

BOARD PAPER	
Paper ref:	IPSA/
Agenda item:	

OFFICIAL – SENSITIVE

DATE: 29 March 2023

SUBJECT: Updated Scheme changes consultation

PURPOSE: For decision

ANNEXES: Annex 1: Draft consultation document (updated)
Annex 2: Redundancy comparators

Issue

1. To agree the updated draft consultation document on proposed changes to the Scheme; and the timing and duration of the statutory consultation period.

Brief background

2. In October 2022, the Board agreed proposals to amend the eligibility rules for payment of the loss of office payment (LOOP) and winding-up payments, in light of expected constituency boundary changes and the repeal of the Fixed Term Parliaments Act. Subsequently in December 2022, the Board approved a consultation document setting out these proposals and including questions about the timing of payments and the provision of other non-financial support to former MPs and their staff after an election. The consultation was expected to be published in January, but the Board agreed to wait until publication of a report by the Administration Committee, following its inquiry into General Election planning and services, before launching the consultation.
3. The [Administration Committee report](#) was published slightly later than expected on 8 February. At the 22 February meeting, Board members held a high-level discussion about the report and the recommendations which are relevant to IPSA. Although most of the issues raised in the report relate to process improvement and are already being addressed through the General Election preparedness project, the Board did also have a brief discussion about the length of the winding-up period and were minded to include an open question in the forthcoming consultation about whether the winding-up period should be extended. In addition, although there was no consensus on whether to reopen the issue of how LOOP is calculated, Board members asked for some information on relevant comparators to understand redundancy provision in other public sector roles.
4. Given the proximity to the end of the financial year, it was not feasible to hold a consultation and seek the Board's decisions in time for the 2023-24 Scheme to be produced, printed and laid before the House on 16th March. The Board agreed in principle to hold a consultation after publication of the 2023-24 Scheme, with any changes made mid-financial year.

Recommendations

5. The Board are invited to approve the draft consultation at Annex 1.

6. It is recommended that (subject to approval of the consultation document) the statutory consultation is launched after the Easter recess on 17 April, running for a period of seven weeks to 2 June.

Key arguments

Redundancy comparators

7. Information on redundancy schemes in other parts of the public sector is provided at **Annex 2**.
8. This shows that redundancy provision in the Civil Service is relatively quite generous, with civil servants who take voluntary redundancy eligible for one month's pay per year of service, up to 21 months. Compulsory redundancy would be payable up to 12 months' pay, depending on length of service.
9. Meanwhile, members of the Senedd and Northern Ireland Assembly receive a settlement grant of one month's pay up to six months (although with no equivalent to the winding-up payment) – this reflects the resettlement grants which were in place for MPs prior to the 2015 remuneration reforms. On the other hand, elected councillors (who do not receive a salary) do not receive any kind of redundancy payment when they lose office.
10. It should also be noted that redundancy payments for MPs' staff members are calculated in the same way as LOOP – i.e. double their statutory redundancy entitlement.

Extending the winding-up period

11. The current Scheme states that former MPs have a period of two months to continue incurring costs in relation to closing down their parliamentary affairs (IPSA has discretion to extend the period in exceptional cases). During the two-month winding up period, they can remain in their offices and rented accommodation and continue to employ staff.
12. The actual process of winding up, however, normally takes longer than two months. Any costs incurred during the winding-up period are subject to the normal 90-day deadline for making claims. This means that costs incurred at the end of the winding-up period could be claimed up to five months after the election. Other administrative activities which can continue after the winding-up period include reconciling payment card lines, agreeing (or disputing) monies owed to IPSA, and chasing final bills or refunds from suppliers.
13. After the 2019 election (which took place on 12 December), the first former MPs to wind up their affairs completed the process in just over three months, on 17 March 2020. By 29 May 2020 (90 days after the end of the winding up period), 51 MPs had completed their winding-up. 149 former MPs completed by 30 October and 150 by one year after the election. The final former MPs completed winding up their affairs on 26 February 2021 (nearly a year after the end of the winding-up period).
14. The general election assurance report examined records relating to the final 42 MPs to complete the winding-up process to assess the possible reasons for their delay.
 - There were some instances of poor communication on the part of IPSA, where there was no pro-active contact with offices for several months and there were lengthy delays in replying to emails and contacting MPs about their winding-up tasks.

- Some post-payment validation checks did not commence until June 2020, meaning departing MPs were being contacted 7-8 months after the election about old claims, and no longer had access to their offices, staff and parliamentary emails.
 - Some cases which required little input from IPSA, took a long time to complete which may have been due to prioritisation or other challenging cases requiring more focus.
 - Some cases were drawn out due to a singular unresolved issue – for example, the pursual of a partial refund on a television licence, which extended one case for 3-4 months.
 - Some MPs who had previously delegated the submission of claims to their designated proxies struggled using the IPSA Online system following the departure of their staff members.
 - Capacity issues at IPSA meant that fewer staff than planned were overseeing the winding-up process for former MPs.
15. Many of these causes of delay are administrative and service quality issues, which are being addressed by the ongoing programme of work on General Election preparedness. It is also important to note that the winding-up process after the 2019 election was significantly impacted by the onset of the Covid pandemic and a more general backlog of work following launch of the IPSA Online system.
16. However, we also recognise that it is unlikely in most cases that it will be possible to complete all winding-up activities within two months, due to the nature of what is required in closing down effectively a 'small business', including vacating offices, ending contracts with suppliers and making staff redundant. Some administrative activities necessarily have to happen after the end of the two months. For example, costs incurred toward the end of the period would then need to be claimed, checked and any anomalies (such as lack of evidence) dealt with. Former MPs who stay in their offices until the end of the two months would need to settle final bills with their utilities providers and seek return of their deposit from their landlord in order to repay it to IPSA.
17. Because winding-up activities spill over past the end of the winding-up period, a further problem arises. Staff members (especially proxies), who have experience of dealing with the administration of the office and are familiar with IPSA's processes and systems, leave employment, while many former MPs do not have the knowledge or experience to pick these things up in their absence. This means either delays while the former MP gets up to speed, or reliance on the goodwill of former staff members (who are no longer being paid and may have moved on to other employment) to continue to assist with certain tasks.
18. There are of course potential risks to extending the winding-up period. A key one is that, in the absence of other changes, it may have the impact of drawing out the length of time it takes to complete winding up, rather than shortening it. For example, all former MPs are required to give notice and vacate their offices by the end of the winding-up period because they can only incur costs for two months after leaving Parliament. If the winding-up period were extended, for example to four months, and MPs could continue to incur costs during that time, many of them would likely wait to the end of the four months to complete actions, which at the moment they would have to do at the end of two months. In other words, former MPs would still have to complete all of the same tasks but would do so two months later.
19. Extension of the winding-up period would also mean an increase in costs. As an illustration, after the 2019 Election, IPSA extended the end of the winding-up period from 12 February 2020 to 29 February

2020 due to the timing of the election shortly before Christmas. According to the assurance review, this extension of 17 days resulted in an estimated additional cost of £499,000 in staff salaries and pension and National Insurance contributions. We can extrapolate that an extension of two months, for example, would have resulted in approximately £1.8 million in additional staffing costs. Corresponding increases in costs relating to rent and utilities would also arise if former MPs were able to remain in their offices and rented accommodation for longer. For reference, total spend from the winding-up budget after the 2019 election was nearly £4.9 million.

20. We note that the Board has not expressed a view on whether the winding-up payment should also be increased to reflect a longer winding-up period. However this might be the expectation among some stakeholders if the winding-up period is extended, and it is possible that a former MP could be more engaged with the process for longer if they have received remuneration in the form of a larger winding-up payment – and therefore are less preoccupied with finding alternative employment. (This is of course untested.) If the election were to be held in the next financial year, the winding-up payment reflecting a two-month period would be around £9,000 (compared with £8,400 at the last election). For a four-month period it would be around £16,700, with an estimated total cost (based on an assumed turnover of 200 MPs) of around £3.3 million.
21. We suggest that both financial risks and the risk of further delay could be mitigated by extending the winding-up period while also introducing the requirement to complete certain key actions, such as vacating office premises, midway through the period, rather than by the end of the period. Former MPs also do not need to retain a full office of staff for a longer period, so an option could be to allow the continued employment of staff up to a point, and then to allow just one staff member to continue to work to the end of the whole period in order to support the former MP in the remaining winding-up actions. There could in effect be a ‘two-stage’ winding-up period, in which the ‘full range’ of costs could be incurred for the first two months only. However, this sort of approach would add complexity in an area where IPSA has recently made changes to simplify (for instance, in doing away with the separate winding-up budget).
22. The draft consultation document at Annex 1 poses an open question about the length of the winding up period, without making any particular proposals. However, it would be helpful to hear Board members’ views on the potential benefits and downsides of an extended winding-up period.

Risk and opportunity assessment

23. Risks relating to the proposals on LOOP and the winding-up payment have been discussed in previous papers. The risk of prolonging the winding-up process by extending the winding-up period is discussed above.
24. Any proposal which involves more money being paid to former MPs holds some reputational risk to IPSA from the point of view of members of the public and media – particularly in the current context of rising cost of living and pay disputes in the public sector.

Resource assessment – people and finance

25. The potential financial impact of extending the winding-up period is discussed above. Estimated costs in relation to LOOP and the winding-up payment have been discussed in previous papers.

Customer assessment

26. Consultation and adoption of the changes into the Scheme relating to LOOP and winding-up payments will provide a transparent, consistent and formal approach and give early clarity to the financial support available.
27. We expect that an extended winding-up period would be welcomed by customers in theory, but not if the result is to draw out the process of winding up unnecessarily.

ESG (Environmental, Social, and Governance) assessment

28. There is no specific ESG impact; however the consultation asks for information in order to consider equality impacts, and we will use these responses as part of a fuller assessment.

Operational and technological assessment

29. Extending the winding-up period is likely to be beneficial from an operational perspective, particularly if experienced staff members can be retained for longer to deal with administrative activities on behalf of the former MP.

Political and legal assessment

30. IPSA is required under the PSA 2009 to consult at minimum a list of statutory consultees when making changes to the Scheme.
31. The issues in the consultation are politically sensitive as they relate to electoral outcomes and payments made to former MPs.

Communications assessment

32. As is normal practice, we proposed to publish the consultation externally and to notify MPs and their staff via the Bulletin, in addition to writing to statutory consultees.
33. The outcome of the consultation, following Board decisions on changes to the Scheme, will likewise be communicated via the Bulletin and on IPSA's website.

Post-implementation review

34. The consultation responses and subsequent proposed Scheme changes will be returned to the Board at the June meeting for final decisions.

Constituency boundary changes and support for MPs leaving Parliament

Consultation on proposed changes to the Scheme
April 2023



Constituency boundary changes and support for MPs leaving Parliament

Consultation on proposed changes to the Scheme

Background to the consultation

1. This consultation concerns proposed changes to the Scheme of MPs' Staffing and Business Costs ('the Scheme'), in anticipation of changes to UK parliamentary constituency boundaries and in light of the repeal of the Fixed Term Parliaments Act. The Scheme sets out the rules, eligibility and budgets governing MPs' business costs.
2. In accordance with the Parliamentary Constituencies Act 2020 and the Parliamentary Voting System and Constituencies Act 2011, the Boundary Commissions for England, Scotland, Northern Ireland and Wales were required to review parliamentary constituency boundaries. This review was considered significant due to the need to adjust for 20 years of change to the distribution of voters since existing constituency boundaries were established.
3. In total 645 of 650 constituencies are included in the review and the outcome must reflect the statutory rules in place regarding the electoral quota and the geographical size of each constituency. Other statutory factors include local government boundaries and size. There are five 'protected' constituencies that are not subject to the same requirements.
4. All reviews must be concluded to make a formal report to the Speaker of the House before 1 July 2023. The recommended constituencies set out in the Order of Council will be implemented for the next General Election after the date on which the legislation is approved.
5. A General Election or any by-elections held in the meantime would be held on the basis of the old (existing) constituencies.
6. A further factor is the repeal of the Fixed Term Parliaments Act 2011 by the Dissolution and Calling of Parliament Act 2022. This legislation revived the 'prerogative powers' of the monarch to dissolve Parliament at the request of

the Prime Minister and set the maximum term of a Parliament as five years, after which it would automatically dissolve.

7. Taken together, the expected changes to constituency boundaries and repeal of the Fixed Term Parliaments Act have required IPSA to re-examine how some of its regulatory rules are implemented. In addition to changes to the Scheme, we are also considering more broadly about the support that should be provided to MPs and their staff when leaving Parliament.
8. The House of Commons Administration Committee has recently undertaken an inquiry into general election planning and services and have heard evidence about the impact of the transition from being an MP to life after Parliament on individuals and their families. We have considered the [Committee's report and recommendations](#) in finalising the proposals for this consultation.

MP remuneration

9. In considering the proposals made in this consultation, it may be useful to know about MP remuneration more widely. IPSA is responsible for setting MP pay and the rules for the MP pension scheme. MPs are not technically employees: they are office holders, and so they do not have rights associated with most employees. For example, office holders do not have statutory employment rights, and so there is no automatic entitlement to things such as redundancy pay, notice periods and recourse to employment tribunals.
10. IPSA believes that serving as an MP should not be the preserve of those wealthy enough to fund it themselves. It is important for democracy that committed and able individuals from any background should see representing their communities in Parliament as a realistic option. We have therefore established a system for annual adjustments to MPs' pay, using the same rate as changes in public sector earnings, published by the Office for National Statistics. We also make decisions about the pension benefits that should be available to MPs when they retire, in consultation with the scheme trustees and others, to ensure that these arrangements are fair.

11. As people know, being an MP is often not a settled career; it can be characterised by a series of ‘fixed term contracts’ that are renewed, or not, by the electorate. It can mean that an MP with significant experience can find themselves out of office with little notice, with many years before they reach pension age. IPSA tries to replicate some of the employment entitlements experienced by other workers – the payments mentioned in this consultation are intended to provide temporary financial support for MPs who do not return to Parliament.

Proposed changes to the Scheme

12. This consultation concerns proposed amendments to reflect the changes to constituency boundaries and legislation and parliamentary terms. These changes would impact on rules about the Loss of Office Payment (LOOP) (set out in Section 1), the winding-up payment (Section 2), the length of the winding up period (Section 3) and additional support for MPs and staff leaving Parliament (Section 4).
13. IPSA recognises that the review of constituency boundaries may mean geographical or demographic changes to many constituencies; however as this review is designed to bring consistency to constituency sizes in line with the UK electoral quota, it is not anticipated that Scheme changes will be required to provide for a different approach to setting budget amounts. The additional funding for constituencies in the London Area will continue to be made available.
14. We are keen to hear the views of MPs, their staff and our wider stakeholders on these changes and how best they should be implemented. We consider this engagement a key part of allowing IPSA to meet its ambition of providing the seamless regulatory service which our Corporate Plan commits to.
15. We would also like to hear views about any positive or negative impacts on protected characteristic groups, feeding into an Equality Impact Assessment on the changes proposed in this consultation (Section 5).

How to respond

16. Please use our quick and easy online survey to submit your response.
17. You can also email consultation@theipsa.org.uk if you prefer.
18. Please do not send us responses by post.
19. We will summarise the responses we receive when we publish our decisions. In doing so, we may refer to individual respondents and the content of their responses. We may also publish a list of who responded. If you would like your response to be treated as confidential, please say so clearly in your response. We will not quote from confidential responses or attribute the views in them to any particular respondent.
20. Whether your response is confidential or not, we will not publish your email address or any other contact details, in line with our compliance with data protection law and the General Data Protection Regulation (GDPR). For more information about what we do with personal data, please see our privacy notice.
21. **Please send us your response by 11:59 pm on 2 June 2023.**

Section 1: Loss of Office Payment (LOOP)

Current eligibility rules

22. The Scheme provides for the payment of LOOP which is intended as financial support for MPs who lose their seats at an election. As detailed in sections 8.11-8.15 of the current Scheme, the eligibility of LOOP and the circumstances in which this is payable are specific.
23. Section 8.11 states that, in order to receive LOOP, *‘former MPs must have been an MP on the day before the dissolution of Parliament and a candidate for re-election for the same seat, but not re-elected’*.
24. The review of constituency boundaries may result in minor changes such as the name or aligning with ward boundaries, or there may be significant geographical and demographic changes. The fact that constituencies are changing means that it is more difficult to define the 'same seat' in the context of the rules. It is also possible that some constituencies will cease to exist and therefore it will not be possible for MPs to stand for re-election in the 'same seat' in which they are the incumbent.
25. We also want to make sure that the rules around LOOP are implemented in line with the intention to provide financial support for MPs who stand for another term in Parliament but are unsuccessful, similar to the role of redundancy payments in other situations. This aligns with one of the IPSA's guiding principles for decisions about MPs' remuneration, which is that *‘as far as is practicable MPs' remuneration and reward should reflect the experience of other working citizens’*.
26. IPSA's aim is to remain neutral in the democratic process and we are proposing to re-define the eligibility to LOOP by removing the requirement for MPs to stand in the 'same' seat.

Proposed changes to the Scheme

27. It is proposed that MPs will be eligible to receive LOOP if they 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, for instance as a result of constituency boundary changes.

28. If accepted, this change would take effect at the next general election after the legislation bringing in boundary changes has been approved.

Question 1: Do you agree that IPSA should amend the eligibility for LOOP to be payable to MPs *‘if they lose their seat at a general election, meaning that they were an MP on the day before the dissolution of Parliament and are either a candidate for re-election, but not re-elected; or stand unsuccessfully in a new seat’*?

Question 2: Do you have any comments on the wider eligibility of LOOP payments?

Timing of payment

29. As detailed in section 8.13 and 8.14 of the current Scheme, the timing of the LOOP payment and the circumstances in which this is payable are specific, and payment can only be made following the completion of key activities generally occurring at the end of the winding up process.
30. Section 8.13 of the current Scheme states that *‘IPSA will only pay the loss-of-office payment after former MPs have made the following arrangements to wind up their affairs, where necessary: a. issuing redundancy notices to staff and sending instructions to IPSA; b. repaying any outstanding debts to IPSA (such as repayment of deposit loans and overpayments) subject to paragraph 8.14; c. submitting all business costs claims for the period running up to the election (or point at which the seat was vacated); d. carrying out administrative tasks, such as cancellation of the IPSA payment card; and e. any other necessary tasks identified by IPSA.’*
31. Section 8.14 of the current Scheme states that *‘MPs may have outstanding debts to IPSA deducted from their entitlement to a winding-up or loss-of-office payment. Any remaining entitlement will be subject to paragraph 8.13.’*

32. From our experience of the past three elections, we know that the process of winding-up a former MP's parliamentary affairs can take a number of months, sometimes due to circumstances outside of both IPSA's and the former MP's control. In these cases it is unfair to withhold the payment of LOOP until all actions have been completed and this may risk causing financial hardship.
33. We are proposing to pay LOOP to former MPs at the end of the winding-up period, i.e. two months after the election, rather than waiting until all winding-up actions are completed. Prompt payment of any LOOP entitlement would be of more benefit to a former MP as they leave Parliament and transition to alternative employment. We do not want to delay the payment of LOOP in these circumstances if earlier payment will mitigate financial hardship.
34. Known debts, such as for office or accommodation deposit loans, could still be offset against the LOOP payable; and IPSA would retain the ability to withhold payment in cases of exceptional risk, such as where there are very high amounts owed or other extenuating circumstances.

Question 3: Do you agree that any LOOP entitlement should be paid at the end of the winding up period?

Section 2: Winding-Up Payments

Current eligibility rules

35. As detailed in section 8.9 -8.10 of the current Scheme, the eligibility rules for a winding-up payment and the circumstances in which this is payable are specific.
36. Section 8.9 states: *‘Former MPs will be eligible to receive a winding-up payment if one of the following conditions apply: a. they 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 for the same seat, but not re- elected; or b. they stand down at a general election which occurs before the end of a fixed parliamentary term.’*
37. The repeal of the Fixed Term Parliaments Act means that it is no longer possible to define the eligibility of the winding-up payment with reference to the fixed parliamentary term. IPSA recognises that, although a former MP is no longer eligible to receive a salary, there is an expectation that work will continue in order to close down their offices and deal with outstanding matters.

Proposed changes to the Scheme

38. As with the proposals relating to LOOP, IPSA’s aim is to remain neutral in the democratic process. We are proposing to re-define the eligibility to the winding-up payment by removing the requirement for MPs to stand in the ‘same seat’ at a general election.
39. We also propose to remove the requirement for standing down MPs to have done so at a general election ‘which occurs before the end of a fixed parliamentary term’.
40. Former MPs would therefore be eligible to receive a winding-up payment if one of the following conditions apply: they lose their seat, stand unsuccessfully in a new seat, or stand down at a general election.

41. This change would take effect at the next general election after the legislation bringing in changes to constituency boundaries has been approved.

Question 4: Do you agree that IPSA should amend eligibility for the winding-up payment to be payable to former MPs if *‘they lose their seat, stand unsuccessfully in a new seat, or stand down at a general election?’*

Question 5: Do you have any comments about the wider eligibility for the winding-up payment?

Section 3: Winding-up period

42. The Scheme currently provides for a two-month winding-up period following an election (or MP's departure from Parliament for a different reason). A former MP can continue to incur costs during the winding-up period to support them in completing their outstanding parliamentary functions. These include salary, National Insurance and employer pension contributions for staff who continue to work during the winding-up period; accommodation and office rental payments; utility bills and other running costs; one-off costs such as for removals when leaving office or accommodation properties; and other contractual liabilities.
43. While the bulk of these activities can take place during the two-month winding-up period, in most cases the time taken to fully close down a former MP's parliamentary affairs and financial affairs with IPSA is longer. The reasons for delay vary, but may include:
- Loss of key staff who leave the MP's employment after being made redundant;
 - The need to make claims in relation to costs incurred at the very end of the two-month winding-up period;
 - Administrative delays, including delays in final validation checks by IPSA and any subsequent requests for information; or
 - Disputes with landlords or other suppliers, or about monies owed to IPSA.
44. There are arguments in favour of aligning the winding-up period more closely to the actual amount of time it takes to complete the winding-up process. After the 2019 election, this was around seven months on average – though the winding-up process was impacted by the onset of the Covid pandemic. We are also conscious of the risk of further delays to the process which could arise through an extension of the period; and the need to limit the additional cost to the taxpayer (including salary costs for staff who continue to be employed and ongoing rent, utilities and other running costs).

Question 6: Do you have any views about whether the winding-up period should be longer than two months?

Section 4: Additional Support

Constituency office relocation

45. As a result of constituency boundary changes, some MPs may wish or need to re-locate their constituency offices, or may have been elected to a new constituency altogether.
46. Newly elected MPs are entitled to an additional £6,000 to fund start-up costs, such as the purchase of equipment and furniture for their **constituency** office. Meanwhile, MPs leaving Parliament have access to winding-up costs to assist with closing down their offices. However there are no specific provisions in the Scheme to provide additional funding for MPs who are re-elected to Parliament but wish to or need to move offices.
47. Office relocation may be considered appropriate if this is required to re-centralise the office within a changed boundary; although it should be noted that Section 3.14 of the current Scheme states that *‘for the purpose of claiming costs under the Scheme, MPs’ constituencies include any location which is within 20 miles of the constituency boundaries’*.
48. It is expected that, where possible, MPs will transfer some or all of their furniture and equipment to a new office rather than purchasing new equipment. However, it would be possible for an MP to make a request for additional funding relating to the winding up of their old constituency office and/or the start-up of their new office. There is an existing provision within the Scheme to allow for removal costs from a central contingency budget.

Question 7: Do you have any comments about the funding provided to MPs who are elected to a new seat or whose constituencies change following the boundary review?

Other support for MPs leaving Parliament

49. IPSA recognises that there are challenges for former MPs as they prepare for, and transition to, life outside Parliament.
50. LOOP and the winding-up payment are in place to provide some financial support to former MPs as they find alternative employment or prepare for

retirement. However, support should not be limited to financial support, and we would like to consider a broader package of practical, non-financial measures that could be implemented so that additional support can be provided to MPs who lose their seats. In other employment situations, for example, employers will provide 'preparation for retirement courses' for their staff or support finding alternative careers. We are committed to working with the House to explore this further and provide assistance where possible.

51. We will also look for opportunities to provide more detailed advice and guidance on our website (www.ipsaonline.org.uk) to allow for flexibility in providing support.

Question 8: What additional, non-financial support do you think IPSA should provide to MPs leaving Parliament?

Support for MPs' staff

52. IPSA recognises that the changes to constituency boundaries and parliamentary terms outlined in this consultation will also impact on MP's staff. We would like to understand what additional support can be provided to staff during the winding-up process.

Question 9: What additional support do you think IPSA should provide to MP's staff?

Section 5: Equality impact assessment

53. One of the fundamental principles of the Scheme is that the rules should be sufficiently flexible to take into account the diverse working patterns adopted by MPs, and that they should not unduly deter representation from any section of society. This principle is in addition to our responsibilities under the Equality Act 2010.
54. IPSA will carry out an Equality Impact Assessment (EIA) to consider any likely or actual impacts of the changes proposed in this consultation, and we will publish a summary of this assessment together with the revised Scheme. We also welcome responses about how the current edition of the Scheme is operating with regard to equality and diversity.

Question 10: What likely or actual impact do you believe the Scheme and matters raised in this consultation may have on equality and diversity in relation to MPs and their staff?

Research for the Board on redundancy comparators

Civil Servants (including senior civil servants)¹

Voluntary redundancy

Below normal pension age - staff will receive one month's pay per year of service up to 21 months and will be given three months' notice.

Above normal pension age - staff will receive one month's pay per year of service up to a maximum of six months.

Staff who have reached minimum pension age (either aged 50 or 55) can choose to opt for early retirement on their current pension entitlement. Staff will be asked to surrender some (or all) of their severance payment to meet the cost of receive this pension early.

Compulsory redundancy

Staff will receive one month's pay per year of service up to 12 months. All staff who may face compulsory redundancy will first have had the opportunity to exit under voluntary terms.

District judges

Judges do not get a redundancy package as they are appointed for life and can only be removed through disciplinary proceedings.

Council Chief Officers (example Westminster council)

Statutory Redundancy Pay (SRP)

Statutory redundancy entitlement is payable if an employee has 2 years' service with an employer (cap of 20 years' service). There is a cap on the maximum weeks' pay used (£571).

Initial Compensation Payment (ICP)

ICP is the discretionary redundancy compensation payment the Council makes to employees whose employment is terminated due to redundancy or in the efficiencies of the service who have at least 2 year's continuous service with the Council on their last day of service. It includes and is usually more than SRP. ICP will only be paid to an employee if they do not exercise their entitlement, if over 55, to have a payment made into their pension fund for the waiving of reductions.

ICP will be payable subject to statutory limits of 66 weeks pay maximum and based on no more than annual equivalent pay of £80,000 and will always be equal to or more than the SRP.

Welsh Councillors²

Apparently senior councillors in Wales do not get a redundancy package if they lose their seat at an election.

¹ <https://www.civilservicepensionscheme.org.uk/your-pension/work-life/redundancy/>.

² <https://www.walesonline.co.uk/news/politics/senior-councillors-should-redundancy-payoffs-20010798>.

Councillors

Councillors do not get paid a salary, so also do not get paid redundancy in the event they lose their seat.

The rules on councillors' allowances are set out in the Local Authorities (Members' Allowances) (England) Regulations 2003. The rules are clear that allowances are paid on a pro rata basis should a councillor lose office or is no longer required to undertake a specific duty, during the course of the year. The rules make no provision for allowances to be paid as a result of loss of office or no longer performing specific duties. Any such exit payments would therefore be unlawful. The government have no plans to amend the law in this respect³.

Senedd staff⁴

8.9.3. To qualify, staff to whom payments will be made must have at least two years' service with the employing Political Party on the date at which they cease to be employed by the party (or former party). Redundancy payments will be calculated on the basis of the statutory entitlement under the current employment legislation, uprated by 50 per cent (but see paragraphs 8.9.4 to 8.9.5). Such sums will be paid out of central funds and will not be deducted from the Support for Political Parties Allowance. However, when redundancies result from a restructure by the Political Party, funds will be deducted from the Support for Political Parties Allowance.

8.9.4. Where staff fall within the following circumstances, redundancy payments will be calculated on the basis of statutory entitlement uprated by 100 per cent.

- a. a Member (or Members) of the party dies;
- b. a Member (or Members) of the party ceases during a Senedd to be a Member (but see paragraph 8.9.5 below);
- c. a Member (or Members) of the party is defeated at an ordinary general election to the Senedd;
- d. a Member (or Members) resigns due to ill-health;
- e. the employing Political Party undertakes a restructure of their staffing complement during the Senedd term (but see paragraph 8.9.3).

8.9.5. Paragraph 8.9.4(b) does not apply where the Member of the party made it publicly known that they intended to stand down from the Senedd at least one month before doing so.

Senedd Members

9.3. Resettlement Grant

9.3.1. A person who immediately before a dissolution of the Senedd is a Member of the Senedd and that person is a candidate for re-election but it is not re-elected, is entitled to claim a Resettlement Grant.

³ <https://questions-statements.parliament.uk/written-questions/detail/2016-11-01/HL2869/>.

⁴ Determination on Members' Pay and Allowances 2022-23 (March 2022):
<https://senedd.wales/media/hh4kan0n/gen-ld15066-e.pdf>.

9.3.2. In the preceding paragraph, "candidate for re-election" includes a person on a list of candidates of a registered political party; and "re-elected" includes a person returned for a Senedd electoral region.

9.3.3. Members who also are, or have also been, Members of Parliament and who have, or have had, their Senedd salary reduced by two-thirds in accordance with paragraph 3.1.3 of this Determination, will have their Resettlement Grant calculated by reference to the unabated salary level.

9.3.4. The amount of the Resettlement Grant payable is one calendar month's salary (at the rate payable to Members immediately before the dissolution) for each completed year of service subject to a maximum payment equal to six months' salary. Determination on Members' Pay and Allowances: 2022-23

9.3.5. Members who have at any time during their period of service (calculated in accordance with paragraph 9.5.1) held an additional office as specified in Table 1 contained in Chapter 3 (paragraph 3.1.4) will be entitled to receive an additional payment by way of a Resettlement Grant. The payment will be equal to the amount of salary paid to the holder of that additional office in the three months before they ceased to hold that additional office. If a Member held more than one additional office during that period, the amount of salary on which this payment is based will be the higher, or as the case may be, the highest amount paid to that Member. However, where a Member has chosen not to draw an additional salary to which they are entitled, or has chosen to draw a reduced sum, the additional payment under this paragraph will be calculated by reference to the unabated salary

Northern Ireland Assembly⁵

The resettlement allowance is one month's salary for each full year of service, capped at a maximum of six months' salary. 28(1) The salary is that of a member only – no additional offices that you may have held are taken into account.

You are not entitled to a resettlement allowance or an ill-health retirement allowance if you become a member again within six months of ceasing to be a member.

Scottish Parliament⁶

Paragraph 3: Amount of MSP grants

472.Paragraph 3 sets out the calculations which determine the amount of the MSP resettlement and the MSP ill-health retirement grants. Both grants are calculated in the same way.

473.Paragraph 3(1) provides that, subject to a minimum of 50%, the amount of grant payable is the percentage of the annual salary paid when the MSP ceased being an MSP, which is equal to one month's salary for each complete continuous year of service as an MSP. The maximum period of service counted is 12 years.

⁵ http://www.niassembly.gov.uk/globalassets/documents/your_mlas/financial-support-for-members-handbook-may-2016.pdf.

* I can't find a more recent one, so the handbook of 2016 must be the most up to date.

⁶ <https://www.legislation.gov.uk/asp/2009/1/notes/division/5/28>.

474.Paragraph 3(2) reduces the period of service taken into account in the calculation of the grant payment to MSPs who were also in receipt of a salary as a member of the House of Commons or the European Parliament (“dual mandate MSP”) at any time during that period. The effect of paragraph 3(2) is to reduce the relevant period of service by the same proportion that their MSP salary was reduced during that period. The current proportion is a reduction of salary by two-thirds,(41) so, for example, if an MSP had been a dual mandate Member for three years, the period counted for calculation of a grant would be reduced by two years.

Paragraph 4: Office-holder resettlement grant

476.Paragraph 4 provides for an office-holder resettlement grant. An office-holder’ resettlement grant is payable to office-holders when they stop being an office-holder. The grant is similar to the MSP resettlement grant and is designed to help bridge the gap while the office-holder adjusts to a lower income or re-establishes commercial or voluntary interests which may have had to be relinquished to avoid any conflict of interest whilst in office.

480.Paragraph 4(2)(a) determines the amount of grant payable to the First Minister and Presiding Officer. It is calculated in a similar manner to the MSP resettlement and ill-health retirement grant. The amount of grant payable is based on the additional annual salary for holding that post and the length of service as an office-holder. The grant equates to one month of salary for each complete year of service, subject to a minimum amount of 50% and a maximum amount of 100%. The formula at paragraph 4(2)(a) calculates the amount of grant.

481.Other office-holders receive a lump sum equal to 25% of the office-holder salary. The MSP salary is not included in the calculation which is based on the salary for the specified post.(42)

Clergy⁷

Clergy legislation (Sch 4 Mission and Pastoral Measure 2011) - compensation as office holders is referred to as loss of office payments: basically 12 months stipend plus the associated pension contributions. Glassdoor says a vicar annual salary would be approx £28, 567

Amount of compensation

3(1)The amount of compensation payable to a person under this Schedule is—

(a)twelve months' stipend, and

(b)the amount that would be required by way of contribution under [F2section 9(2) of the Church of England Pensions Measure 2018] for twelve months' service by the person in the office in question on that stipend.

(2)In sub-paragraph (1), the references to a stipend are to the stipend that the person was receiving immediately before ceasing to hold the office in question

Consultation

The Government is consulting on public sector exit payments – new administrative control process for payments over £95k and amendments to the process for special severance payments. The

⁷ [Mission and Pastoral Measure 2011 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukmi/2011/12/sch/4).

findings from the consultation have not yet been released but does show the Government wishes to cap redundancy payments of over £95k⁸. However, the highest LOOP payment which was awarded after the 2019 General Election was £31,500.00 (not including the winding-up payment) so this consultation is not particularly relevant here, but still perhaps interesting.

⁸ [Public Sector Exit Payments: a new controls process for high exit payments - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/public-sector-exit-payments-a-new-controls-process-for-high-exit-payments).