; but not re-elected.

This would include where they stand unsuccessfully in a new or different seat. This will take effect at the next general election.

There are no changes to the calculation of LOOP or the requirement that, in line with statutory redundancy provisions, a minimum of two years' service is required.

However, the eligibility has been updated to ensure that MPs standing in a "different" or "new" constituency, for example as a result of constituency boundary changes, are not penalised if they are unsuccessful.

Timing of the LOOP payment

Under the previous rules, the timing of the LOOP payment and the circumstances when this was paid were specifically set out, in that payment could only be made following the completion of key activities occurring at the end of the winding-up process.

As this process can take several months, sometimes due to circumstances outside of both IPSA's and the former MP's control, it would be unfair to withhold the payment of LOOP until all actions have been completed.

At the next general election, LOOP will be paid at the end of the winding-up period, rather than once all winding-up tasks are complete.

There still remains the discretion for IPSA to withhold amounts relating to known debts and to withhold payment in cases of exceptional financial risk.

Eligibility for the winding-up payment

Previously the Scheme allowed for a winding-up payment to be made in one of two circumstances: where an MP stood for re-election in the same seat but was unsuccessful, or where an MP stood down at a "snap" election.

As with the eligibility rules for LOOP, these criteria assumed that it was possible for an MP to stand in the "same seat".

They also assumed that a five-year fixed-term Parliament was the norm.

At the next general election the winding-up payment will be paid to all MPs who leave Parliament – whether they lose their seat, stand unsuccessfully in a new or different seat or stand down.

As was already the case, the winding-up payment will not be paid to MPs who leave Parliament outside of an election.

Extension of the winding-up period

The previous Scheme provided for a two-month winding-up period in the event an MP leaves Parliament following an election (to note, this was extended to around two and a half months after the 2019 election).

Based on our experience of previous elections, we know that in many cases the time taken to fully close down a former MP's parliamentary affairs and financial affairs with IPSA is longer as there are numerous tasks to complete, for themselves, their office, and their staff.

In more detail, the former MP will have to vacate their accommodation (if applicable), make arrangements to close down their office including the return and disposal of equipment and furniture and carry out repairs or restitution of office changes.

They will need to have redundancy conversations with staff and manage and support their departure while balancing the ongoing requirements of the office and casework.

All ongoing casework will have to be assessed so documents and correspondence can be seamlessly transferred.

In the case of the next general election, this may also necessitate transfer to a different constituency, rather than the incoming MP.

In recognition of the complexity of this process and the amount of time it is likely to take, a change has been made to the Scheme so that at the next general election, the winding-up period be extended from two months to four months. (MPs who leave Parliament before the next election will continue to have a two-month winding-up period.)

Former MPs will continue to have access to their normal budgets (pro-rated) for that four-month period, and they will be able to continue to employ staff as needed to assist them in winding up their affairs.

The winding-up payment will also be increased to provide financial support over four months instead of two, as former MPs carry out work to close down their affairs.

Pay-in-lieu-of-notice (PILON) for MPs' staff

At the next general election, the winding-up period will be extended to four months to allow former MPs sufficient time to close down their parliamentary and financial affairs. They may continue to employ staff to help with these tasks until the end of the winding-up period if needed.

Former MPs as employers are required to give their staff notice of redundancy, and they should do so at a point which allows them to wind up their affairs effectively and minimises the cost of PILON to the taxpayer.

Notice periods for staff members can vary – normally four or eight weeks, with a maximum notice period of 12 weeks. The extended winding-up period provides sufficient time for all staff members to receive notice of redundancy and to work their full notice period if required.

Therefore, from the next general election, IPSA will not fund PILON where the notice period falls outside the now-extended winding-up period.

Starting from the next general election, this new rule will apply to those MPs who leave office as a result of a general election as well as those who cease to be an MP during a parliament.

Financial support for MP staff on parental leave

The Scheme has been amended so that where staff members are made redundant (as a result of the employing MP leaving Parliament) and qualify for or are in receipt of statutory pay entitlements for parental leave, they may receive the full amount of occupational pay they would have been entitled to, had their employment not ended.

As this is outside of normal contractual terms, the employing MP would need to request the additional payment to be made.

Valuations of the market rate for accommodation rent

A minor addition has been made to the Scheme to clarify that, in line with current processes, IPSA reserves the right to seek a valuation to confirm the market rental rate for an accommodation which is funded by IPSA, in any circumstances where it considers it appropriate.

For more information and to read the Scheme in full, visit [the Scheme of MPs' Staffing and Business Costs](#).