

**Annual Review of the  
MPs' Expenses Scheme  
2010-11**



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## Foreword by the Board of IPSA

When we first introduced our Scheme of rules relating to MPs' expenses, we made it clear that it represented a clear and clean break with the past: a past mired in scandal. IPSA's Scheme has been in existence for 11 months. We have delivered that clean break. The expenses scandal of 2009 is history. We also made it clear that we would revisit the Scheme on a regular basis. The Scheme is evolving and will continue to do so. This Review is part of this evolutionary process.

In the exercise of our responsibilities, we have duties both to taxpayers and to MPs. Taxpayers expect IPSA to ensure that MPs are open about what they do with the public's money and to provide value for money. They seek assurance that their money is being properly spent, and equally importantly, that MPs are properly supported in carrying out their Parliamentary functions. MPs expect IPSA to set up and operate a Scheme which allows them to carry out their Parliamentary functions with the minimum of burdens and without the need for personal subsidy, while accepting the need for assurance and transparency.

In this Review we seek to meet these objectives. Some taxpayers may find some of the changes that we propose are not sufficiently restrictive. Some MPs may find that the Scheme still limits too greatly the freedom of action they wish for. To both we say that very significant progress has already been made in the 11 months of IPSA's Scheme's existence in restoring confidence in Parliament, but the Scheme needs still to be cautious in its overall approach.

We must be guided by the risks, real and perceived, that the system will not provide the assurance which we judge to be critical at this stage. As IPSA is able, over time, to demonstrate that the risks of anything untoward occurring in particular areas are slight, so we can concentrate in a more focused manner on areas of greater risk.

The revised Scheme remains a Scheme about expenses, but the word 'expenses' requires explanation. For the most part, the money paid by IPSA to MPs is not what would ordinarily be described as expenses. We are keen to make this clear. The funds that we pay out go in large part to supporting MPs in employing staff and running their offices. Only a proportion of the almost £200m for which we are responsible, about 23%, goes to meeting MPs' personal expenses in their role as MPs. To reflect this important point, we have made appropriate distinctions in the way that the Scheme is set out.

In what follows, we set out the changes that we have made to the rules. We set out also our reasons. In doing so, we have continued to be guided by the core principles that we laid down at the outset and by the three requirements that we set ourselves: that the Scheme and its operation should be fair, workable and transparent. We have been enormously assisted by the views expressed during our consultation: from members of the public, from MPs, both individually and collectively, and from Government and the Speaker of the House (some 2000 responses in total). As will be clear, we have not accepted all of the proposals put to us – not least because they were often pointing in opposite directions. The reasons for our non-acceptance vary and will emerge from what follows.

But, it is worth mentioning some of these reasons here. We resisted the call (from both the public and some MPs) for greater prescription, for ever more detailed rules. It would take the Scheme and IPSA in the wrong direction. IPSA is a regulatory body. We need to balance the twin needs of prescription and the exercise of judgement and discretion. Initially, we emphasised prescription. We recognise the need over time to move the centre of gravity towards greater personal responsibility to exercise appropriate discretion within guiding principles. This is what we mean by an evolutionary process.

Our aim is to reduce over time the number of rules, leaving MPs increasingly free to make their own judgements about this or that element of expenditure, in the knowledge that the decision and the expenditure will be published. Transparency has already proved to be an extremely powerful mechanism for ensuring probity and accountability. Moreover, IPSA should not have to continue to respond to hundred of emails and telephone calls each week from MPs, seeking a decision on this or that. Not only is this an expensive service to operate, but it sets in stone a relationship between IPSA and MPs which should instead be evolving towards greater responsibility for MPs and consequent room for choice against a backdrop of transparency.

Some MPs call for a reversion to a system of allowances, by which is meant the transfer of a sum of money to be disbursed as the MP sees fit. Even with the safeguard of transparency, we judge that the time is not yet right for such a step. The memories of the old system of allowances and the abuses it led to are still too fresh in the country's collective memory. That said, we will be actively exploring the concept of allowances and how they could relate to our new Scheme, as the public's confidence in the system grows and we judge the time is right.

What emerges, therefore, in this next phase of the Scheme, is a series of evolutionary changes. These are accompanied by changes also in the way that IPSA operates the Scheme and thereby meets the needs of MPs and their staff. Here too we seek evolutionary change. Our aim is to make the system less burdensome to MPs by making it increasingly simple to use. We will announce a raft of operational changes over the coming months, from extending the use of payment cards and direct payments to suppliers, to making the technology simpler to use. These should save MPs time and IPSA money.

We are satisfied that through the Scheme of rules and these changes, IPSA remains on the right course to help in restoring public confidence in Parliament. We look forward to working with the public and MPs alike to ensure that we continue to contribute.

**Professor Sir Ian Kennedy**

**Sir Scott Baker**

**Jackie Ballard**

**Ken Olisa**

**Isobel Sharp**

# Evolution of the Scheme

## General Principles

- 1.1 This section summarises both the changes to the Third Edition of the MPs' Expenses Scheme and the reasons for them. For full details, see the Report on the Consultation of January – February 2011.
- 1.2 This Review has had the benefit of nearly a year's operation of the Scheme, along with the solid footing of IPSA's fundamental principles and its overarching objective of a Scheme that is fair, workable and transparent. One of its conclusions is that there should be a greater simplicity in the expenses system. MPs should take greater responsibility for decisions about what is a legitimate use of public funds. This view is reflected throughout the changes to the Scheme. Over the longer term, there may be scope for a further shift in the balance between prescriptive rules and a framework of general principles. IPSA is willing to consider in detail the possibilities surrounding the concept of allowances, amongst other options for simplification. Any move to an element of allowances will need very careful consideration and can only be contemplated when there is sufficient public confidence in the existing arrangements, and when there are sufficiently robust systems to give IPSA and the public assurance about how public funds are being spent. It is therefore a potential direction of travel.

## Conditions of the Scheme: Making Claims

- 1.3 The Scheme requires claims to be submitted within 90 days of incurring the cost, and to send the accompanying evidence without any redaction. Neither of these has changed.
- 1.4 Some MPs argued that 90 days is too short a deadline, but without the routine submission of claims there can be no routine publication of claims. The 90 day deadline will remain, with extensions only granted where a genuine emergency prevents the MP from meeting the deadline. Further, IPSA will not accept evidence that has been redacted by the MP prior to being sent to IPSA. Once something is redacted, IPSA has no way of knowing what it said or whether it was relevant to the claim. There would be a risk that in order to comply with its high standards of claims validation, IPSA would need to return claims to MPs to clarify what they have redacted. MPs can be assured that IPSA's publication processes ensure that no security-related or personal information is published. IPSA is subject to data protection and freedom of information legislation, and will always comply with this legislation as it relates to the limits on the release of personal or sensitive information.
- 1.5 One change that has been made is that claims may be submitted by a staff member nominated by the MP, rather than by the MP personally. However, responsibility is vital in the expenses system. The MP will need formally to appoint the staff member as their agent while confirming that the MP remains wholly responsible for all matters relating to their expense claims.

- 1.6 IPSA has added a rule to the Scheme which gives it the discretion to consider and reimburse claims which may not be explicitly covered by the Scheme, but which are for any costs which were required by the MP to carry out his or her Parliamentary functions.

### **Working from Two Locations**

- 1.7 Working from two locations – the MP’s constituency and Parliament - is a necessary consequence of being an MP. Public funding should support an MP in doing so. In particular, it requires travelling and maintaining between the two locations and maintaining a separate residence away from the MP’s main home, and these should be properly reflected in the Scheme.

#### The London Area

- 1.8 The only exception to the need to maintain a separate residence is that MPs within the London Area can commute between their constituency and Parliament. IPSA has been persuaded that there are sound arguments against continuing to base the London Area on a 60 minute commute: this rule does not accurately reflect an MP’s actual commute, and does not allow for rail timetable changes, differences in transfer times between stations and variations depending on the time of day and whether travel is at peak time. For these reasons, IPSA favours a geographical definition, and has based the new London Area on whether any part of a constituency is within 20 miles of Parliament. This definition has thrown up six anomalies: constituencies where the amount within the 20 mile limit is so small as to render it unfair to treat the whole as being within the London Area. The six constituencies affected are not considered part of the London Area.

- 1.9 The London Area Living Payment (LALP) is a contribution to the cost of living and commuting within the London Area. Given the current economic climate, IPSA is not persuaded that there are grounds for increasing the LALP this year. However, the 24 MPs whose constituencies are outside Greater London but within the London Area (the ‘outer London Area’ MPs) face demonstrably higher commuting costs than those within Greater London. In order to make the contribution that the LALP provides fair across the London Area, IPSA has introduced a new rate for the outer London Area MPs. These MPs may claim a LALP of £5,090, while the 73 MPs within Greater London may continue to claim £3,760.

#### Accommodation Expenditure

- 1.10 For those MPs outside the London Area, the Scheme provides a capped budget for accommodation expenditure. IPSA has clarified the list of associated expenditure for accommodation, to state that the cost of cleaning, gardening and the purchase and maintenance of furniture cannot be claimed from IPSA. In addition, MPs who own their own homes may claim for buildings insurance.
- 1.11 For MPs who rent their second residence, IPSA has taken the following decisions:
- a. For those MPs who rent in the London Area, IPSA provided a budget of £19,900 which included up to £1,450 per month for rent. Some MPs argued this is insufficient to rent suitable accommodation in London, particularly if they want to



live in central London. From its research, IPSA has concluded that there are properties available to rent for £1,450 per month or less in over 65% of London postcode areas. The budget is therefore not being increased. Similarly, there is no change to the budgets for MPs renting in their constituencies.

- b. IPSA has removed the rental limit from within the overall budget, giving MPs one budget to cover all their rental and associated expenditure.
- c. Where two MPs share a residence, the rules together entitled them to four-thirds of the accommodation budget, reflecting the generally lower costs of sharing accommodation. There is evidence that limiting the expenses available in this way is discouraging MPs from sharing, while saving the taxpayer little money. IPSA will allow MPs who share accommodation to have full access to their accommodation budget. These MPs are still only able to claim for the costs they actually incur, so if two MPs share, each would only be able to claim 50% of the total.

1.12 The nightly limit for hotel accommodation in the London Area has been raised to £150. Compared to the UK's Devolved Assemblies and Parliaments, IPSA had the lowest cap for hotels in the London Area (£130 per night). While this was generally enough for finding a hotel room with advance notice, availability decreases when trying to book for the same day. For similar reasons, the nightly limits for hotels outside the London Area and abroad have been raised to £120 and £150 respectively.

1.13 The Review considered the working of the rules for MPs claiming the mortgage interest subsidy. Under a transitional arrangement, MPs previously claiming the mortgage interest subsidy provided by the House of Commons can continue to claim it until 31 August 2012. It remains vital for public confidence in the expenses system that the mortgage interest subsidies come to an end. IPSA has seen no persuasive argument to extend the transitional period prior to ending the subsidy, and to change the policy now risks being unfair to those who have taken early steps to change their accommodation status.

#### Caring Responsibilities

1.14 Working from two locations inevitably affects an MP's family life. There is anecdotal evidence from MPs that IPSA's view that children above five years old would routinely stay close to their school rather than travel with the MP to and from London or a constituency home assumes a level of uniformity about the way MPs organise their personal life that cannot be sustained. IPSA has therefore extended the eligibility to claim for additional accommodation expenses for caring responsibilities to all children up to the age of 16, or 18 if they are in full-time education. There is no change to the definition of other dependants.

1.15 IPSA will ask MPs claiming these additional accommodation expenses to declare that those dependants routinely reside at the accommodation. This is to allay any public concern that public funds might be used throughout the year to satisfy an occasional need.

## Office Support

### Office Costs Expenditure

- 1.16 MPs and their staff argued strongly during the consultation that the two budgets for MPs to run and equip their constituency offices - the General Administrative Expenditure (GAE) budget, and the Constituency Office Rental Expenditure (CORE) budget - should be merged to give MPs increased flexibility to manage their offices as they saw fit. IPSA was persuaded by the evidence, and has merged them into the Office Costs Expenditure budget (OCE).
- 1.17 The non-exclusive list of items under the former GAE budget has been removed and instead MPs will have discretion to decide how to spend their OCE, provided the costs are for renting, equipping and running an MP's office or offices and surgeries. IPSA will not reimburse the cost of newsletters, campaign expenditure, any political expenditure, personal accountancy or tax advice, or goods or services from connected parties.
- 1.18 The CORE element of the new OCE budget has not changed. There will continue to be a small number of MPs who exceed these limits, and these particular circumstances can best be dealt with on an exceptional basis through the contingency fund.
- 1.19 The level of the OCE budget will be different for London Area and non-London Area MPs, reflecting the fact that the old CORE budget differed between these two. The 2011-12 OCE budgets for London Area MPs will be £24,000, and for non-London Area MPs, £21,500.

### Staffing Expenditure Budget

- 1.20 The Staffing Expenditure budget for 2011-2012 will be £115,000 per MP. This small rise balances the current economic climate and public sector pay freeze with the need to cover an increase in National Insurance Contributions and to allow career progression and the purchase of modest reward and recognition vouchers where appropriate for staff members.
- 1.21 IPSA will undertake further work to establish the implications of the rising volumes of casework in some constituencies.

### Publication of Staff Salaries

- 1.22 MPs' staff are paid by taxpayers' money, and MPs must be accountable for how they spend that money. Consequently, there is a powerful argument in favour of publishing an appropriate level of detail about staff salaries. IPSA does not agree that the publication of salaries in £5,000 bands unduly compromises staff security or would be unfair to MPs' staff. IPSA is persuaded, however, that MPs' staff should not face additional scrutiny over and above that faced by others who are paid for by taxpayers' funds. Currently, all central government officers who earn more than £58,200 have their salaries published in £5,000 pay bands. IPSA will adopt the same approach for MPs' staff, meaning that the following data will be published annually:
- a. For each MP, the total amount spent on MPs' staff and the number of staff employed.

- b. Details of all MPs' staff earning more than £58,200, including their job title, salary (in £5,000 bands) and the MP they work for.
- 1.23 The policy concerning connected parties is unchanged, in order to maintain the safeguards on the employment of connected parties.

#### Other Staffing Issues

- 1.24 IPSA has taken the following decisions:
- a. There is no change to the provisions on the employment of connected parties.
  - b. There is no change to the provisions for interns.
  - c. There is no intention at this time to relax the requirement for MPs to adhere to IPSA's model employment contracts, job descriptions and salary ranges.
  - d. After 11 months of operation, the rule requiring MPs to notify IPSA of exceptions to its pay ranges has served its purpose and has been removed from the Scheme.
  - e. IPSA has separated the provisions for the payment of cover for maternity, paternity, adoptive and long-term sickness leave from the contingency payment arrangements. The costs will continue to be met from a central budget and not by each MP's staffing budget.

#### Start-Up Costs

- 1.25 The evidence from the expenses system demonstrates that new MPs faced initial start-up costs that could not always be covered by the standard GAE budget. All new MPs from 1 April 2011 onwards will have access to a budget of £6,000 for one calendar year to cover their start-up costs. This is intended to fund the large one-off costs such as office equipment and furniture. As with all expenditure, claims must be submitted and will be published.

#### Winding-Up Costs

- 1.26 The financial limit for Winding-Up costs for 2010-11 was based on three month's worth of the office-related budgets (CORE, GAE and Staffing Expenditure). This level appears right and will continue, although the costs relating to staff redundancies will come from the Contingency Fund, mirroring the position if a staff member is made redundant during the year. With this alteration, the Winding-Up budget limit will be: £46,500 for London Area MPs, and £45,500 for non-London Area MPs.

#### Resettlement Grants

- 1.27 A resettlement grant was paid under the previous system to an MP in the event that the MP was unsuccessful in a General Election. Given its integral link to MPs' pay and pensions, IPSA does not believe it can properly consider the issue of whether there should be a resettlement grant or how it should be formulated as a separate issue. IPSA will not introduce an interim measure but will consider the issue as part of its planned review of MPs' pay and pensions once the legal responsibility for those matters passes to IPSA.

## **Travel and Subsistence**

- 1.28 For the avoidance of doubt, IPSA has amended the Scheme to state explicitly that none of the cost of an MP's daily commute, either between his or her London Area residence and Westminster, or his or her constituency home and office, may be claimed on expenses, reflecting our fundamental principle that an MP should be treated, in the manner of expenses, as far as possible like other citizens.
- 1.29 'Extended UK travel' in the Second Edition of the Scheme covered domestic journeys related to constituency business, but not specifically for other Parliamentary functions. So as to provide better support to MPs, both in their Parliamentary functions and in clarifying which travel expenses are claimable, IPSA has expanded the rules on extended UK travel to include the journeys which relate to a matter currently before the House, and matters currently before a Select Committee, which are not funded through other arrangements.
- 1.30 The policy regarding claims for journeys by public transport remains unchanged: MPs may claim for First Class travel only in the circumstances where, due, for example, to booking in advance, it is cheaper than the same journey made in Standard Class. Similarly, there is no change to the specified circumstances in which taxis can be claimed, barring when MPs are working late.
- 1.31 IPSA is aware that some MPs, particularly those in the furthest parts of the London Area, have found the late sittings rule problematic. It is neither IPSA's role, nor within its power to reform the workings of Parliament. Its responsibility is to ensure that, in the matter of expenses, MPs can fulfil their parliamentary functions when working late within Parliament. IPSA will give MPs the discretion to claim for a taxi home or a hotel room if they are required to work late at the House and they deem it necessary to incur such costs. The onus remains on the MP to make a judgement when incurring expenditure that they intend to claim from IPSA, and all claims for such expenses will be published in the normal fashion.

### Staff Travel

- 1.32 For journeys between the MP's constituency and Westminster, IPSA initially allowed up to 24 journeys per staff member to be claimed. However, it is unnecessary for IPSA to put in place a limit that restricts the ability of MPs and their staff to arrange their work as they think best. IPSA has replaced the 24 journey per staff member cap with an overall cap per MP of 96 single journeys for staff members between the MP's constituency and Westminster.

## **Other Costs**

### Disability Assistance

- 1.33 IPSA has made clear in the Scheme that Disability Assistance covers necessary additional expenditure (including all 'reasonable adjustments' within the meaning of the Equality Act 2010) incurred in the performance of an MP's parliamentary functions, which are reasonably attributed to the disability of an MP, or a member of their staff. It is for the MP to decide, as the employer, what adjustments are reasonable to make for their staff.

Disability assistance will also be made available to reimburse claims for making reasonable adjustments for candidates at interview. Finally, IPSA will accept claims for the travel of a carer both for disabled family members and for MPs' staff members who are disabled.

#### Security Assistance

- 1.34 The Scheme will continue to contain provisions for Security Assistance. The Scheme had included a notional annual cap per MP of £2,000, unless advice from the police or other security agency advised that a higher cost was required. As all claims are subject to this specialist advice, the notional cap is unnecessary. IPSA will instead consider claims on the basis of the security assessment.

#### Insurance

- 1.35 The provisions relating to insurance will remain unchanged. Claims for legal expenses insurance can now be claimed, with the cost coming from the Office Costs Expenditure budget. It will be for individual MPs to arrange their legal expenses insurance, rather than IPSA providing it centrally.

#### Contingency Fund

- 1.36 The Contingency Fund has worked well for the past 11 months to cater for individual MP's circumstances. IPSA is content that it is providing adequate funds for the vast majority of MPs, such that they should reasonably be able to manage within those budgets. Consequently, it has introduced a new criterion for contingency applications stating that the MP must demonstrate that the expense they intend to claim is the result of 'exceptional circumstances'. This new test will not apply to certain specified expense types that are funded from the Contingency Fund, such as staff redundancy costs.

### **Conclusion**

- 1.37 IPSA's job is to provide assurance and transparency to the public while operating a system which, while being robust, is as simple as possible for MPs to use. Along with the changes set out above to the Third Edition of the Scheme, IPSA is focusing on how best to support MPs in their work and minimise the burden on them; ensuring that its controls are proportionate and focused on the relevant risks and that it becomes ever more efficient. All the revisions to the Scheme and to the expenses system that IPSA has brought in are a reaffirmation of IPSA's commitment to provide a fair, workable, and transparent system while ensuring appropriate assurance that public money is being properly spent.



**The MPs' Expenses Scheme:**

**Third Edition**

April 2011

## THE MPs' EXPENSES SCHEME

### THIRD EDITION

### INTRODUCTION

1. The MPs' Expenses Scheme, which makes provision for reimbursement of costs and provision of support for MPs ("the Scheme") is made by the Independent Parliamentary Standards Authority ("IPSA") in the exercise of the powers conferred on it by section 5(3)(a) of the Parliamentary Standards Act 2009.
  
2. In the course of preparing this Third Edition of the Scheme IPSA consulted:
  - a. the Speaker of the House of Commons;
  - b. the Committee on Standards in Public Life;
  - c. the Leader of the House of Commons;
  - d. members of the House of Commons;
  - e. the Review Body on Senior Salaries;
  - f. HM Revenue and Customs;
  - g. HM Treasury; and
  - h. the publicthrough a consultation between 5 January and 11 February 2011.
  
3. This Scheme is intended to ensure that Members of Parliament are reimbursed for costs and provision of support necessarily incurred in the performance of their parliamentary functions.

***The text in grey boxes is guidance only and is intended to provide help with interpretation of the Scheme.***



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## PART A: CONDITIONS

### CHAPTER ONE: THE PROCESS FOR MAKING CLAIMS

- 1.1 Claims for reimbursement under this Scheme must be:
- a. submitted using the online expenses system or another mechanism agreed with IPSA;
  - b. submitted personally by the MP, or with IPSA's agreement by his/her designated proxy (except where paragraphs 1.2 or 1.3 apply);
  - c. submitted no more than 90 days after the expenditure was incurred; and
  - d. supported by the evidence required by IPSA no later than seven days after the claim is submitted.
- 1.2 IPSA may agree to allow an MP to delegate the submission of claims to the MP's designated proxy, or in exceptional circumstances where they are unable to fulfil their parliamentary functions, to another MP.

***Forms to allow routine delegation to a proxy, or in exceptional circumstances to another MP, are available on the IPSA website.***

***Exceptional circumstances may include an MP:***

- ***taking maternity, paternity or adoptive leave;***
- ***being called up to serve in the armed forces; or***
- ***being on long-term sick leave.***

- 1.3 For certain expenditure, an MP may claim payment in advance on production of an invoice or through use of an IPSA-provided payment card or may request IPSA to make payments directly to a supplier.

***Guidance on the procedures for advances and use of the payment card is at Annex C.***

- 1.4 A claim will not be paid if any part of the claim or the evidence supporting the claim is redacted prior to its submission to IPSA.
- 1.5 IPSA will set out in guidance the type and nature of evidence that is required in relation to each claim.

1.6 IPSA may make specific provision at the end of a financial year to limit the 90 day period specified at paragraph 1.1c.

## CHAPTER TWO: DETERMINATION AND REVIEW OF CLAIMS

### *Determination of claims*

2.1 Following receipt of a claim, IPSA will determine whether to allow or refuse it.

***Where IPSA refuses a claim, it will be marked as “not paid” on the online expenses system.***

2.2 If IPSA determines to allow the claim it will:

- a. determine how much of the amount claimed is to be allowed; and
- b. arrange for the amount allowed to be paid.

2.3 No decision by IPSA to allow or refuse a particular claim will bind IPSA in subsequent claims of the same nature.

2.4 If IPSA determines to refuse the claim or to allow only part of the amount claimed, it will notify the MP and specify the reason for the refusal.

### *Review of claims*

2.5 Where IPSA determines either to refuse a claim or to allow only part of the amount claimed, the MP may, within 14 days of IPSA issuing that notification, request IPSA to review its determination. Such a request may only be made on the grounds that:

- a. the rules have been applied incorrectly; or
- b. an administrative error has been made by IPSA.

***MPs may request a review under this paragraph using the online expenses system.***

- 2.6 Upon receiving a request in accordance with paragraph 2.5, IPSA will:
- a. review whether the original determination was properly made;
  - b. decide whether to confirm or alter the amount allowed under the original determination;
  - c. notify the MP of its decision; and
  - d. if any amount has been determined as allowed, arrange for it to be paid to the MP.
- 2.7 IPSA may also elect to review its own determinations.
- 2.8 No staff member of IPSA who was involved in making the original determination shall be involved in any review of that determination.
- 2.9 After giving IPSA a reasonable time to review the determination (as set out in paragraph 2.5) an MP may request that the determination is reviewed by the Compliance Officer.
- 2.10 IPSA will make any payments or adjustments necessary to give effect to decisions of the Compliance Officer under paragraph 2.9, provided that all relevant appeals on the matter have been withdrawn or determined and it is no longer possible for there to be a further relevant appeal.

#### *Recovery of overpayments*

- 2.11 Where an MP:
- a. has been paid an amount (or has had an amount paid by IPSA on his behalf) that IPSA subsequently determines should not have been paid either in full or in part; or
  - b. agrees to repay an amount following an investigation by the Compliance Officer; or
  - c. is directed by the Compliance Officer to repay an amount, together with any additional amounts that the Compliance Officer has directed the MP to pay by way of interest, penalties and/or costs incurred by IPSA in relation to the overpayment (including the costs of the Compliance Officer in carrying out the investigation); and
  - d. has not repaid the amount if requested to do so by IPSA;
- then IPSA shall arrange for the amount to be deducted from further payments of claims to which the MP may become entitled.
- 2.12 If the MP has no further claims pending from which the overpayment can be deducted, or the value of the repayment required is greater than the value of any pending further claims, IPSA

will require the MP to repay the amount in question within one month of being notified of the outcome of the review or investigation.

- 2.13 If the MP does not pay the amount within one month of being notified, the amount may be deducted from the MP's salary or otherwise recovered.

### CHAPTER THREE: GENERAL CONDITIONS OF THE SCHEME

- 3.1 No claims will be considered from an MP who has not agreed with IPSA that they will abide by the Scheme.
- 3.2 In making any claim under the Scheme, an MP must certify that the expenditure was necessary for performance of their parliamentary functions, and that in incurring the expenditure they had complied with the Scheme.
- 3.3 The Scheme makes provision for the exercise in certain circumstances of discretion by MPs and by IPSA. Such discretion is not absolute. At all times:
- a. it shall be exercised reasonably; and
  - b. MPs and IPSA shall satisfy the requirement of the Parliamentary Standards Act that MPs must only be paid or reimbursed for costs necessarily incurred for the performance of their parliamentary functions.

***Except where set out in Chapter Nine, the following are not considered as necessary for the performance of parliamentary functions:***

- ***work which is conducted for or at the behest of a political party;***
- ***work relating to delegations to an international assembly; or***
- ***work relating to the performance of Ministerial functions.***

- 3.4 MPs must provide any information or assistance reasonably required by IPSA to carry out its management assurance functions, in order to ensure the appropriate and cost-effective use of public funds, or for the purposes of audit.
- 3.5 Any duty of IPSA to pay any expenses to an MP is subject to anything done in relation to the MP in the exercise of the disciplinary powers of the House of Commons.

#### *Publishing of claims*

- 3.6 IPSA will publish information relating to claims in accordance with its procedures and policy relating to such publication.

***Claims will be published on IPSA's website, as will IPSA's decision on each claim. IPSA recognises the need to take proper account, in terms of what is published, of the boundaries between the public and private.***

***IPSA's publication policy is available on the IPSA website.***

***In determining what information to publish, IPSA is, as any other public authority, subject to the requirements of the Data Protection Act and the Freedom of Information Act.***

*Budgets and financial limits: general provisions*

- 3.7 Unless specified elsewhere, all budgets and financial limits set out in this Scheme are for a year commencing on 1 April, and ending on 31 March of the following year. All references to a "year" are to be read in this context.
- 3.8 Where a Parliament commences or is dissolved within a year, IPSA may calculate proportionally reduced budgets for the remainder of the year and set them out accordingly.
- 3.9 IPSA may from time to time amend the budgets and financial limits set out in this Scheme.

***MPs may incur expenses above the stated limits in the Scheme if they wish to do so. However any expenses above these limits will not be met from the public purse.***

- 3.10 Expenses may not be transferred between budgets, nor may they be charged in advance of the beginning of a year, except with IPSA's agreement. Amounts not utilised in any particular year's budget may not be carried forward into subsequent years, except in relation to the Start-Up Expenditure.

*The London Area*

- 3.11 For the purposes of this Scheme, MPs representing any constituency listed in Schedule 2 are referred to as "London Area MPs", and any reference should be read accordingly.
- 3.12 MPs representing any other constituency are referred to as "non-London Area MPs".

*General restrictions applicable to claims*

- 3.13 For the purposes of this Scheme, a connected party is defined as:
- a. a spouse, civil partner or cohabiting partner of the member;
  - b. parent, child, grandparent, grandchild, sibling, uncle, aunt, nephew or niece of the member or of a spouse, civil partner or cohabiting partner of the member; or



- c. a body corporate, a firm or a trust with which the MP is connected as defined in section 252 of the Companies Act 2006.

***The Companies Act can be found at <http://www.legislation.gov.uk/ukpga/2006/46>***

- 3.14 No costs may be claimed relating to the purchase of goods or services, where the MP or a connected party is the provider of the goods or services in question.
- 3.15 Except to the extent permitted under paragraph 4.17, no costs may be claimed relating to an MP's rental of a property, where the MP or a connected party is the owner of the property in question.
- 3.16 'Air miles' or similar customer loyalty benefits and other discounts earned on purchases for which claims are payable under this Scheme are not for personal use, but must be applied to further claimable expenditure.

## PART B: WORKING FROM TWO LOCATIONS

### CHAPTER FOUR: ACCOMMODATION EXPENDITURE

- 4.1 Accommodation Expenditure is designed to meet costs necessarily incurred on overnight accommodation which is required for the performance of an MP's parliamentary functions.
- 4.2 Accommodation Expenditure is not payable to MPs who:
- a. are London Area MPs; or
  - b. by virtue of any particular office held, occupy 'grace and favour' accommodation.
- 4.3 MPs may only claim for Accommodation Expenditure in relation to a property at one location, which may be either:
- a. in the London Area, or
  - b. within the MP's constituency, or within 20 miles of any point on the constituency boundary.
- 4.4 In exceptional circumstances and notwithstanding paragraph 4.3, IPSA may at its discretion allow an MP to claim for more than one property in the constituency.
- 4.5 Where an MP is claiming Accommodation Expenditure under paragraph 4.8b, c or d, the MP must be routinely resident at the property supported by IPSA, and may not sublet this property.
- 4.6 Claims may only be made for Accommodation Expenditure (other than for hotel costs) once IPSA has approved the MP's rental contract, or mortgage agreement, or has been provided with proof of ownership, and agreed that such claims can be made.

***IPSA will approve all rental contracts or mortgage agreements to ensure the eligibility criteria and conditions are met before any claims can be made. MPs should satisfy themselves that the conditions as set out in the Scheme are met.***

- 4.7 MPs may rent accommodation from another MP, provided that the landlord MP is not a connected party. Only the tenant MP may claim the associated expenditure for that property.
- 4.8 Accommodation Expenditure may be claimed only for the following costs:
- a. hotel accommodation; or

- b. rental payments and associated expenditure as set out at paragraph 4.9; or
- c. for MPs who own their property but who are not claiming mortgage interest subsidy under paragraph 4.8d, associated expenditure as set out at paragraph 4.9; or
- d. exceptionally, in the case of MPs receiving payments for mortgage interest on 7 May 2010, continued payment of mortgage interest and associated expenditure as set out at paragraph 4.9 until 31 August 2012 or the date when the MP disposes of the property, whichever is the earlier.

4.9 Associated expenditure includes:

- a. utility bills (gas, electricity, other fuel and water);
- b. council tax;
- c. ground rent and service charges;
- d. home contents insurance;
- e. in the case of MPs claiming under 4.8c or 4.8d, buildings insurance;
- f. purchase and installation of routine security measures;
- g. installation of a landline telephone line, line rental and usage charges;
- h. installation of a broadband connection and usage charges;
- i. connection to a basic, free to air television broadcast package; and
- j. the purchase of a television licence.

***“Routine security measures” are security locks, alarms, or similar.***

4.10 Associated expenditure shall not include and no claims will be paid for:

- a. cleaning;
- b. gardening; or
- c. the purchase or maintenance of furniture.

4.11 Accommodation Expenditure may only be paid for hotel costs to non-London Area MPs who have informed IPSA of their intention not to claim for rental property, mortgage interest, associated expenditure under paragraph 4.9, or the London Area Living Payment.

4.12 MPs may claim for rental payments or mortgage interest payments for two months after leaving Parliament.

***MPs are therefore strongly advised to negotiate a clause within their contract to allow them to extricate themselves within two months of a change in circumstances such as the loss of their seat at a General Election.***

#### *Claiming for rental payments*

- 4.13 For MPs claiming for rental payments in the London Area, the annual Accommodation Expenditure budget (including all associated expenditure as set out at paragraph 4.9) is £19,900.
- 4.14 For MPs claiming for rental payments within the MP's constituency, or within 20 miles of any point on the constituency boundary, IPSA may set out in guidance annual Accommodation Expenditure budgets with monthly rental payment limits, which may vary having regard to particular constituencies.
- 4.15 The budgets for particular constituencies are set out at Annex B.

***MPs may enter into a rental agreement above the Accommodation Expenditure limit in the Scheme if they wish to do so. However any rent or associated expenditure above this limit will not be met from the public purse. IPSA has assessed that £2,500 per year is an appropriate amount for associated expenditure. MPs with low rental payments will be able to claim more than £2,500 per year in associated costs, provided they do not exceed the overall budget. However, they should have regard to the fact that £2,500 is built into the budget specifically for these costs.***

- 4.16 The Accommodation Expenditure budget is designed to include the cost of drawing up any tenancy agreement and any agency fees incurred on entering into or extending contracts for rental accommodation.

***Removal costs for moving to new accommodation may be claimed from the Contingency Fund (see paragraph 10.11).***

#### *MPs who own their own homes*

- 4.17 For MPs claiming for mortgage interest, the annual Accommodation Expenditure budget (including all associated expenditure as set out at paragraph 4.9) is £17,500.

***MPs who own their property but do not claim mortgage interest subsidy should have regard to the fact that £2,500 per year for associated expenditure is built into the accommodation budget for associated costs. This is IPSA's estimate of a reasonable amount of cover for associated costs.***

- 4.18 IPSA may recover the publicly subsidised element of any increase in the value of the property over the period for which mortgage interest payments are claimed. Additional rules on the procedures for reclamation are set out at Annex A.

*MPs who share rental accommodation*

- 4.19 If two or more eligible MPs choose to share rental accommodation, that intention must be registered with IPSA when registering the property. In this case, the names of both MPs must be on the rental agreement as provided to IPSA.
- 4.20 Each MP will be entitled to the full Accommodation Expenditure budget and all costs claimed from Accommodation Expenditure by MPs who elect to share accommodation should be apportioned equally between those MPs.

*Additional budgets for MPs with caring responsibilities*

- 4.21 An MP who is eligible to claim Accommodation Expenditure for rental costs may have their budget limit increased by up to £2,425 in any financial year for any additional expenditure that may be required, for each person for whom that MP has caring responsibilities (known hereafter as the “dependant”), provided that they can certify that the dependant routinely resides at the rented accommodation.

***MPs will become eligible for this additional expenditure once they register their dependant with IPSA. If an MP is expecting a child, or is in the process of adoption, and the MP wishes to secure new accommodation as a result, he or she should notify IPSA as soon as possible. Early notification will assist both the MP and IPSA in making the appropriate arrangements.***

- 4.22 For the purposes of this Scheme MPs will be deemed to have caring responsibilities where they:
- a. have parental responsibility for a dependent child of up to the age of 16, or up to the age of 18 if in full-time education; or
  - b. are the sole carer for a dependent child in full-time education, of up to the age of 21 years; or

- c. are the primary carer for a family member in receipt of one of the following benefits:
  - i. Attendance Allowance;
  - ii. Disability Living Allowance at the middle or highest rate for personal care; or
  - iii. Constant Attendance Allowance at or above the maximum rate with an Industrial Injuries Disablement Benefit, or basic (full day) rate with a War Disablement Pension.

***Full-time education means a course where the average time spent during term time receiving tuition, engaging in practical work or supervised study or taking examinations is more than 12 hours a week and is not linked to employment or any office held. It includes breaks taken as an integral part of the course, such as “sandwich years”.***

#### *Loans for deposits on rental properties*

- 4.23 An MP who intends to claim Accommodation Expenditure for rental costs may apply to IPSA for a loan to cover any deposit payable at the commencement of a tenancy. This loan will not be deducted from the Accommodation Expenditure budget.
- 4.24 The value of any loan under paragraph 4.23 may not exceed:
- a. the deposit which is stipulated in the rental agreement; or
  - b. one quarter of the appropriate annual Accommodation Expenditure budget for the location (ie London Area or the constituency),
- whichever is the lower.

***Applications for loans should be accompanied by a draft of the rental agreement, for IPSA to approve.***

***MPs will be asked to sign hard copies of loan agreements before funds are provided to them. The terms and conditions of the loan will be set out in these agreements.***

***No MP may hold more than one loan for a deposit on residential accommodation at any one time.***

- 4.25 The MP is responsible for securing the return of the deposit and for repaying the amount in full to IPSA, no later than one month after the date on which the tenancy came to an end or when the MP leaves Parliament (whichever is earlier). Any shortfall between the deposit paid and the amount returned shall be the sole responsibility of the MP.

*Conditions applicable to Accommodation Expenditure*

- 4.26 An MP's entitlement to an uplift in their budget for Accommodation Expenditure attributable to caring responsibilities as set out at paragraph 4.21 shall cease under the following circumstances:
- a. in the case of any dependant, when that person ceases to reside routinely at the property with the MP;
  - b. in the case of a dependent child under the age of 16 years, six months after the end of the financial year during which the child attains that age;
  - c. in the case of a dependent child in full-time education between the ages of 16 and 18 years, six months after the end of the financial year during which the child turns 18 or concludes full-time education whichever is the earlier;
  - d. in the case of a dependent child in full-time education between the ages of 18 and 21 years for whom the MP is the sole carer, six months after the end of the financial year during which the child turns 21 or concludes full-time education whichever is the earlier;  
or
  - e. in the case of any family member for whom the MP is the primary carer, who is in receipt of one of the benefits listed at paragraph 4.22c, 6 months after the end of any financial year during which the family member ceases to be in receipt of one of those benefits.
- 4.27 Accommodation Expenditure may only be claimed in relation to hotel accommodation up to a maximum cost of £150 per night in the London Area, or £120 elsewhere in the United Kingdom.
- 4.28 If this cost includes breakfast, then it will also be reimbursed, provided it is included on the same receipt, and that the overall limit is not exceeded. These limits are inclusive of VAT.

***MPs should note that the House of Commons Travel Office may be able to book hotels at a rate below these limits.***

## CHAPTER FIVE: THE LONDON AREA LIVING PAYMENT

- 5.1 The London Area Living Payment is intended to contribute towards the additional expenses of living in the London Area or of commuting regularly to the London Area.
- 5.2 The London Area Living Payment may be claimed by:
- a. London Area MPs, or
  - b. non-London Area MPs who have informed IPSA of their intention not to claim for Accommodation Expenditure.
- 5.3 The London Area Living Payment is limited to £3,760 per financial year, payable on a monthly basis.
- 5.4 MPs representing certain constituencies (detailed in Schedule 3) may claim an additional £1,330 per year in London Area Living Payment.

### *Conditions*

- 5.5 The London Area Living Payment will not be payable in relation to any period before notification is given to IPSA that the MP has elected to claim it.

***Provided the MP applies before the payroll deadline for the month, IPSA will pay LALP for the current month in full. The payroll deadline is usually the 15th of the month (but will be earlier if the 15th falls on a bank holiday or weekend). If the MP applies after the deadline, LALP will not be paid until the following month.***

- 5.6 The London Area Living Payment will not be payable to an MP who:
- a. occupies any 'grace and favour' accommodation by virtue of any particular office held, or
  - b. receives payment for mortgage interest under paragraph 4.8d of this Scheme.
- 5.7 If an MP in receipt of the London Area Living Payment subsequently elects to claim Accommodation Expenditure, the MP's entitlement to the London Area Living Payment will cease with effect from the day before Accommodation Expenditure is claimed.



## PART C: OFFICE SUPPORT

### CHAPTER SIX: OFFICE COSTS EXPENDITURE

- 6.1 Office Costs Expenditure is provided to meet the costs of renting, equipping and running an MP's office or offices and surgeries, where these costs are not claimable from other budgets under this Scheme, or from other sources.

***Office Costs Expenditure replaces Constituency Office Rental Expenditure and General Administrative Expenditure under previous editions of the Scheme.***

- 6.2 All MPs are eligible for Office Costs Expenditure, whether or not they rent a constituency office.
- 6.3 For London Area MPs, the annual Office Costs Expenditure budget is £24,000.
- 6.4 For non-London Area MPs, the annual Office Costs Expenditure budget is £21,500.
- 6.5 MPs are entitled to exercise discretion over claims for items that meet the purposes of the Office Costs Expenditure, provided that the claims meet the general conditions of the Scheme and the conditions in this chapter.
- 6.6 Office Costs Expenditure may only be claimed for the performance of parliamentary functions. It may not be claimed for:
- a. any alcoholic drinks;
  - b. stationery provided by the House of Commons;
  - c. newsletters;
  - d. funding any material that contains a party political logo or emblem;
  - e. personal accountancy or tax advice; or
  - f. producing or publishing any material which could be construed as campaign expenditure within the scope of the Political Parties, Elections and Referendums Act 2000.

***Office Costs Expenditure may be claimed for any costs required to support the set-up and ongoing running of the MP's constituency office (including rental costs), where these are necessary for the performance of an MP's parliamentary functions and meet the conditions of the Scheme. Other than as noted in this guidance, IPSA will not provide advice on whether a particular item is claimable from this budget.***

***The costs of legal expenses insurance may be claimed from the Office Costs Expenditure budget.***

***Where an MP moves office, these removal costs are not required to come from Office Costs Expenditure and may be claimed from the contingency budget instead.***

***For MPs representing Welsh constituencies, the costs of translation between the Welsh and English language may be met from the Contingency Fund, and not from Office Costs Expenditure.***

***MPs should not claim for pooled staffing resources, such as the Parliamentary Resources Unit, Parliamentary Office of the Liberal Democrats or Parliamentary Research Service from the OCE Budget unless they expect their Staffing Expenditure budget to be exhausted.***

***MPs may only claim for telephone calls that relate to their parliamentary work. When submitting a claim, MPs will be required to determine the appropriate proportion of their phone bill that they wish to claim for (which may be 100%). MPs will need to enter the amount of the bill they wish to claim, not the percentage figure.***

***Any claim for catering costs must show the full detail of the items claimed for and must show the cost per head. Claims should be limited to non-alcoholic drinks and light refreshments.***

#### *Constituency office rental costs*

- 6.7 Office Costs Expenditure may also be claimed for the rent of one or more premises to be used as a constituency office, each of which must be registered with IPSA before a rental claim is made. A constituency office must be located within the constituency or less than 20 miles outside it.
- 6.8 Claims for the following costs will only be allowed where the office has been registered with IPSA:
- a. energy and water bills;
  - b. business rates;
  - c. contents and buildings insurance; and
  - d. rental and usage costs for telephone and internet access.

6.9 Where the costs in paragraph 6.8 above are incurred at an MP's or staff member's home (for example if they work from home routinely), that home must be registered with IPSA as a constituency office.

6.10 Where the constituency office is to be rented from a political party or constituency association:

- a. the MP must provide a valuation of the market rate for the contract prepared by a valuer regulated by the Royal Institution of Chartered Surveyors; and
- b. that market rate must not be exceeded.

The cost of the valuation is claimable under Office Costs Expenditure.

***MPs are strongly advised to negotiate a clause within their contract to allow them to extricate themselves from the contract within two months in case of a change in circumstances such as the loss of their seat at a General Election.***

***Where an MP has an office at home, he or she must be able to satisfy HMRC that this is a de facto office, and not that they occasionally work at home. IPSA will then reimburse associated expenditure according to the HMRC guidelines on working from home. In no circumstances will rent for this office be reimbursed in addition to accommodation expenditure. Any journeys made from this location will be treated as from home, and IPSA will not reimburse the MP's daily commute.***

#### *Loans for deposits on rental properties*

6.11 An MP who intends to claim Office Costs Expenditure for rental costs may apply to IPSA for a loan to cover any deposit payable at the start of a tenancy.

6.12 The MP is responsible for securing the return of the deposit and for repaying the amount in full to IPSA, no later than one month after the date on which the tenancy comes to an end or when the MP leaves office (whichever is earlier). Any shortfall between the deposit paid and the amount returned shall be the sole responsibility of the MP.

#### *Use of offices by others*

6.13 Where an MP who claims rental expenditure grants a licence or gives permission to any person for the use of the constituency office (or any part of it) on one or more occasions, a fee must be charged which reflects an appropriate proportion of the rent and other costs incurred.

6.14 This fee must be remitted to IPSA in its entirety.

***When paying this fee to IPSA, MPs should use the cheque repayment form (available on the IPSA website) and provide an explanation of the method used to calculate the fee.***

#### *Shared offices*

6.15 If an MP shares a constituency office or surgery with another MP, a member of the European Parliament, the Scottish Parliament, the National Assembly for Wales or the Northern Ireland Assembly, Office Costs Expenditure may be claimed only for the appropriate proportion of the rent and other office costs. The MP will be required to inform IPSA of the relevant proportion when registering the office.

***IPSA will use the relevant proportion of the costs to calculate both rent and costs payable to the MP.***

***Where an MP shares an office with a Member of the Scottish Parliament, the National Assembly for Wales or the Northern Ireland Assembly, they should submit a claim for their proportion of the expenses using the online expenses system as usual. IPSA will accept a copy of any invoices or receipts rather than the original, so that the original can be submitted to the Parliament or Assembly as appropriate. MPs should indicate that this is the case when submitting the claim.***

## CHAPTER SEVEN: STAFFING EXPENDITURE

- 7.1 Staffing Expenditure may be claimed to meet the cost incurred in the provision of staff to assist with the performance of an MP's parliamentary functions. Throughout this Chapter, “staff” should be taken to include “apprentices” where those apprenticeships meet the standards of the National Apprenticeship Service, except in paragraph 7.6.
- 7.2 All MPs are eligible for Staffing Expenditure.
- 7.3 Staffing Expenditure may be used to meet the following costs:
- a. staff salaries, employers' contributions to National Insurance and employers' contributions to pension schemes;
  - b. payments to pooled staffing resources;
  - c. payments for bought-in services;
  - d. overtime payments, to the extent that these are specified in staff terms and conditions;
  - e. payments for childcare vouchers for staff or other payments by way of salary sacrifice schemes;
  - f. modest reward and recognition payments (but these may not be claimed in respect of any connected parties);
  - g. one-off health and welfare costs associated with provision of staffing support, such as eyesight tests and occupational health assessments;
  - h. costs associated with apprenticeships supported by the National Apprenticeship Service; and
  - i. the incidental expenses of interns and volunteers (as set out in paragraph 7.10).

***“Pooled staffing services” refers to services provided to a group of MPs for provision of research or other support, such as the Parliamentary Resources Unit, Parliamentary Office of the Liberal Democrats or Parliamentary Research Service. Where they expect their Staffing Expenditure budget to be exhausted, MPs may claim for these services from their Office Costs Expenditure budget.***

***“Bought-in services” refers to staffing services provided by companies, self-employed individuals or others not on the payroll.***

***Any necessary expenditure on staff redundancies will be met by the MP making a claim for a contingency payment. The level of redundancy payments covered is defined in the staff contracts as approved by IPSA.***

***MPs will not be reimbursed by IPSA for the payment of bonuses, but may claim for modest reward and recognition payments. The level of reward and recognition payments is left to the MP's discretion, but should be modest. The total amounts claimed by each MP for reward and recognition payments and the amounts claimed for individual staff members will be published annually.***

- 7.4 The following costs will be met centrally and will not be deducted from an MP's Staffing Expenditure budget:
- a. necessary expenditure on replacement staff to cover staff on maternity, paternity, or adoptive leave; and
  - b. necessary expenditure on replacement staff to cover staff on long-term sick leave (i.e. longer than two weeks).

#### *Limits*

- 7.5 The annual Staffing Expenditure budget is £115,000.

#### *Conditions*

- 7.6 The salaries of staff employed by an MP after 7 May 2010 will be paid by IPSA provided that the following conditions are satisfied:
- a. the member of staff is employed to do work that complies with one or more of the Job Descriptions published by IPSA;
  - b. the member of staff's salary is within the relevant range published by IPSA for the Job Description in question;
  - c. a contract of employment that complies with the model contract of employment published by IPSA from time to time has been signed by the relevant parties; and
  - d. the MP has provided to IPSA proof that conditions a-c above have been satisfied and has obtained IPSA's approval to the contract of employment.

***Model contracts and job descriptions, along with further guidance can be downloaded from IPSA's website.***

***When setting pay for their staff, MPs should have regard to the terms of the wider public sector pay freeze. In recognition of this freeze, IPSA does not expect to receive any requests for salary uplifts for MPs' staff, except where the staff in question have taken on significant extra responsibilities.***

***Under the terms of the public sector pay freeze, public sector workers earning over £21,000 will not receive any increase in salary. Public sector workers earning under this amount will receive an uplift of £250. If MPs wish to provide this £250 uplift from their staffing budget, they should use the salary amendment form on the IPSA website to request it.***

- 7.7 Paragraph 7.6 does not apply to apprentices. The salaries of apprentices employed by an MP after 7 May 2010 will be paid by IPSA provided that the following conditions are satisfied:
- a. the apprentice is employed on terms that meet the standards of the National Apprenticeship Scheme; and
  - b. the terms of the employment and the Job Description have been provided to IPSA.
- 7.8 Staff employed by the MP on 7 May 2010 may remain on job descriptions, salaries and contracts that do not conform to the conditions in paragraph 7.6 above.
- 7.9 Once the conditions set out in paragraph 7.6 have been fulfilled (or IPSA is satisfied that they will be fulfilled) IPSA may at its discretion pay the salaries of MPs' staff with effect from the commencement of the staff member's employment.
- 7.10 MPs must have a signed agreement with any interns or volunteers, which must be submitted to IPSA before claims for incidental expenses can be made. The signed agreement must comply with the model agreement published by IPSA. Incidental expenses are limited to reasonable travel and food, and non-alcoholic drinks.

***Agreements for interns and volunteers are applicable to those individuals who are not 'workers' and therefore not entitled to at least the National Minimum Wage. A model agreement is available on the IPSA website.***

***Interns and volunteers are not required to carry out specific duties for the MP, and they are assisting the MP with his or her duties on a voluntary basis.***

***Should the nature of the intern's or volunteer's work change so that they would be classified as a "worker", the MP must contact IPSA and provide the intern or volunteer with a contract of employment, subject to National Minimum Wage legislation.***

***MPs must notify IPSA whenever one of their interns or volunteers ends the internship.***

7.11 Staffing Expenditure may only be claimed for the salary of one employee who is a connected party, unless an MP employed more than one connected party on 7 May 2010. In that case the MP may continue to employ these connected parties until the parties in question cease to be employed or otherwise to provide staffing assistance.

7.12 Nothing in this Scheme shall be taken to affect the MP's position as the employer of their staff.

#### *Employers' contributions to National Insurance*

7.13 Employers' National Insurance contributions will be paid by IPSA for all members of staff for whom salaries are paid. These will be deducted from the budget for Staffing Expenditure. Employees' contributions will be deducted from salaries.

#### *Pension scheme payments*

7.14 Employers' pension contributions will be paid by IPSA for all members of staff for whom salaries are paid. These will be deducted from the budget for Staffing Expenditure. Employees' contributions will be deducted from salaries.

7.15 Except where the employee in question has opted out of the Portcullis Pension Plan, the contributions at paragraph 7.14 shall be towards that plan and shall be equal to 10% of the employee's salary.

7.16 IPSA will if requested by the MP make contributions to a pension plan other than the Portcullis Pension Plan if it is satisfied that this is the preference of that staff member.

#### *Salary sacrifice for employee benefits*

7.17 An MP may request IPSA to make arrangements for employees to have access to benefits such as childcare voucher schemes through salary sacrifice arrangements. Payments from staff's salaries will be administered by IPSA. Any employer contributions will be deducted from the budget for Staffing Expenditure.



***Further guidance and associated documentation on salary sacrifice schemes can be found on the IPSA website.***

## CHAPTER EIGHT: START-UP AND WINDING-UP

### **A: START-UP**

#### *Purpose and Eligibility*

- 8.1 Start-Up Expenditure is designed to meet the costs of setting up one or more constituency offices as a new MP.
- 8.2 Start-Up Expenditure is available for MPs elected to Parliament for the first time for a particular constituency. Notwithstanding any budgetary limit applicable, IPSA may in its discretion limit the Start-Up Expenditure Budget for individual MPs.

***Start-Up Expenditure is intended to meet the costs of “big-ticket” start-up items, such as computers, desks, re-decoration etc.***

#### *Duration and Limit*

- 8.3 The Start-up Expenditure budget is set at £6,000 and lasts for 365 days from the day after the date of election of the MP.
- 8.4 Notwithstanding paragraph 3.10, if a new MP has not exhausted the Start-Up budget by the end of the financial year and part of the 365 day period remains, the remaining budget will be rolled over into the next financial year. Any unspent funds will expire 365 days after the day after the date of the MP's election.

### **B: WINDING-UP**

#### *Purpose and eligibility*

- 8.5 Winding-Up Expenditure is designed to meet the cost of completing the outstanding parliamentary functions of a person who ceases to be an MP.
- 8.6 Winding-Up Expenditure is available for MPs when they are not re-elected to Parliament (whether or not this is because they do not stand at a General Election) or who leave the House during a Parliament. It is payable only to a former MP, when that individual ceases to be an MP a maximum of two months before the date on which the expense being claimed was incurred.

8.7 Winding-Up Expenditure may be claimed for the costs of concluding parliamentary functions, including:

- a. salary, and National Insurance costs for any staff who continue to work for the MP (for up to a maximum of two months after the MP leaves Parliament);
- b. other contractual liabilities for staff in respect of the period after the date of the General Election, such as any employer pension contributions, overtime worked, untaken holiday and pay in lieu of notice if allowed by staff contracts;
- c. contractual liabilities for offices and/or equipment, such as office rent and utility bills, and equipment rental payments for the notice period;
- d. travel costs where necessary for completion of parliamentary functions, with certification that the travel was for the purpose of closing down such functions;
- e. any costs reasonably incurred under the terms of an office rental agreement, such as the costs of redecorating the office and making good dilapidations;
- f. postage, stationery and telephone costs, subject to the rules in Chapter Six of this Scheme, with evidence that the claim relates to the conclusion of parliamentary functions;
- g. the costs of removing items such as furniture from the MP's office;
- h. other associated costs, such as the shredding of confidential waste or cleaning the hard disk of any IT equipment which has been purchased under the Scheme;
- i. the costs, including removal costs, of leaving any accommodation funded under the Scheme, but excluding redecoration and cleaning costs.

8.8 The costs of staff redundancy payments will be met from the contingency fund.

*Limit*

8.9 For London-Area MPs, the Winding-Up Expenditure budget is limited to a maximum of £46,500.

8.10 For non-London Area MPs the Winding-Up Expenditure budget is limited to a maximum of £45,500.

## PART D: OTHER SUPPORT

### CHAPTER NINE: TRAVEL AND SUBSISTENCE EXPENDITURE

- 9.1 Travel and Subsistence claims may be made for the costs of travel, and travel-related and subsistence expenditure undertaken by an MP or others, which are necessarily incurred in the performance of the MP's parliamentary functions.
- 9.2 MPs may claim for Travel and Subsistence Expenditure for journeys which are necessary for the performance of their parliamentary functions, and fall into one of the following categories:
- a. for MPs who are eligible for Accommodation Expenditure, journeys between any point in the constituency (or a home or office within 20 miles of their constituency boundary) and Westminster or a London Area home;
  - b. for MPs who are not eligible for Accommodation Expenditure, journeys between their constituency office and Westminster;
  - c. travel within the constituency or within 20 miles of the constituency boundary;
  - d. extended UK travel under paragraph 9.3; or
  - e. a maximum of three return journeys per year to the national Parliaments of Council of Europe member states, or institutions and agencies of the European Union.

***Non-London Area MPs who choose to claim the London Area Living Payment are not eligible for Accommodation Expenditure, and cannot claim for journeys described in paragraph 9.2a. Journeys as described under paragraph 9.2b will be claimable in these circumstances.***

***Paragraph 9.2b is not intended to allow London Area MPs to claim for their daily commute by first going into the office every day and visiting the office on the way back home. Rather it is to allow for travel claims when MPs need to travel between Westminster and the constituency office in order to conduct constituency business.***

## *Extended UK Travel*

- 9.3 MPs may only claim for extended UK travel if they can demonstrate that the journey undertaken was made for at least one of the following reasons:
- a. a matter currently before the House;
  - b. a matter currently before a Select Committee on which the MP serves, for which travel funding is not provided by another source;
  - c. a constituent or general constituency matter; or
  - d. any other necessary travel for parliamentary functions for which funding is not provided by another source.

***MPs should include explanatory notes when claiming for Extended UK Travel.***

***Journeys made as part of an MP's duties as an Opposition Front Bench spokesperson or shadow minister may be claimable under paragraph 9.3d where funding is not available from another source.***

***Journeys made as part of an All-Party Parliamentary Group (APPG) may only be claimed where they meet the requirements of paragraph 9.3 above and the journey has been expressly and formally requested by the APPG.***

***Extended UK travel may not be claimed for:***

- ***journeys made on Party business;***
- ***travel related to a delegation to an international assembly;***
- ***journeys made on Government business;***
- ***journeys made for the purpose of electioneering; and***
- ***journeys for which funding is available from another source.***

## *General conditions*

- 9.4 Other than at paragraph 9.37 below, no claims will be payable for the cost of the MP's daily commute to and from a place of work. This includes journeys between:
- a. Westminster and an MP's residence in the London Area; or
  - b. an MP's constituency residence and their constituency office.
- 9.5 No claims will be payable for journeys which are undertaken for the purpose of carrying out ministerial functions, or for carrying out functions relating to an MP's role on an official delegation.

- 9.6 The MP should always have regard to whether any particular journey is necessary and to the most cost-effective way to undertake it. In particular, whatever means of transport is used, consideration should be given to whether potential savings to public funds could be made through the use of concessionary fares such as Oyster cards, season tickets, advance purchase or off-peak travel.

*Specific conditions: public transport*

- 9.7 For allowable journeys by public transport, MPs may buy a ticket of any class but (except where paragraph 9.8 below applies) reimbursement will be limited to the rate of an economy class ticket available at the time of booking. In the case of air travel, "economy" includes "flexible economy".
- 9.8 For allowable journeys made by rail, reimbursement will be limited to the rate of an "anytime standard open" ticket for the journey prevalent at the time of the claim.

***Information on standard open fares is included in the online expenses system, which will automatically check the cost of the relevant rail journey.***

***MPs should consider value for money when purchasing tickets which they may need to change at short notice. In the interest of saving money for the taxpayer MPs should exercise discretion and balance low cost, generally inflexible, tickets against the probability of cancellations and the charges they will incur.***

- 9.9 MPs travelling on sleeper train services are additionally entitled to claim for a sleeper supplement for a single occupancy berth.

***Both companies which provide sleeper train services within the UK (Scotrail and First Great Western) will allow travellers to purchase a single occupancy berth as a supplement to a standard class ticket. The single occupancy berth is the same berth as would be provided with a first class ticket.***

***No MP is expected to share a berth and IPSA will reimburse any claim that was necessary to secure a single berth.***

- 9.10 Where an MP obtains a railcard or season ticket which allows savings to be made on future purchases of rail tickets, reimbursement of the cost of the railcard may be claimed.

*Specific conditions: private transport*

9.11 Private cars, motorcycles or bicycles may be used as an alternative to public transport where there is a specific need or it is cost-effective to do so. An MP undertaking a journey by private transport as the driver, will be reimbursed in accordance with the rates set out in IPSA's guidance.

***These rates are the standard rates set by Parliament and administered by HMRC.***

Motor mileage rate	To cover business travel by private motor car	40p per mile for the first 10,000 miles 25 per mile thereafter
Motor Cycle mileage	To cover business travel by private motor cycle	24p per mile
Bicycle mileage	To cover business travel by private cycle	20p per mile

9.12 Where more than one MP travels in the same car, only one of the MPs may submit a claim for the cost of each journey.

***When making a claim for mileage the MP should enter the total number of miles driven in one day. It is not necessary to enter a separate claim for each individual journey driven.***

***Cars must be registered on the online expenses system before mileage claims can be submitted.***

9.13 MPs using private transport may claim reimbursement of costs necessarily incurred in relation to their journey for parking charges, congestion zone charging and road tolls. Penalty or additional charges for late payment, or civil charges for traffic, parking or other violations will not be reimbursed.

9.14 Other than in the circumstances described at paragraph 9.37 below, taxi fares will only be reimbursed from Travel and Subsistence Expenditure when a journey by taxi is necessary because:

- a. no other reasonable method of transport is available for all or part of the journey; or
- b. alternative methods of transport are impracticable due to pregnancy, disability, illness or injury of the MP or staff member.

**Any reference to taxis in this Scheme includes any vehicle licensed by the Public Carriage Office or by the local authority. Licensed minicabs generally fall into this category.**

**When submitting claims for taxi journeys, MPs must include a note on the reasons why they took a taxi rather than using an alternative method of transport.**

9.15 Hire cars may be used in the above circumstances where a saving to the public purse over the cost of using taxis can be demonstrated. MPs may claim for the cost of hiring the vehicle, of any fuel used, and insurance purchased.

9.16 A hire car may only be used for allowable journeys and must be used in accordance with the terms of hire. Where required, the car must be returned at the end of its hire with a full fuel tank, to avoid any penalty charges.

#### *Travel by members of MPs' staff*

9.17 Each MP may claim for Travel and Subsistence Expenditure for their staff to make up to 96 single journeys each year between the MP's constituency office and Westminster. This limit is the total for all staff employed by the MP, not per staff member.

9.18 MPs may also claim for Travel and Subsistence Expenditure in respect of the following journeys made by members of their staff:

- a. travel within the constituency or within 20 miles of the constituency boundary; and
- b. travel elsewhere within the UK for the purposes of relevant training.

**Training may include attendance at conferences on subjects that are relevant to the MP's parliamentary functions. It does not include attendance at a party political conference or meeting.**

9.19 All of the conditions at paragraphs 9.4 to 9.16 apply to travel by members of MPs' staff, apart from paragraph 9.10 (railcards).

#### *Travel by family members*

9.20 Where MPs have caring responsibilities under paragraph 4.22, they may claim for journeys by the dependant in question. Such claims are limited to 30 single journeys between the



MP's London Area residence and the constituency residence in each year for each dependant.

9.21 In the circumstances at paragraph 9.20, where MPs share responsibility for caring with a spouse or partner, MPs may also claim for journeys by their spouse or partner made in exercise of that responsibility. Such claims are limited to 30 single journeys per person between the MP's London Area residence and the constituency residence in each year.

9.22 Where a dependant needs assistance from a carer other than an MP's spouse or partner while travelling on an allowable journey, the cost of the carer's journey may also be claimed.

9.23 A "partner" is considered to be either a civil partner or cohabiting partner of the MP in question.

9.24 All of the conditions at paragraphs 9.4 to 9.16 apply to travel by MPs' families, apart from paragraph 9.10 (railcards).

#### *Subsistence expenditure for MPs*

9.25 MPs may claim for Travel and Subsistence Expenditure for the cost of an overnight hotel stay where they have travelled as part of their parliamentary functions, and it would be unreasonable to return to any residence either in the London Area or their constituency.

9.26 Travel and Subsistence Expenditure may not be claimed for hotel stays in the London Area except in the circumstances at paragraph 9.37 below.

9.27 Where Travel and Subsistence Expenditure is claimed for hotel stays outside the United Kingdom, this is subject to an upper limit of £150 per night.

***These will be claimed by the MP in the usual manner, but a conversion factor will be applied to convert the currency to pounds sterling.***

9.28 Where Travel and Subsistence Expenditure is claimed for hotel stays inside the United Kingdom but outside the London Area, this is subject to an upper limit of £120 per night.

- 9.29 MPs may claim for the cost of purchasing food and non-alcoholic drinks where they have necessarily stayed overnight neither in the London Area nor their constituency. This is limited to £25 for each night.
- 9.30 MPs may claim reimbursement of the costs of an evening meal (excluding alcoholic drinks), when they are required to be at the House of Commons because the House is sitting beyond 7:30pm. This is limited to £15 for each night.

***MPs may either choose to purchase a meal at or away from the Parliamentary Estate. Under the Section 293A of the Income Tax (Earnings and Pensions) Act 2003, meals will be taxable if eaten away from the Parliamentary Estate. Meals eaten on the Parliamentary Estate will remain untaxed.***

#### *Subsistence expenditure for carers*

- 9.31 Where a dependant needs assistance from a carer other than an MP's spouse or partner while travelling on an allowable journey, the cost of the carer's necessary overnight hotel stay and subsistence may also be claimed.
- 9.32 For hotel stays the following upper limits apply for each carer:
- a. for hotels within the London Area, £150 per night; and
  - b. for hotels outside the London Area, £120 per night.
- 9.33 Subsistence is subject to an upper limit of £25 for each night for food and non-alcoholic drinks.

#### *Subsistence expenditure for staff*

- 9.34 Members may claim for the cost of an overnight hotel for a member of their staff, where the staff member has necessarily travelled in assisting the MP in his or her parliamentary functions, or is undertaking relevant training. Such claims may be made only when it would be unreasonable to return to any residence.
- 9.35 MPs may claim reimbursement for subsistence for their staff members if the staff member necessarily stays overnight in a hotel to assist the MP in his or her parliamentary functions, or if the staff member is undertaking training. Expenditure is limited to £25 for each night for food and non-alcoholic drinks.

9.36 For hotel stays the upper limits set out in paragraph 9.32 also apply for each staff member.

*Specific provision for late working in Parliament*

9.37 Where the House of Commons sits late or when MPs undertake their parliamentary functions in the House of Commons until late at night, MPs may use their discretion in claiming for reimbursement of taxi fares for journeys from the House of Commons to a London Area residence, or for the cost of an overnight stay in a hotel. Taxis will be subject to an upper limit of £80 for each such journey. Hotels will be subject to an upper limit of £150 per night.

***Travel and subsistence after late working in the House of Commons may be claimed at the MP's discretion and IPSA will not provide advice on individual circumstances.***

***MPs may wish to have regard to the HMRC's guidance on the tax status of claims for hotels and late-night taxis, which is available on our website.***

## CHAPTER TEN: MISCELLANEOUS EXPENDITURE AND FINANCIAL ASSISTANCE

### **A: DISABILITY ASSISTANCE**

- 10.1 Disability Assistance may be claimed by any MP for necessary additional expenditure incurred in the performance of an MP's parliamentary functions which is reasonably attributable to a disability of an MP, a staff member, a job applicant or constituents visiting the office or surgery.
- 10.2 In addition to the expenditure for which claims may be made under other parts of this Scheme, Disability Assistance may be claimed to meet the costs of any “reasonable adjustments” required by the Equality Act 2010 including:
- a. staff and associated costs;
  - b. IT and other specialist equipment;
  - c. office furniture;
  - d. necessary adjustments to office premises or accommodation;
  - e. necessary costs of securing larger office premises or accommodation; and
  - f. necessary additional travel costs (including for carers or support staff where necessary).

### *Conditions*

- 10.3 A claim for Disability Assistance must be accompanied by a clear statement of the nature of the condition in question and the assistance required.

***Claims for disability assistance can only be made for additional funding required by the MP which affects their ability to perform their parliamentary functions outside the Parliamentary Estate. There is no set limit on the amount of Disability Assistance an MP may receive; the level of allowable claims will be decided on a case by case basis.***

***It will not always be necessary for MPs or staff to undergo an assessment of their disability in order to determine what reasonable adjustments are required. In many cases, the individual will already understand what is needed. However, if such an assessment is required, the cost should be claimed under Disability Assistance.***

***MPs are recommended to seek prior approval for claims, especially if there is a large cost involved – for example, for buying specialist equipment IPSA will require an estimate of costs of the additional assistance in order to grant prior approval.***

***In some circumstances, particularly where a large cost is involved, IPSA may require an independent assessment of the disability to be provided.***

***If an MP or staff member has a temporary or minor injury which does not constitute a disability, for example a broken leg, it may be more suitable for them to claim for any required additional assistance from the Contingency Fund.***

## **B: SECURITY ASSISTANCE**

10.4 Security Assistance may be claimed for additional security measures that are necessary to enable the MP's parliamentary functions to be undertaken.

***Routine security measures should be claimed from the Office Costs Expenditure or Accommodation Expenditure budget.***

10.5 A claim may be made by any MP who considers that measures are necessary to safeguard the MP, or the MP's staff or equipment at any location outside the Parliamentary Estate where assistance towards the provision of such measures is not available from the House of Commons.

### *Conditions*

10.6 IPSA will not accept a claim for Security Assistance unless:

- a. it is provided with a copy of a report by a police force or security agency setting out the grounds for the proposed expenditure; and
- b. it is satisfied that the MP's ability to perform the MP's parliamentary functions in safety would be significantly impaired if the claim is not accepted.

10.7 Any claim for Security Assistance should be approved in principle before any contract is entered into to incur the expenditure. The in principle claim should be accompanied with an estimate of the costs to be incurred, obtained from a reliable supplier.

***The term "security agency" at 10.6a refers to the Home Office's Office for Security and Counter Terrorism, the Cabinet Office, the House of Commons Serjeant at Arms' office, the Parliamentary Security Coordinator or the Palace of Westminster Police. If an MP has extra security needs over and above what is set out elsewhere in the Scheme they should follow the steps outlined below.***

***MPs who consider that they have extra security requirements should in the first instance contact the IPSA Security Officer via email at [security@parliamentarystandards.org.uk](mailto:security@parliamentarystandards.org.uk)***

***MPs will be asked to outline briefly their reasons for the extra security and the contact details of the security agency/police advisor who has recommended this course of action. At this time IPSA will ask the security agency/police advisor for a written statement of the risks and their advice for extra support from IPSA. All police security assessments should be signed off by officers at or above the rank of Chief Inspector.***

***IPSA will then contact the security agency/police advisor to verify the statement and if content, process the application and advise the MP.***

### **C: INSURANCE**

10.8 In addition to any insurance which is payable under Parts 4 and 9 of this Scheme, MPs may claim in respect of premium payments for the following types of insurance:

- a. Employer's Liability Insurance, up to a limit of £10,000,000;
- b. Public Liability Insurance, up to a limit of £5,000,000;
- c. Travel Insurance, to cover travel under paragraph 9.2e.

10.9 No claim may be made under paragraph 10.8 if the MP is otherwise provided with the type of insurance in question by the House of Commons or by IPSA.

***Employer's Liability and Public Liability Insurance is provided by IPSA for the financial year 2011-12. MPs do not have to claim for it and no claims for this insurance will be paid.***

### **D: CONTINGENCY PAYMENTS**

10.10 Where an MP necessarily incurs expenditure or liability for expenditure related to the performance of the MP's parliamentary functions which is not covered by any of the budgets set out in this Scheme or, if it is covered by one or more of those budgets, it exceeds any financial limit that may apply, the MP may apply to IPSA to be reimbursed on an exceptional basis in respect of that expenditure.

10.11 IPSA may decide to accept or reject an application under paragraph 10.10 at its sole discretion, and in considering its decision shall take into account the following factors:

- a. whether there are exceptional circumstances warranting additional support;
- b. whether the MP could reasonably have been expected to take any action to avoid the circumstances which gave rise to the expenditure or liability; and
- c. whether the MP's performance of parliamentary functions will be significantly impaired by a refusal of the claim.

***To receive a contingency payment MPs must complete a request for a contingency payment which sets out the following:***

- ***a clear description of the situation;***
- ***a declaration that refusal of the claim will significantly affect their ability to perform their parliamentary functions and how this is the case; and***
- ***a declaration that they could not have foreseen or prevented the expenditure or liability and how this is the case.***

***To ensure that their application contains all the necessary information, MPs should use the proforma available on the IPSA website.***

***While it is understood that claims for contingency payments will vary in nature, it is expected that MPs should seek prior approval for claims. IPSA will require an estimate of costs involved in order to grant prior approval.***

***Any necessary expenditure on staff redundancies will be met from the Contingency Fund.***

#### **Temporary or Minor Injury**

***If an MP sustains an injury which is minor or temporary in nature and which they can demonstrate will significantly affect their ability to perform their parliamentary functions they may receive necessary additional financial assistance away from the Parliamentary Estate for the period for which the injury will affect them. This can be claimed as a contingency payment.***

***An example of this could be an MP who breaks his or her leg and who requires short-term additional financial assistance (away from the Parliamentary Estate). The MP must follow the normal procedure to apply for a contingency payment. The MP would also have to provide IPSA with a note from his or her GP or the House of Commons Safety Health and Wellbeing Service setting out what the injury is and for how long it is likely to affect him or her, as well as any receipts which show the additional payments made. (Please note MPs are already able to claim for some journeys by taxi due to injury as under paragraph 9.14b of the Scheme).***

***In cases of claims for additional assistance as a result of a temporary or minor injury, IPSA reserves the right to request a medical report if it feels the injury is more significant or permanent and therefore should be claimed through Disability Assistance.***

#### **Example of a contingency claim which is likely to be accepted**

***If an MP were to ask for an extrication payment to cover the costs of ending an expensive printer lease, this is likely to be accepted where the MP can show that this would present good value to the taxpayer. It may be possible to show this where the costs of continuing the lease would be greater than the cost of ending it.***

**Example of a contingency claim which is likely to be rejected**

***If an MP were to ask for a contingency payment to cover the cost of replacing stolen contents from their constituency office this claim would be rejected. This is because the MP could have foreseen or prevented the expenditure or liability by claiming for contents insurance for their constituency office. It may be decided that the MP should have taken responsibility to ensure that the contents were insured, the cost of which was already claimable, and therefore should not receive any additional assistance.***

**E: NECESSARY FINANCIAL ASSISTANCE**

10.12 In addition to any other payments or assistance provided by this Scheme, IPSA may, in its discretion and on an individual basis, pay claims with such additional financial assistance as it deems necessary to allow them to carry out their parliamentary functions effectively.

**Advances**

***MPs may apply for an interest-free advance of up to £4,000. This advance is to assist with cash-flow and help MPs to cover any costs they incur that are allowed under the Scheme and are exclusively in furtherance of their parliamentary functions. MPs wishing to request such advances should complete the form available on the IPSA website. MPs will be required to repay the loan by the end of the Parliament.***



## SCHEDULE 1: FUNDAMENTAL PRINCIPLES

1. Members of Parliament should always behave with probity and integrity when making claims on public resources. MPs should be held, and regard themselves, as personally responsible and accountable for expenses incurred, and claims made, and for adherence to these principles as well as to the rules.
2. Members of Parliament have the right to be reimbursed for unavoidable costs where they are incurred wholly, exclusively, and necessarily in the performance of their parliamentary functions, but not otherwise.
3. Members of Parliament must not exploit the system for personal financial advantage, nor to confer an undue advantage on a political organisation.
4.
  - a. The system should be open and transparent.
  - b. The system should be subject to independent audit and assurance.
5. The details of the expenses scheme for Members of Parliament should be determined independently of Parliament.
6. There should be clear, effective and proportionate sanctions for breaches of the rules, robustly enforced.
7. The presumption should be that in matters relating to expenses, MPs should be treated in the same manner as other citizens. If the arrangements depart from those which would normally be expected elsewhere, those departures need to be explicitly justified.
8. The scheme should provide value for the taxpayer. Value for money should not necessarily be judged by reference to financial costs alone.
9. Arrangements should be flexible enough to take account of the diverse working patterns and demands placed upon individual MPs, and should not unduly deter representation from all sections of society.
10. The system should be clear and understandable. If it is difficult to explain an element of the system in terms which the general public will regard as reasonable, that is a powerful argument against it.
11. The system should prohibit MPs from entering into arrangements which might appear to create a conflict of interests in the use of public resources.
12. The system must give the public confidence that high standards of honesty will be upheld.

## SCHEDULE 2: LIST OF CONSTITUENCIES IN THE LONDON AREA

1	Barking	42	Hackney North and Stoke Newington
2	Battersea	43	Hackney South and Shoreditch
3	Beaconsfield	44	Hammersmith
4	Beckenham	45	Hampstead and Kilburn
5	Bermondsey and Old Southwark	46	Harlow
6	Bethnal Green and Bow	47	Harrow East
7	Bexleyheath and Crayford	48	Harrow West
8	Brent Central	49	Hayes and Harlington
9	Brent North	50	Hendon
10	Brentford and Isleworth	51	Hertford and Stortford
11	Brentwood and Ongar	52	Hertsmere
12	Bromley and Chislehurst	53	Holborn and St Pancras
13	Broxbourne	54	Hornchurch and Upminster
14	Camberwell and Peckham	55	Hornsey and Wood Green
15	Carshalton and Wallington	56	Ilford North
16	Chelsea and Fulham	57	Ilford South
17	Chingford and Woodford Green	58	Islington North
18	Chipping Barnet	59	Islington South and Finsbury
19	Cities of London and Westminster	60	Kensington
20	Croydon Central	61	Kingston and Surbiton
21	Croydon North	62	Lewisham East
22	Croydon South	63	Lewisham West and Penge
23	Dagenham and Rainham	64	Lewisham, Deptford
24	Dartford	65	Leyton and Wanstead
25	Dulwich and West Norwood	66	Mitcham and Morden
26	Ealing Central and Acton	67	Mole Valley
27	Ealing North	68	North East Hertfordshire
28	Ealing, Southall	69	Old Bexley and Sidcup
29	East Ham	70	Orpington
30	East Surrey	71	Poplar and Limehouse
31	Edmonton	72	Putney
32	Eltham	73	Reigate
33	Enfield North	74	Richmond Park
34	Enfield, Southgate	75	Romford
35	Epping Forest	76	Ruislip, Northwood and Pinner
36	Epsom and Ewell	77	Runnymede and Weybridge
37	Erith and Thamesmead	78	Sevenoaks
38	Esher and Walton	79	Slough
39	Feltham and Heston	80	South West Hertfordshire
40	Finchley and Golders Green	81	Spelthorne
41	Greenwich and Woolwich	82	St Albans

- 83 Streatham
- 84 Sutton and Cheam
- 85 Thurrock
- 86 Tooting
- 87 Tottenham
- 88 Twickenham
- 89 Uxbridge and South Ruislip
- 90 Vauxhall
- 91 Walthamstow
- 92 Watford
- 93 Welwyn Hatfield
- 94 West Ham
- 95 Westminster North
- 96 Wimbledon
- 97 Windsor

**SCHEDULE 3: LIST OF CONSTITUENCIES WHOSE MPS ARE ELIGIBLE FOR ADDITIONAL LONDON ARE LIVING PAYMENT OF £1,330**

1. Beaconsfield
2. Brentwood and Ongar
3. Broxbourne
4. Dartford
5. East Surrey
6. Epping Forest
7. Epsom and Ewell
8. Esher and Walton
9. Harlow
10. Hertford and Stortford
11. Hertsmere
12. Mole Valley
13. North East Hertfordshire
14. Reigate
15. Runnymede and Weybridge
16. Sevenoaks
17. Slough
18. South West Hertfordshire
19. Spelthorne
20. St Albans
21. Thurrock
22. Watford
23. Welwyn Hatfield
24. Windsor

## **ANNEX A: MORTGAGE INTEREST SUBSIDIES AND REPAYMENT OF CAPITAL GAINS – CONDITIONS AND GUIDANCE**

This Annex sets out the transitional arrangements devised to assist returning MPs who currently claim a mortgage interest subsidy on their property whilst they make alternative arrangements, and sets out the process of establishing the appropriate level of any capital gains accruing on the property during this period to be recouped by IPSA.

Returning MPs who received a mortgage interest subsidy on their property in the previous parliament may continue to claim such a subsidy on the same property, up to a maximum of £17,500 per year, during a transitional period ending 31 August 2012 on the following basis:

1. MPs designating a property for which they wish to claim a mortgage interest subsidy will not be able to change the designation to any other property.
2. MPs claiming a mortgage interest subsidy must occupy the property for which they are claiming this subsidy.
3. MPs cannot claim rent under Accommodation Expenses if they claim a mortgage interest subsidy.
4. MPs can apply for a mortgage interest subsidy only once they have had their property independently valued by a valuer regulated by the Royal Institution of Chartered Surveyors.
5. MPs must, with their application, submit the valuation and a certified copy of their mortgage contract which sets out details of their loans.
6. IPSA may – on receipt of a statement from the mortgage lender – provide an advance on mortgage interest payments prior to the application being approved. IPSA will provide such an advance only for a single month's mortgage interest and will not do so beyond 31 May 2010.
7. Once the application for a mortgage interest subsidy has been made, IPSA will calculate the publicly subsidised share of the property on the basis of the valuation of the property and the value of the loan (or part thereof) being subsidised by IPSA.
8. The publicly subsidised share of the property will be the percentage of the value of the loan the interest on which is paid for by mortgage interest subsidy to the value of the property as calculated by the valuer (illustration below).
9. MPs must, on a monthly basis, provide IPSA with a mortgage statement from their mortgage lender, stating the mortgage interest payments to the lender and any capital repayments to the lender.
10. MPs must, between 1 – 31 August 2012, secure a further independent valuation of their property by a valuer regulated by the Royal Institution of Chartered Surveyors. This second valuation will be used to calculate any notional gains the subsidised properties may have accrued during the transitional period.

11. IPSA will, once the second valuation has been carried out, adjust the subsidised loan-to-value ratio of the property to reflect any capital repayments, taking into account when such repayments were made. Any increase in value will be assumed to have been a consistent month on month increase over the transitional period.
12. Any increase in the value of the publicly subsidised share of the property will be regarded as a proportion of the overall capital gain of the property during the transitional period commensurate with the proportion of the publicly subsidised share.
13. IPSA will recoup the public share of any notional gain.
14. MPs must by 30 November 2012 repay to IPSA the public share of the notional gain accrued during the transitional period. Where the three month limit will create hardship for MPs, IPSA will consider applications for a longer repayment period, up to the end of the Parliament. Please note that such an extended period of repayment may create a tax liability: MPs should seek advice from HMRC before entering into a longer repayment period. There will be no requirement for MPs to sell their properties and IPSA will not pay for any early repayment charges where an MP elects to sell their property.
15. MPs choosing to stop claiming for their properties before the end of the transitional period must secure an independent valuation by a valuer regulated by the Royal Institution of Chartered Surveyors at the point at which they stop claiming to establish the value of any gain up to that point in time.
16. MPs choosing to sell their properties before the end of the transitional period must secure an independent valuation by a valuer regulated by the Royal Institution of Chartered Surveyors to establish any gain up to the point at which they place the property on the market:
  - If the property is sold for a sum higher than the valuation, this higher figure will be used to calculate any gain;
  - If the property is sold for a sum lower than the valuation, this lower figure will be used to calculate any gain unless the property is sold to a connected party as defined at 3.13 of the Scheme, in which case the sum at valuation will be used to calculate any gain.
17. MPs who either stop claiming for or sell their subsidised property before the end of the transitional period must repay the public share of the gain within three months of ceasing to claim or completion of the sale. Again, where the three month limit will create hardship for MPs, IPSA will consider applications for a longer repayment period, up to the end of the Parliament.
18. MPs who carry out capital improvements to properties for which they receive a mortgage interest subsidy during the transitional period should be aware that such capital improvements will not generally be taken into consideration when calculating the value of the publicly subsidised share of any capital gain on the property. If any MP considers that there are exceptional circumstances justifying a departure from this rule, the case should be made to IPSA at the earliest opportunity, and, in any event, no later than one month after the completion of such works.

19. From 1 September 2012 IPSA will fund only rented properties.

#### **Advice**

- i. MPs will receive a mortgage interest subsidy only once they have had a valuation carried out by an RICS-regulated valuer. MPs are therefore encouraged to do so as soon as possible following the general election.
- ii. The website [www.rics.org/uk](http://www.rics.org/uk) will help MPs locate regulated valuers.
- iii. Property valuations are not an allowable expense under the scheme. MPs applying for a mortgage subsidy will therefore be required to pay for these valuations themselves.

#### **Illustration A**

1. An MP's flat is valued in May 2010 at £200,000. The MP has a £100,000 interest only mortgage and applies for a subsidy for the whole of the mortgage interest on the mortgage. The publicly subsidised share of the property is, therefore, 50 per cent and IPSA will recoup 50 per cent of any increase in the value of the flat between the first and second valuation.
2. If, therefore, at the end of the transition period, the flat is valued at £220,000, the gain during this period will be £20,000 and IPSA's share of that will be £10,000.

#### **Illustration B**

1. An MP's flat is valued in May 2010 at £200,000. The MP has a £100,000 repayment mortgage and applies for a subsidy for the whole of the mortgage interest on the mortgage. The publicly subsidised share of the property is, therefore, 50 per cent at the start of the transitional period.
2. The MP makes capital repayments of £500 per month during the transitional period. Each month IPSA amends the loan-to-value ratio accordingly, reducing the publicly subsidised share of the property.
3. At the end of the transitional period in August 2010, the flat is valued at £220,000, registering a gain of £20,000 – or a month on month gain of £740.74 over 27 months.
4. The publicly subsidised share of the property will by this time have reduced to 39% of the new value. However, when the changing relative interest in the property is applied to take account of the gradual reduction in the publicly funded share over the period, the public share of the gain will be 43.27% – or £8,704.80.

**ANNEX B: BANDINGS FOR ACCOMMODATION EXPENDITURE**

Constituency Name	Band	Total Accommodation Limit (Annual)
Aberavon	E	£9,472
Aberconwy	D	£10,866
Aberdeen North	D	£10,866
Aberdeen South	D	£10,866
Airdrie and Shotts	E	£9,472
Aldershot	A	£15,050
Aldridge-Brownhills	E	£9,472
Altrincham and Sale West	D	£10,866
Alyn and Deeside	E	£9,472
Amber Valley	E	£9,472
Angus	E	£9,472
Arfon	D	£10,866
Argyll and Bute	E	£9,472
Arundel and South Downs	C	£12,261
Ashfield	E	£9,472
Ashford	D	£10,866
Ashton-under-Lyne	E	£9,472
Aylesbury	C	£12,261
Ayr, Carrick and Cumnock	E	£9,472
Banbury	C	£12,261
Banff and Buchan	D	£10,866
Barnsley Central	E	£9,472
Barnsley East	E	£9,472
Barrow and Furness	E	£9,472
Basildon and Billericay	A	£15,050
Basingstoke	A	£15,050
Bassetlaw	E	£9,472
Bath	A	£15,050
Batley and Spen	E	£9,472
Bedford	D	£10,866
Belfast East	D	£10,866
Belfast North	D	£10,866
Belfast South	E	£9,472
Belfast West	D	£10,866
Berwickshire, Roxburgh and Selkirk	E	£9,472
Berwick-upon-Tweed	E	£9,472
Beverley and Holderness	E	£9,472
Bexhill and Battle	D	£10,866



Birkenhead	D	£10,866
Birmingham, Edgbaston	D	£10,866
Birmingham, Erdington	D	£10,866
Birmingham, Hall Green	D	£10,866
Birmingham, Hodge Hill	D	£10,866
Birmingham, Ladywood	D	£10,866
Birmingham, Northfield	D	£10,866
Birmingham, Perry Barr	D	£10,866
Birmingham, Selly Oak	D	£10,866
Birmingham, Yardley	D	£10,866
Bishop Auckland	E	£9,472
Blackburn	E	£9,472
Blackley and Broughton	C	£12,261
Blackpool North and Cleveleys	D	£10,866
Blackpool South	D	£10,866
Blaenau Gwent	E	£9,472
Blaydon	D	£10,866
Blyth Valley	E	£9,472
Bognor Regis and Littlehampton	C	£12,261
Bolsover	E	£9,472
Bolton North East	E	£9,472
Bolton South East	E	£9,472
Bolton West	E	£9,472
Bootle	D	£10,866
Boston and Skegness	E	£9,472
Bosworth	E	£9,472
Bournemouth East	C	£12,261
Bournemouth West	C	£12,261
Bracknell	B	£13,655
Bradford East	E	£9,472
Bradford South	E	£9,472
Bradford West	E	£9,472
Braintree	D	£10,866
Brecon and Radnorshire	E	£9,472
Bridgend	E	£9,472
Bridgwater and West Somerset	D	£10,866
Brigg and Goole	E	£9,472
Brighton, Kemptown	A	£15,050
Brighton, Pavilion	A	£15,050
Bristol East	B	£13,655
Bristol North West	B	£13,655
Bristol South	B	£13,655
Bristol West	B	£13,655

Broadland	D	£10,866
Bromsgrove	D	£10,866
Broxtowe	D	£10,866
Buckingham	C	£12,261
Burnley	E	£9,472
Burton	D	£10,866
Bury North	E	£9,472
Bury South	E	£9,472
Bury St. Edmunds	D	£10,866
Caerphilly	E	£9,472
Caithness, Sutherland and Easter Ross	E	£9,472
Calder Valley	E	£9,472
Camborne and Redruth	C	£12,261
Cambridge	A	£15,050
Cannock Chase	D	£10,866
Canterbury	C	£12,261
Cardiff Central	D	£10,866
Cardiff North	D	£10,866
Cardiff South and Penarth	D	£10,866
Cardiff West	D	£10,866
Carlisle	E	£9,472
Carmarthen East and Dinefwr	E	£9,472
Carmarthen West and South Pembrokeshire	E	£9,472
Castle Point	A	£15,050
Central Ayrshire	E	£9,472
Central Devon	C	£12,261
Central Suffolk and North Ipswich	D	£10,866
Ceredigion	D	£10,866
Charnwood	D	£10,866
Chatham and Aylesford	A	£15,050
Cheadle	D	£10,866
Chelmsford	A	£15,050
Cheltenham	C	£12,261
Chesham and Amersham	A	£15,050
Chesterfield	E	£9,472
Chichester	C	£12,261
Chippenham	D	£10,866
Chorley	D	£10,866
Christchurch	C	£12,261
City of Chester	D	£10,866
City of Durham	E	£9,472
Clacton	D	£10,866
Cleethorpes	E	£9,472

Clwyd South	E	£9,472
Clwyd West	D	£10,866
Coatbridge, Chryston and Bellshill	E	£9,472
Colchester	D	£10,866
Colne Valley	E	£9,472
Congleton	D	£10,866
Copeland	E	£9,472
Corby	E	£9,472
Coventry North East	D	£10,866
Coventry North West	D	£10,866
Coventry South	D	£10,866
Crawley	A	£15,050
Crewe and Nantwich	D	£10,866
Cumbernauld, Kilsyth and Kirkintilloch East	E	£9,472
Cynon Valley	E	£9,472
Darlington	E	£9,472
Daventry	D	£10,866
Delyn	E	£9,472
Denton and Reddish	E	£9,472
Derby North	E	£9,472
Derby South	E	£9,472
Derbyshire Dales	D	£10,866
Devizes	C	£12,261
Dewsbury	E	£9,472
Don Valley	E	£9,472
Doncaster Central	E	£9,472
Doncaster North	E	£9,472
Dover	D	£10,866
Dudley North	E	£9,472
Dudley South	E	£9,472
Dumfries and Galloway	E	£9,472
Dumfriesshire, Clydesdale and Tweeddale	E	£9,472
Dundee East	E	£9,472
Dundee West	E	£9,472
Dunfermline and West Fife	E	£9,472
Dwyfor Meirionnydd	E	£9,472
Easington	E	£9,472
East Antrim	E	£9,472
East Devon	C	£12,261
East Dunbartonshire	E	£9,472
East Hampshire	B	£13,655
East Kilbride, Strathaven and Lesmahagow	E	£9,472
East Londonderry	E	£9,472

East Lothian	E	£9,472
East Renfrewshire	E	£9,472
East Worthing and Shoreham	C	£12,261
East Yorkshire	E	£9,472
Eastbourne	D	£10,866
Eastleigh	C	£12,261
Eddisbury	D	£10,866
Edinburgh East	E	£9,472
Edinburgh North and Leith	E	£9,472
Edinburgh South	E	£9,472
Edinburgh South West	E	£9,472
Edinburgh West	E	£9,472
Ellesmere Port and Neston	D	£10,866
Elmet and Rothwell	D	£10,866
Erewash	D	£10,866
Exeter	C	£12,261
Falkirk	E	£9,472
Fareham	C	£12,261
Faversham and Mid Kent	C	£12,261
Fermanagh and South Tyrone	E	£9,472
Filton and Bradley Stoke	B	£13,655
Folkestone and Hythe	D	£10,866
Forest of Dean	C	£12,261
Foyle	E	£9,472
Fylde	D	£10,866
Gainsborough	E	£9,472
Garston and Halewood	D	£10,866
Gateshead	D	£10,866
Gedling	D	£10,866
Gillingham and Rainham	D	£10,866
Glasgow Central	E	£9,472
Glasgow East	E	£9,472
Glasgow North	E	£9,472
Glasgow North East	E	£9,472
Glasgow North West	E	£9,472
Glasgow South	E	£9,472
Glasgow South West	E	£9,472
Glenrothes	E	£9,472
Gloucester	C	£12,261
Gordon	D	£10,866
Gosport	C	£12,261
Gower	D	£10,866
Grantham and Stamford	E	£9,472

Gravesham	A	£15,050
Great Grimsby	E	£9,472
Great Yarmouth	E	£9,472
Guildford	A	£15,050
Halesowen and Rowley Regis	E	£9,472
Halifax	E	£9,472
Haltemprice and Howden	E	£9,472
Halton	D	£10,866
Harborough	D	£10,866
Harrogate and Knaresborough	D	£10,866
Hartlepool	E	£9,472
Harwich and North Essex	D	£10,866
Hastings and Rye	D	£10,866
Havant	C	£12,261
Hazel Grove	D	£10,866
Hemel Hempstead	A	£15,050
Hemsworth	E	£9,472
Henley	A	£15,050
Hereford and South Herefordshire	E	£9,472
Hexham	D	£10,866
Heywood and Middleton	E	£9,472
High Peak	D	£10,866
Hitchin and Harpenden	A	£15,050
Horsham	B	£13,655
Houghton and Sunderland South	E	£9,472
Hove	A	£15,050
Huddersfield	E	£9,472
Huntingdon	D	£10,866
Hyndburn	E	£9,472
Inverclyde	E	£9,472
Inverness, Nairn, Badenoch and Strathspey	E	£9,472
Ipswich	D	£10,866
Isle of Wight	D	£10,866
Islwyn	E	£9,472
Jarrow	D	£10,866
Keighley	E	£9,472
Kenilworth and Southam	D	£10,866
Kettering	E	£9,472
Kilmarnock and Loudoun	E	£9,472
Kingston upon Hull East	E	£9,472
Kingston upon Hull North	E	£9,472
Kingston upon Hull West and Hessle	E	£9,472
Kingswood	B	£13,655

Kirkcaldy and Cowdenbeath	E	£9,472
Knowsley	D	£10,866
Lagan Valley	E	£9,472
Lanark and Hamilton East	E	£9,472
Lancaster and Fleetwood	E	£9,472
Leeds Central	D	£10,866
Leeds East	D	£10,866
Leeds North East	D	£10,866
Leeds North West	D	£10,866
Leeds West	D	£10,866
Leicester East	D	£10,866
Leicester South	D	£10,866
Leicester West	D	£10,866
Leigh	E	£9,472
Lewes	A	£15,050
Lichfield	D	£10,866
Lincoln	E	£9,472
Linlithgow and East Falkirk	E	£9,472
Liverpool, Riverside	D	£10,866
Liverpool, Walton	D	£10,866
Liverpool, Wavertree	D	£10,866
Liverpool, West Derby	D	£10,866
Livingston	E	£9,472
Llanelli	E	£9,472
Loughborough	D	£10,866
Louth and Horncastle	E	£9,472
Ludlow	D	£10,866
Luton North	A	£15,050
Luton South	A	£15,050
Macclesfield	D	£10,866
Maidenhead	A	£15,050
Maidstone and The Weald	C	£12,261
Makerfield	E	£9,472
Maldon	C	£12,261
Manchester Central	C	£12,261
Manchester, Gorton	C	£12,261
Manchester, Withington	C	£12,261
Mansfield	E	£9,472
Meon Valley	B	£13,655
Meriden	D	£10,866
Merthyr Tydfil and Rhymney	E	£9,472
Mid Bedfordshire	D	£10,866
Mid Derbyshire	E	£9,472

Mid Dorset and North Poole	C	£12,261
Mid Norfolk	D	£10,866
Mid Sussex	A	£15,050
Mid Ulster	E	£9,472
Mid Worcestershire	D	£10,866
Middlesbrough	E	£9,472
Middlesbrough South and East Cleveland	E	£9,472
Midlothian	E	£9,472
Milton Keynes North	A	£15,050
Milton Keynes South	A	£15,050
Monmouth	D	£10,866
Montgomeryshire	E	£9,472
Moray	E	£9,472
Morecambe and Lunesdale	E	£9,472
Morley and Outwood	D	£10,866
Motherwell and Wishaw	E	£9,472
Na h-Eileanan an Iar	E	£9,472
Neath	E	£9,472
New Forest East	C	£12,261
New Forest West	C	£12,261
Newark	E	£9,472
Newbury	C	£12,261
Newcastle upon Tyne Central	D	£10,866
Newcastle upon Tyne East	D	£10,866
Newcastle upon Tyne North	D	£10,866
Newcastle-under-Lyme	E	£9,472
Newport East	E	£9,472
Newport West	E	£9,472
Newry and Armagh	E	£9,472
Newton Abbot	D	£10,866
Normanton, Pontefract and Castleford	E	£9,472
North Antrim	E	£9,472
North Ayrshire and Arran	E	£9,472
North Cornwall	E	£9,472
North Devon	D	£10,866
North Dorset	D	£10,866
North Down	E	£9,472
North Durham	E	£9,472
North East Bedfordshire	A	£15,050
North East Cambridgeshire	D	£10,866
North East Derbyshire	E	£9,472
North East Fife	E	£9,472
North East Hampshire	A	£15,050

North East Somerset	A	£15,050
North Herefordshire	E	£9,472
North Norfolk	D	£10,866
North Shropshire	D	£10,866
North Somerset	B	£13,655
North Swindon	C	£12,261
North Thanet	E	£9,472
North Tyneside	D	£10,866
North Warwickshire	D	£10,866
North West Cambridgeshire	D	£10,866
North West Durham	E	£9,472
North West Hampshire	B	£13,655
North West Leicestershire	D	£10,866
North West Norfolk	E	£9,472
North Wiltshire	D	£10,866
Northampton North	D	£10,866
Northampton South	D	£10,866
Norwich North	D	£10,866
Norwich South	D	£10,866
Nottingham East	D	£10,866
Nottingham North	D	£10,866
Nottingham South	D	£10,866
Nuneaton	E	£9,472
Ochil and South Perthshire	E	£9,472
Ogmore	E	£9,472
Oldham East and Saddleworth	E	£9,472
Oldham West and Royton	E	£9,472
Orkney and Shetland	E	£9,472
Oxford East	A	£15,050
Oxford West and Abingdon	A	£15,050
Paisley and Renfrewshire North	E	£9,472
Paisley and Renfrewshire South	E	£9,472
Pendle	E	£9,472
Penistone and Stocksbridge	D	£10,866
Penrith and The Border	E	£9,472
Perth and North Perthshire	E	£9,472
Peterborough	D	£10,866
Plymouth, Moor View	D	£10,866
Plymouth, Sutton and Devonport	D	£10,866
Pontypridd	E	£9,472
Poole	C	£12,261
Portsmouth North	C	£12,261
Portsmouth South	C	£12,261



Preseli Pembrokeshire	E	£9,472
Preston	D	£10,866
Pudsey	D	£10,866
Rayleigh and Wickford	C	£12,261
Reading East	A	£15,050
Reading West	A	£15,050
Redcar	E	£9,472
Redditch	D	£10,866
Rhondda	E	£9,472
Ribble Valley	E	£9,472
Richmond (Yorks)	E	£9,472
Rochdale	E	£9,472
Rochester and Strood	A	£15,050
Rochford and Southend East	C	£12,261
Romsey and Southampton North	C	£12,261
Ross, Skye and Lochaber	E	£9,472
Rossendale and Darwen	E	£9,472
Rother Valley	E	£9,472
Rotherham	E	£9,472
Rugby	D	£10,866
Rushcliffe	D	£10,866
Rutherglen and Hamilton West	E	£9,472
Rutland and Melton	D	£10,866
Saffron Walden	C	£12,261
Salford and Eccles	C	£12,261
Salisbury	C	£12,261
Scarborough and Whitby	E	£9,472
Scunthorpe	E	£9,472
Sedgefield	E	£9,472
Sefton Central	D	£10,866
Selby and Ainsty	D	£10,866
Sheffield Central	D	£10,866
Sheffield South East	D	£10,866
Sheffield, Brightside and Hillsborough	D	£10,866
Sheffield, Hallam	D	£10,866
Sheffield, Heeley	D	£10,866
Sherwood	E	£9,472
Shipley	E	£9,472
Shrewsbury and Atcham	D	£10,866
Sittingbourne and Sheppey	D	£10,866
Skipton and Ripon	E	£9,472
Sleaford and North Hykeham	E	£9,472
Solihull	D	£10,866

Somerton and Frome	D	£10,866
South Antrim	E	£9,472
South Basildon and East Thurrock	A	£15,050
South Cambridgeshire	A	£15,050
South Derbyshire	D	£10,866
South Dorset	C	£12,261
South Down	E	£9,472
South East Cambridgeshire	A	£15,050
South East Cornwall	D	£10,866
South Holland and The Deepings	E	£9,472
South Leicestershire	D	£10,866
South Norfolk	D	£10,866
South Northamptonshire	D	£10,866
South Ribble	D	£10,866
South Shields	D	£10,866
South Staffordshire	E	£9,472
South Suffolk	D	£10,866
South Swindon	C	£12,261
South Thanet	C	£12,261
South West Bedfordshire	A	£15,050
South West Devon	D	£10,866
South West Norfolk	E	£9,472
South West Surrey	A	£15,050
South West Wiltshire	D	£10,866
Southampton, Itchen	C	£12,261
Southampton, Test	C	£12,261
Southend West	C	£12,261
Southport	D	£10,866
St. Austell and Newquay	C	£12,261
St. Helens North	E	£9,472
St. Helens South and Whiston	E	£9,472
St. Ives	C	£12,261
Stafford	D	£10,866
Staffordshire Moorlands	E	£9,472
Stalybridge and Hyde	E	£9,472
Stevenage	A	£15,050
Stirling	E	£9,472
Stockport	D	£10,866
Stockton North	E	£9,472
Stockton South	E	£9,472
Stoke-on-Trent Central	E	£9,472
Stoke-on-Trent North	E	£9,472
Stoke-on-Trent South	E	£9,472

Stone	D	£10,866
Stourbridge	E	£9,472
Strangford	E	£9,472
Stratford-on-Avon	D	£10,866
Stretford and Urmston	C	£12,261
Stroud	C	£12,261
Suffolk Coastal	D	£10,866
Sunderland Central	E	£9,472
Surrey Heath	A	£15,050
Sutton Coldfield	D	£10,866
Swansea East	D	£10,866
Swansea West	D	£10,866
Tamworth	D	£10,866
Tatton	D	£10,866
Taunton Deane	D	£10,866
Telford	D	£10,866
Tewkesbury	C	£12,261
The Cotswolds	C	£12,261
The Wrekin	D	£10,866
Thirsk and Malton	E	£9,472
Thornbury and Yate	B	£13,655
Tiverton and Honiton	D	£10,866
Tonbridge and Malling	A	£15,050
Torbay	D	£10,866
Torfaen	E	£9,472
Torridge and West Devon	D	£10,866
Totnes	D	£10,866
Truro and Falmouth	C	£12,261
Tunbridge Wells	B	£13,655
Tynemouth	D	£10,866
Upper Bann	E	£9,472
Vale of Clwyd	D	£10,866
Vale of Glamorgan	D	£10,866
Wakefield	E	£9,472
Wallasey	D	£10,866
Walsall North	E	£9,472
Walsall South	E	£9,472
Wansbeck	E	£9,472
Wantage	A	£15,050
Warley	D	£10,866
Warrington North	D	£10,866
Warrington South	D	£10,866
Warwick and Leamington	D	£10,866

Washington and Sunderland West	E	£9,472
Waveney	E	£9,472
Wealden	B	£13,655
Weaver Vale	D	£10,866
Wellingborough	E	£9,472
Wells	D	£10,866
Wentworth and Dearne	E	£9,472
West Aberdeenshire and Kincardine	D	£10,866
West Bromwich East	E	£9,472
West Bromwich West	E	£9,472
West Dorset	D	£10,866
West Dunbartonshire	E	£9,472
West Lancashire	D	£10,866
West Suffolk	D	£10,866
West Tyrone	E	£9,472
West Worcestershire	D	£10,866
Westmorland and Lonsdale	D	£10,866
Weston-Super-Mare	D	£10,866
Wigan	E	£9,472
Wimbledon	A	£15,050
Winchester	B	£13,655
Wirral South	D	£10,866
Wirral West	D	£10,866
Witham	D	£10,866
Witney	A	£15,050
Woking	A	£15,050
Wokingham	B	£13,655
Wolverhampton North East	E	£9,472
Wolverhampton South East	E	£9,472
Wolverhampton South West	E	£9,472
Worcester	D	£10,866
Workington	E	£9,472
Worsley and Eccles South	C	£12,261
Worthing West	C	£12,261
Wrexham	E	£9,472
Wycombe	A	£15,050
Wyre and Preston North	D	£10,866
Wyre Forest	D	£10,866
Wythenshawe and Sale East	D	£10,866
Yeovil	D	£10,866
Ynys Mon	D	£10,866
York Central	D	£10,866
York Outer	D	£10,866

## **ANNEX C: OTHER PAYMENT METHODS**

### **Advances**

MPs may claim payment in advance for items of £200 or more for any expense type except mileage. MPs can claim an advance by selecting “Yes, not yet Paid” under the information field “Advance?” on the claim form for the relevant expense type, and submitting an unpaid invoice. The MP is then required to submit a receipt within one month of our paying the advance, using the “RECEIPTS: Supporting Invoice” form.

For some types of expense the supplier may not provide a receipt. These are: utility bills; telephone bills; rental claims; council tax; and business rates. For these expense types, we will not expect MPs to submit any further supporting evidence after we have paid the advance.

### **Payment card**

IPSA will on request provide MPs with a payment card which can be used to pay for:

1. travel (including tolls and congestion charges, but excluding mileage and taxis);
2. utilities such as electricity, water, gas and heating fuels;
3. council tax and business rates;
4. hotels;
5. stationery; and
6. constituency office telephone bills for landlines.

Each transaction is limited to £500, and the monthly credit limit is £4000. IPSA may consider increases to these limits if requested by an MP.

Once a month, IPSA will send a reconciliation form to the MP’s or proxy’s account on the online Expenses System, under “Claims/Forms in Progress”. The form will contain the details of each transaction the MP has made that month. MPs will need to complete the remaining details, submit the form online and send us all supporting evidence in hard copy.

Each month MPs will receive an email when their reconciliation form is in the account and ready for completion. MPs must submit their reconciliation forms and evidence, ideally within two weeks and at the latest within 30 days of receiving the email. If MPs do not complete their reconciliation forms within 30 days without good reason, IPSA may suspend the use of the payment card until the outstanding reconciliation forms are complete.

Use of the card may also be suspended if it is persistently or seriously used outside the Scheme. Where MPs have used the card outside the Scheme or the guidance for its use, they should select “Not Claimed” on the reconciliation form and send IPSA a cheque.

IPSA may also seek repayment for use of the card where an MP does not reconcile after the card is suspended, or we determine that a purchase cannot be paid and mark it “Not Paid” on the reconciliation form.

### **Payments to landlords**

IPSA is able to make payments directly to MPs’ landlords for rental of accommodation and constituency offices, once MPs have registered their rental agreement with IPSA. MPs can request direct payments by completing the “Simplified Payments Application Form” on our website, and sending a signed copy to us.

MPs should allow 28 days for the first payment to be set up.

MPs will be notified when the payment has been set up, and IPSA will then pay the landlord automatically each month, quarter or year as appropriate. While an MP’s landlord is receiving direct payments, the online Expenses System will not offer the option of claiming reimbursement for rent for that property.

MPs must inform IPSA immediately if the rental agreement ends or is renewed, or if there are any changes (such as a change in the rental amount or the landlord’s payment details). For rental agreements longer than a year, once every 12 months the MP will need to confirm in writing the details of the rental agreement and that it remains in force.

### **Deposit loans**

As detailed in paragraphs 4.23 and 6.11, MPs may apply for a loan for any deposit payable at the start of a tenancy for their constituency office or accommodation. MPs can request this by completing the “Rental Property Deposit Loan Agreement” on our website, and sending it to IPSA with their final or draft rental agreement. MPs will need to repay the loan within one month of the deposit being repaid to the MP, or the rental agreement ending, or ceasing to be an MP (whichever is earliest).

## **Report on the Consultation of January-February 2011**

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## CHAPTER 1: INTRODUCTION

### The Report

- 1.1 This document is the Report on the public consultation held by the Independent Parliamentary Standards Authority (IPSA) as part of the first Annual Review of the MPs' Expenses Scheme (the Scheme). The consultation was launched on 5 January 2011 and closed on 11 February 2011, and complied with section 5(4) of the Parliamentary Standards Act. This section obliges IPSA, when revising the Scheme, to consult with:
- a. the Speaker of the House of Commons;
  - b. the Committee on Standards in Public Life;
  - c. the Leader of the House of Commons;
  - d. any Committee of the House of Commons nominated by the Speaker (none were);
  - e. members of the House of Commons;
  - f. the Review Body on Senior Salaries;
  - g. Her Majesty's Revenue and Customs;
  - h. the Treasury; and
  - i. any other person IPSA considers appropriate (in this case, the public).
- 1.2 IPSA received 358 written responses to the consultation, from the public, interested organisations, MPs' staff and MPs themselves. In addition, the online consultation survey attracted 1,498 responses. IPSA is grateful to all who replied. Inevitably, in this Report only a selection of responses can be presented, but each one has been analysed.
- 1.3 The Annual Review has focussed on the scope for simplification of the Scheme, and the balance between having prescriptive rules in place and MPs having discretion to take, and be responsible for, their own decisions about how to manage their work. This is, therefore, the first issue covered in this Report.
- 1.4 The consultation document also identified three specific themes for the Review:
- a. the impact of the Scheme on MPs' family life;
  - b. the impact of the Scheme's definition of the London Area; and
  - c. the effect of the limits of expenditure for staffing and renting a constituency office.
- 1.5 This Report echoes the format of the consultation document by addressing these three themes first, in chapters 2 to 5, and then covering the questions posed about all other parts of the Scheme. It does not follow exactly the order of questions in the consultation

document (although each question is numbered the same), but instead brings together the questions which relate to the same issues for the new Scheme. Finally, the Report concludes with a summary of the responses to the online consultation survey (Annex A) and with a list of the constituencies that comprise the new London Area (Annex B).

## A Direction of Travel

- 1.6 As explained above, the consultation began by addressing the longer term outlook for the Scheme.

*Question 1: What are your views on the choice between having an Expenses Scheme based on prescriptive rules and a Scheme which relies much more heavily on MPs taking greater personal responsibility for their claims, within a framework of general principles? Both are supported by transparency through publication.*

### Consultation Responses

- 1.7 75 responses commented on this question, nearly 50 of which were from the public. 22 MPs commented individually, and responses were also sent by the main Parliamentary parties. Other responses came from MPs' staff and other organisations.
- 1.8 Overwhelmingly, the responses from the public favoured a prescriptive approach to the expense rules, for two main reasons: low public confidence in MPs' expenses, and comparisons with the prescriptive expense systems used by most employers.
- 1.9 The responses from MPs and their staff were varied, with several noting the importance of strict rules for building public confidence in the expenses system. There were calls from MPs for a move to increased flexibility and discretion about what they could decide to claim, both in relation to how they structure their family life around their parliamentary duties, and in how they manage their staff and office. In addition, there was recognition of the important role transparency plays in assuring the public that the expenses system works, and how it engages the public in holding MPs to account. Both the Speaker of the House of Commons and the Leader of the House stressed the importance of restoring public confidence in MPs' expenses and the role that transparency played in that. So too did the Parliamentary Labour Party, which said:

*“In making changes, it is very important, however, that transparency through publication is fully maintained. We strongly support the public’s right to know how MPs are supported in doing their job because – as we have seen – this is the best way to deal with the problems of the past, ensure compliance with the rules and build public confidence.”*

- 1.10 Within that context there was strong support for simplifying both the Scheme and the processes that support the rules and the services IPSA provides to MPs. The Speaker looked to the medium term and described the possibility of a system where MPs received an advance allocation for two budgets: personal expenses and office expenses:

*“IPSA would set the rules for legitimate expenditure. Members would make individual decisions as to how to determine what they wished to claim as expenses within these budgets. The entirety of this exercise would then be published.”*

- 1.11 The Leader of the House made a related proposal, which would build on a recommendation from the Committee on Standards in Public Life’s 2009 report on *MPs’ Expenses and Allowances*, to determine an appropriate level of London Costs allowance for MPs outside the London Area who do not receive taxpayer-funded accommodation:

*“This could simplify the administration of the scheme while achieving a cost saving for the taxpayer...this would allow MPs outside the London area to opt to claim a significantly lower proportion than the total accommodation expenditure to which they would be entitled.”*

- 1.12 Adam Afriyie MP took this a step further in his response to the consultation, which had the support of a number of other MPs:

*“I would also urge you to consider the merits of a simple, taxable Members’ Allowance with a regional weighting, broadly in line with the original scheme introduced in 1911. Such a system could cover all costs except staff and office costs, which could continue along existing lines but with some of the improvements alluded to in your consultation paper.”*

#### IPSA’s position

- 1.13 The improvements to the Scheme that are set out in this Report combined with IPSA’s proposals for changes to claims and payments’ processes, including the extensions of direct payments to suppliers and the payment card, should provide greater support to MPs in conducting their parliamentary duties. There will be greater simplicity and MPs will be able to take greater responsibility for decisions about what is a legitimate use of public funds.
- 1.14 Nonetheless, IPSA recognises that over the longer term, there may be scope for a further shift in the balance between prescriptive rules and a framework of general principles. This must be a process which maintains and strengthens public confidence, underpinned by a continuing commitment to transparency. IPSA is therefore willing to consider in detail the possibilities surrounding the use of allowances, amongst other options for simplification. One of the integral elements of this consideration will be to identify what is meant by ‘allowances’ by its advocates and by IPSA, and what a move towards them might look like for individual budgets currently set out in the Scheme, or for the overall expenditure limits provided for MPs.
- 1.15 It is clear, as are the respondents quoted above, that the principles of transparency should be upheld. There must be fairness in any future changes too. To take an example: an allowance which was set at a discount to the overall accommodation budget might only be a viable option for an MP with independent means, or without children. This would not be fair.

- 1.16 What this demonstrates is that any move to an element of allowances will need very careful consideration and can only be contemplated when there is sufficient public confidence in the existing expenses arrangements. It is therefore a potential direction of travel, but not an immediate priority for implementation. IPSA is, in the meantime, willing to work with others to explore the options.

## Equality and Diversity

*Question 2: What impact do you believe the MPs' Expenses Scheme and the specific issues within this consultation may have on equality and diversity within the House of Commons?*

### Consultation Responses

- 1.17 IPSA received 74 responses to this question from a variety of individuals and interested parties, including 26 from MPs and a further two from MPs' staff, individually or in staff groups. It also received one response from an MP's wife and one from a Peer, and 29 from the public. The other responses were anonymous or from non-parliamentary groups.
- 1.18 Of the 29 responses from members of the public, 24 said that the Scheme has no impact on equality and diversity. Four felt that the Scheme negatively impacts on MPs with caring duties, and one identified a potential negative impact specifically on women. 23 of the remaining 45 responses from other interested parties, including MPs and their staff, said that the Scheme has no impact on equality and diversity. The Taxpayers' Alliance, for example, put forth the following argument:
- "[The MPs' Expenses Scheme impacts on equality and diversity] very little. This line of argument is being used by MPs to try and promote a more lenient system but it is not credible. The TPA is aware that if rules are too stringent in areas such as accommodation and travel, it may disadvantage MPs with children and discourage some from becoming candidates. But the argument remains a red herring. If MPs are genuinely concerned about improving the gender and ethnic balance of the Commons, they should look to their own party's candidate selection procedures and the Parliamentary timetable."*
- 1.19 This view was rivaled by the remaining 22 responses from other interested parties that stated that the Scheme impacts negatively on individuals based on their disability, marriage or civil partnership, maternity, race, and/or sex. These respondents felt that the Scheme may impact negatively on those with caring duties and without significant personal financial wealth. The submission by Peter Luff MP, for example, was typical of those who felt a negative impact exists:

*"In essence, I am concerned that too many of my parliamentary colleagues, especially the newly elected ones and those with young families or those who live too close to London to claim assistance with accommodation, are finding the financial burden of being an MP excessive. I remain of the view that we have probably created a system in which only those with other sources of*

*income, or those who for some other reason are content to absorb the very high costs associated with being an MP, will be able to afford to remain in Parliament. We also risk deterring the brightest and best from standing in the first place.”*

#### IPSA's Position

- 1.20 IPSA's objective is to develop and implement a fair and workable expenses scheme that does not provide any unnecessary boundaries to anyone wishing to enter Parliament. For this reason, and in parallel with the Annual Review, IPSA has conducted an Equality Impact Assessment (EIA) on the Second Edition of the MPs' Expenses Scheme and on the proposals contained in this consultation, to assess if IPSA's policies are impacting any individuals based on the "protected characteristics" in the Equality Act 2010. In addition, IPSA has assessed the impact on those with caring responsibilities and for those without significant personal financial resources. The conclusions and policy changes that result from the EIA are presented in that document.

## CHAPTER 2: FAMILY LIFE

- 2.1 The Scheme impacts on family life by virtue, primarily, of its provisions regarding accommodation and travel expenses. MPs are unusual in being required to work in two places: Parliament and their constituency. This necessitates travel and maintaining a separate residence away from the MP's main home (be it in London or in their constituency).

*Question 3: Do you think the current definition of caring responsibilities is right, or should it be changed? Should it, for example, be extended to include all children in full-time education between the ages of 5 and 21 (any such extension would mean that MPs could claim accommodation expenses for those children)?*

### Consultation Responses

- 2.2 57 responses commented on this question, 32 of which were from the public. 17 MPs commented individually, and responses were also received from Fawcett Society and the Taxpayers' Alliance. The other responses came from parliamentary groups, MPs' staff and other organisations.
- 2.3 12 responses (11 of which were from the public) argued that the Scheme's definition of caring responsibilities should remain unchanged. A further 10 responses argued in favour of reducing the caring definition or discarding it altogether. The reasons for this view were generally based on the argument that most employees do not receive accommodation expenses for their families. One respondent, Sheila Forbes, for example, wrote:

*"I...believe that expenses for children should be Spartan – none at all. If MPs cannot organise their family life in such a way as to manage the role of MP without costing the taxpayer, then they shouldn't be applying for the job in the first place. If a member of the public finds employment away from their home town they are expected to organise their family life accordingly. MPs should do the same after all we are all supposed to be 'in this together'."*

- 2.4 The most prevalent view in the responses, however, was that the provisions for caring responsibilities should be extended, with the most frequently cited cut-off being when a child reaches 18 years old. All but one of the MPs who responded to this question said that the rules regarding dependants should be widened to include children above the age of five. Responses from the Fawcett Society and parliamentary parties strongly echoed this view. The quote below from the Leader of the House is representative of those received from MPs:

*"The additional accommodation allowances for those with caring responsibilities make it very difficult for an MP to conduct any sort of family life within the rented accommodation...There does not seem to be any logical reason why there should be an allowance for a child of 4 to live in the rented accommodation but not one for a child of 6, especially if the*

*child had already started school while under the age of 5. Greater flexibility here would be welcomed.”*

- 2.5 The online consultation survey echoed the public views. Question three asked: ‘if an MP cares for children of varying ages, should they be able to claim additional expenses for their second residence to enable these children to stay with them?’ The majority of respondents stated they did not agree that an MP who cares for children should be able to claim additional expenses in this way (see Annex A for the consultation survey results).

#### IPSA’s position

- 2.6 IPSA has limited hard evidence on the number of MPs and their dependants affected by the rules on caring responsibilities and accommodation. It does not hold data on the number of MPs with children, although it does have details of MPs claiming the additional accommodation budget and travel costs for their dependants. IPSA asked MPs to provide this information for a survey conducted for the purposes of its Equality Impact Assessment, but only 6.8% of MPs replied.
- 2.7 Nonetheless there is anecdotal evidence from MPs that the cut-off of five years old for claiming additional accommodation expenses is having a negative impact on their family life. The approach was derived from the view that children above this age bracket would routinely stay close to their school rather than travel with the MP to and from London or a constituency home. IPSA is now persuaded that this rationale assumes a level of uniformity about the way MPs organise their personal life that cannot be sustained.
- 2.8 IPSA has therefore extended the eligibility to claim for additional accommodation expenses for caring responsibilities. Eligibility will now extend to all children up to the age of 16, or 18 if they are in full-time education. There is no change to the definition of other dependants.
- 2.9 MPs will only be eligible to claim these additional accommodation expenses if those dependants routinely reside at the accommodation. This is to allay any public concern that public funds might be used throughout the year to satisfy an occasional need.

*Question 5: Should the rules on claiming travel costs for family members be changed? In particular, should MPs be able to claim for spouses or partners’ travel when they are travelling between the MP’s London Area residence and constituency residence: (a) with dependent children aged between 5 and 16 years; (b) with the MP only; or (c) on their own when visiting the MP?*

#### Consultation Responses

- 2.10 Over 80 responses were received to this question: 50 from the public, 18 from individual MPs and the remainder from various organisations. The majority of respondents were in favour of extending the amount of allowable expenses for family travel. A smaller number called for IPSA to reduce or prohibit these claims altogether, and another nine responses were in favour of maintaining the rules as they are.
- 2.11 All but one call for scrapping family travel expenses were from the public (one was from an MP). These respondents argued that family travel was not an expense incurred in the

performance of the MP's duties and therefore should not be claimable, and that many jobs involve extended periods of separation in today's business world, yet such expenses are rarely - if ever - claimable by other public servants.

- 2.12 Similar views were expressed through the online consultation survey. Question four asked whether an MP's partner or spouse should be able to claim travel expenses between the MP's constituency and London. The majority of respondents were opposed to claimable spouse/partner travel, although 675 respondents thought a spouse/partner should be entitled to claim when dependent children were less than five years old. The answer 'no' became more emphatic the older the child got (see Annex A).
- 2.13 Conversely, all MPs' staff and staff groups who responded were sympathetic to allowing an extension of rules on claimable family travel. One response, for example, from the Members and Peers Staff Association, said:

*"Yes, they should be able to claim for (a), (b) and (c) [in the question] otherwise it makes it difficult for an MP to maintain any semblance of family life, especially if the constituency is a long distance away."*

- 2.14 Many responses from MPs expressed the belief that the current rules are overly restrictive. The reasons given for this included:

- a. that there is an expectation for MPs' spouses/partners to be involved in the MPs' work. Peter Luff MP, for example, said:

*"We not only live, but also work in two places, typically for six days a week. When spouses come to London, with or without children of any age, it is generally because they need to support the work of the MP in some way and it is entirely reasonable that their expenses for a limited number of journeys each year should be reimbursed, as always was the case. MPs' spouses are very often part of the working team and this should be recognised in the travel arrangements."*

- b. that the MP may share fully in the family caring duties, meaning that children and spouses/partners will need to spend part of their time with the MP, irrespective of whether they are in their main or second residence.

#### IPSA's Position

- 2.15 The purpose of allowing claims for travel by an MP's spouse or partner is to enable them to discharge their caring responsibilities in respect of dependants. For this reason IPSA is not persuaded there is an argument to extend the provisions beyond occasions when the spouse or partner is exercising their caring responsibilities. This would mean travel with an MP's dependants to and from their second residence, for example, but not simply travelling on their own to visit the MP.
- 2.16 The definition of dependant – in respect of children – has been extended to children aged 16 or under, or 18 if they are in full-time education (see paragraph 2.8 above). This will be



carried across to the family travel provisions. Consequently, an MP may claim for his or her spouse or partner to travel in the exercise of their caring responsibilities for a dependant up to 16, or 18 in full-time education. The number of journeys the MP can claim for remains unchanged at 30.

- 2.17 Two further changes have been made as a result of IPSA's analysis of the responses to this question. These are:
- a. the implementation of a childcare voucher scheme for MPs'; and
  - b. provision for an MP who is expecting a child or in the adoption process to request the additional accommodation budget in advance of that child arriving, where they need to move accommodation to make provision for the child.

## CHAPTER 3: THE LONDON AREA

### Defining the London Area

- 3.1 The London Area captures the principle that MPs living within a reasonable commuting distance of Westminster should not be able to claim expenses for a second residence even closer to it. Inevitably, it has prompted debate on the question: what is a reasonable commuting distance? Two criteria were used originally to define the London Area: constituencies within 20 miles of Westminster, or from which it was possible to commute to Westminster within 60 minutes at rush hour by public transport. This created a London Area of 128 constituencies, whose MPs were ineligible to claim for routine overnight accommodation, or for the cost of their daily commute to and from Westminster.

*Question 6: Should IPSA change the definition of the London Area in order to bring the position of the 'outer' London Area MPs back into a financial equilibrium in comparison to the position before the 2010 General Election? If so, how should it be done? Should it be, for example, by altering the duration of the commute used to calculate the boundary of the London Area, or the times of day which are used to calculate the duration?*

#### Consultation Responses

- 3.2 There were 72 responses to this question, 41 of which came from the public. These gave a range of personal examples and views on what, for them, constitutes a reasonable commute. This included examples of individuals commuting from the Home Counties, and from 100 miles outside of London. Further suggestions by the public included defining the London Area based on a commute of 60, 75 or 90 minutes' travel from Westminster. Four members of the public advised taking into account journey times that are not during rush hour, as the timetable of the House of Commons means MPs rarely travel home at that time of day.
- 3.3 Over 20 MPs replied to this question, including a number of MPs from within the London Area, who set out their personal experience of it. They commented that MPs rarely travel during rush hour, and that an MP may, in reality, live far from the transport hub used for IPSA's definition. Sir John Stanley MP, for example, wrote:

*"IPSA's calculation of journey time by measuring the station to station time understates the reality very substantially. Real journey time is not station to station. It is from house front door to workplace front door."*

- 3.4 In contrast, the Taxpayers' Alliance highlighted the impracticalities of a definition based on a door-to-door commute:

*"Basing it on the distance from an MP's home may initially be appealing but would create serious difficulties if an MP moved and could create unhelpful incentives to live in certain locations within the constituency."*

- 3.5 Two of the MPs who responded argued that on this issue there is justification to treat MPs differently from the ordinary citizen, due to the nature of the Parliamentary timetable. Oliver Heald MP, for example, wrote:

*“Many of my constituents living in Royston commute daily to London, but I would suggest that the majority of them are generally able to follow a settled pattern of commuting, which minimises the strain of the journey.”*

- 3.6 A popular view amongst the MP respondents was for the London Area to be based on the boundaries of the Greater London Area, or on those constituencies which contained a tube station within Transport for London zones 1-6. The response from the Speaker of the House of Commons, for example, advocated this definition. The Speaker also highlighted the challenge of any definition of the London Area, writing:

*“I accept that any formula will involve ‘winners’ and ‘losers’. It is impossible to design one which is absolutely equitable.”*

#### IPSA’s Position

- 3.7 The definition of the London Area encapsulates one of the fundamental principles of the Scheme: that in the matter of expenses, MPs should be treated as far as possible in the same manner as the ordinary citizen. MPs, like other citizens, must commute to work if they live a reasonable distance from it.
- 3.8 With the benefit of nearly a year’s operation of the Scheme, IPSA considers the arguments against basing the London Area on a 60 minute commute to be persuasive. The rule does not accurately reflect an MP’s actual commute, and does not allow for rail timetable changes, differences in transfer times between stations, and other variations depending on the time of day and whether the travel is at peak time. For these reasons, IPSA favours a geographical definition; geography provides immutability.
- 3.9 For the First Edition of the Scheme, IPSA rejected the criterion of Transport for London zones 1-6 because this would have allowed a number of MPs within easy reach of Parliament to claim for accommodation expenses. Given how little support there was for this in the consultation responses, IPSA continues to regard an area based on this definition as too small. Similarly, it is not persuaded that the London Boroughs provides a suitable area. It is normal for members of the public to commute from outside these areas, and the same should apply to MPs.
- 3.10 IPSA has therefore decided to base the London Area on one clear criterion: whether part of the constituency is within 20 miles of Parliament. A commute of 20 miles by whatever means is reasonable, and the use of a clear geographical boundary eliminates the problems outlined in the above two paragraphs. This boundary has, however, thrown up a small number of anomalies: constituencies where the amount within the 20 mile limit is so small as to render it unfair to treat the whole as being part of the London Area. This affects six constituencies, which are not in the London Area despite a minuscule part of their footprint being within 20 miles of Parliament. These six are Chesham and Amersham, Gravesham,

Hemel Hempstead, Hitchin and Harpenden, South Basildon and East Thurrock, and Woking. The list of constituencies that *are* within the London Area is given in Annex B.

- 3.11 It is a truism that having a boundary means one constituency will be in it and the MP unable to claim for accommodation expenses, while its neighbour will be outside it and the MP able to claim. The difference between the two may be as little as a few miles. Nonetheless, a boundary must be in place and IPSA is confident that one based on a distance is to be preferred.

### **The London Area Living Payment**

- 3.12 The London Area Living Payment (LALP) is an annual sum of £3,760 that can be claimed by London Area MPs to contribute to the cost of living and commuting within the London Area.

*Question 22: Are there any changes required to the operation of the London Area Living Payment?*

#### Consultation Responses

- 3.13 This question attracted 30 responses, 10 of which came from individual MPs, with comments also being made by the Parliamentary Labour Party. The remainder of the replies came from the public or from non-parliamentary organisations.
- 3.14 The public responses generally advocated no change to the LALP, while MPs put forward two main views: first, if the LALP is meant to cover commuting costs to Westminster, it is too low, especially for MPs in the Home Counties; and secondly, in the current economic climate, the LALP should not be increased. Mark Field MP, for example, articulated both these views:

*“Those of us representing central London seats, unlike other MPs, need to make our main (rather than second rented) home in by far the most expensive part of the UK. In view of the philosophy that underpins IPSA’s thinking on this issue, a reasonable case can be made that the LALP is currently set at a level which should be increased substantially (reflecting the additional costs of needing a main home in a part of the UK, which qualifies for a much higher rent under IPSA’s accommodation allowance scheme). However, I entirely accept that in the current economic climate no review should take effect before April 2012.”*

#### IPSA’s Position

- 3.15 The LALP is a contribution to the cost of living and commuting within the London Area; it is not intended to cover the whole cost faced by a London Area MP as opposed to one who lives outside of London. This is not least because of the impossibility of quantifying those costs for each MP in the London Area, with their different living arrangements. Further, given the current economic climate IPSA is not persuaded that there are grounds for increasing the LALP for all London Area MPs from its current level of £3,760 per annum this year, although it will review the level of the LALP as part of the next annual review of the Scheme.

3.16 However, there is a distinction to be made between those MPs whose constituencies are within Greater London, and the 24 MPs whose constituencies are outside Greater London but within the London Area (the 'outer London Area' MPs). These outer London Area MPs face demonstrably higher commuting costs than those within Greater London, averaging around £1,300 per year. In order to make the contribution that the LALP provides fair across the London Area, IPSA has therefore introduced a new rate for the outer London Area MPs. These MPs may claim a LALP of £5,090, while the MPs within Greater London may continue to claim £3,760. They are listed in Annex C.

## CHAPTER 4: STAFFING EXPENDITURE

### Staff Salaries

*Question 7: Do you think there should be changes to the budgets for MPs' staff? If so, what should they be?*

#### Consultation Responses

4.1 IPSA received over 70 responses to this question, of which around 30 were from the public or non-parliamentary organisations, another 30 from MPs and 10 more from MPs' staff. The majority of the responses from MPs and their staff called for an increase in the 2010-11 staffing budget of £109,548. The reasons given for this included:

- a. the decision to include pension contributions in the staffing budget – rather than, as previously, paying them centrally – needed to be reversed or an adequate increase included to counterbalance it;
- b. that IPSA underestimated the number of staff an MP requires to perform their parliamentary purposes. The budget was based on each MP requiring 3.5 Full-Time Equivalent (FTE) members of staff, which was the amount recommended in the last review of staffing for MPs, conducted by the Senior Salaries Review Body in 2007;
- c. that, in particular, IPSA underestimated the number of caseworkers MPs require. Some advocates of this view suggested that the budget be calculated on the basis of where each constituency sat on an index of social deprivation; and
- d. in London, that the budget be increased to reflect the higher pay ranges available to London staff. Opinion varied on whether the increase should be dependent on the constituency being in the London Area, or the staff member working in London. The Liberal Democrat Staff Committee, for example, suggested the following:

*“IPSA should create notional additional amounts of money available to be ‘added-in’ to the staffing budget for each member of staff living in London. This would allow London MPs to receive additional money to cover the salaries of every member of staff and for other MPs to cover the additional cost of having one or two members of staff in London.”*

4.2 Some MPs and their staff argued that the budget should be increased to cover pay progression through a pay range, particularly for long-standing staff members already earning above the maximum of the range for their job. There was also a call for the reintroduction of staff bonuses to benefit low paid staff and to encourage performance management. The Parliamentary Resource Unit (a staffing resource available to members of the Conservative Party) recommended that:

*“A modest provision for performance bonuses should be reintroduced for Members’ staff, with a requirement that this is backed up by an auditable performance*

*management system e.g. documented annual goals, appraisals and performance rating.”*

4.3 Some MPs and their staff called for increased flexibility to manage their own job descriptions and set their own salaries, rather than comply with IPSA’s requirement to adhere to its model job descriptions and salary ranges. Others, conversely, called for IPSA to take a stronger role in enforcing compliance to these. There were some accounts of MPs deliberately avoiding the requirement to pay staff within IPSA’s pay ranges by downgrading staff job titles with no change to responsibilities.

4.4 Members of the public questioned of the extent to which staffing resources for MPs could be handled centrally by IPSA or the House of Commons. One member of the public, Steve Paul, suggested:

*“The staff should... be supplied from a pool and not selected by the MP, these people should be professional staff who place their careers over personal political feelings.”*

4.5 Finally, in addition to its other comments that are reflected above, Unite the Union requested IPSA recognise it as a union for MPs’ staff, and negotiate with it over pay.

#### IPSA’s Position

4.6 IPSA is not convinced on the evidence that MPs – in general – have in excess of 3.5 FTE members of staff. Nationwide, MPs have on average 4.2 actual members of staff. Allowing for the fact that some will be part-time, the average FTE will be lower than this. This does not constitute persuasive evidence that there is justification to base the staffing budget for all MPs on 4 or 4.5 FTE members of staff. There will be exceptions to this general picture, and these are covered below, and there will be MPs, as there are now, who employ more than 3.5 FTE members of staff within the budget.

4.7 There is no conclusive argument for using casework levels or the social deprivation index to determine an MP’s staffing budget. Casework is undoubtedly a significant and important part of the role of an MP, and IPSA has seen for itself when visiting constituency offices how vital this work is. Without downplaying this important element of an MPs’ role, however, IPSA cannot presuppose that this is the *primary* role of the MP, or assume that constituents in less socially deprived areas have less use for their MP. Consequently, IPSA’s current position is that casework provision is one part of the work of an MPs’ staff and it is for the MP to determine, within their budget, what level of resource to devote to it.

4.8 However, IPSA recognises that more work needs to be done on the implications for MPs with an increasing volume of casework. This will be given a high priority in the coming year.

4.9 IPSA has concluded that the budget for London Area MPs should not be calculated on the basis of the London Area pay ranges. In the current economic climate, it would not be sustainable to increase London Area MPs’ staffing budgets by the 10-20% that the London Area salary ranges are higher. Where an MP’s staffing commitments are such that they will exceed the budget limit, they may submit an application for extra funding, under the contingency arrangements. Similarly, IPSA does not consider it justified to increase the

budget by a further 10% to cover pension contributions, which will continue to come from the MP's staffing budget. This is for two reasons: first, the budget was already uplifted by 10 % of the salary costs when calculating the level for 2010-11. Second, it is far more transparent for all staffing costs, including pension contributions, to come from one budget rather than have some coming from a different, central, pot.

- 4.10 IPSA is, however, persuaded that some form of reward system for staff members is appropriate, and these will also need to be paid for from the Staffing Expenditure budget. It remains unconvinced that the taxpayer should fund staff bonuses, but IPSA will allow MPs to claim for modest value vouchers to dispense to staff members as a reward for good performance. The vouchers must not be purchased, however, for connected parties, and the claims for the cost of these vouchers will be published to ensure the system is transparent.
- 4.11 Taking these points into account, the Staffing Expenditure budget for 2011-12 will be £115,000 per MP. This small rise from £109,548 in 2010-11 balances the current economic climate and public sector pay freeze with the need to cover an increase in National Insurance Contributions and to allow career progression and reward and recognition payments where appropriate for staff members.

#### **Other staffing issues**

<p><i>Question 17: Are there any issues concerning the general conditions of the Scheme that IPSA should address? Are there any current issues regarding the employment of connected parties?</i></p>
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#### Consultation Responses

- 4.12 There were around 30 responses to this question, of which three were from MPs and one from their staff, with the remainder from the public. Two main issues were raised:
- a. the evidence requirements for claims validation was raised by a small number of MPs, who proposed an approach based on sampling and audit. This does not require a change in the Scheme and the responses will be looked at as part of IPSA's ongoing commitment to ensuring the expenses process is efficient; and
  - b. the employment of connected parties, which was broadly accepted by the respondents now that controls on job descriptions and salary ranges have been brought in by IPSA, and as IPSA will publish details of connected parties employed by MPs. Peter Luff MP, for example, set out his view as follows:

*"The rules on connected parties agreed by IPSA strike the right balance and there is no need for change in this area. I employ my wife and I am grateful to my constituents for their many expressions of satisfaction that this arrangement has been allowed to continue."*

- 4.13 On this latter point, the Committee for Standards in Public Life emphasised their view that:



*“The other recommendation was that new MPs should no longer be able to use their expenses to employ family members at public expense, though existing MPs who already did so should be allowed to continue for one more Parliament. We were disappointed that IPSA chose not to implement this recommendation in full, though they have limited MPs to the employment of only one ‘connected party’ out of their expenses. We continue to be concerned about the potential for abuse – perceived or otherwise – which this creates.”*

#### IPSA’s Position

- 4.14 The provisions relating to connected parties are unchanged. IPSA remains of the view that it has in place clear safeguards against the prohibition for abuse of the connected parties rule, through the use of its standard contracts and job descriptions, and the transparency that will be achieved by the publication of details of connected parties employed by MPs. In this regard, paragraphs 4.37 – 4.39 below refer to the issue of the publication of staff salaries.

*Question 32: Should the requirement that IPSA needs to approve all new staff contracts be replaced simply by a requirement for MPs to comply with model contracts, job descriptions and pay ranges? IPSA would then audit a sample of the contracts.*

#### Consultation Responses

- 4.15 There were 40 responses to this question. Nine of these responses came from MPs and their staff, amongst whom opinion was divided on whether it was overly bureaucratic to approve all new staff contracts, or whether it was an important safeguard for staff and public confidence. Oliver Heald MP, for example, said:

*“I understand that the approval process was very time-consuming and, in some cases, complex immediately after the return of the House, but it is unlikely that this burden will be as great in the future. I do think there is virtue in IPSA continuing to approve contracts, etc. This is an important contributor to public confidence in the system.”*

- 4.16 Several members of staff questioned whether the purpose of approving contracts – to ensure adherence to IPSA’s standard job descriptions and pay ranges – was being met in practice. Kate Evans, an MP staff member, said:

*“I can see no need to complete forms about job descriptions, and the reduction of types of different jobs “allowed” merely results in people signing job descriptions which don’t really describe the job they do. All MPs distribute the work load in their office in a completely different way and the typical secretary, caseworker, and parliamentary assistant format isn’t actually all that typical.”*

- 4.17 Members of the public either advocated continued approval of all staff contracts, or a move to a sample-based audit. The Chartered Institute of Personnel Development, for example, said:

*“We believe that costs for both MPs and IPSA could be reduced if the requirement for IPSA to approve all new staff contracts was dropped, and MPs were asked instead to comply with model requirements. This should be backed up with a regular and robust audit of an appropriate number of contracts.”*

#### IPSA’s Position

- 4.18 IPSA currently obliges MPs to comply with its model contracts, job descriptions and salary pay ranges when employing new members of staff. While the job descriptions can be adapted or combined to suit different needs, this does provide an element of standardisation across MPs’ staff. So far, each individual contract has been subject to IPSA approval, which has inevitably taken time. Staff pay, following contract approval, has always been calculated from the date the individual started work. There is no intention at this time to relax the requirement for MPs to adhere to these contracts, job descriptions and salary ranges, not least because of the confidence they give to staff members and the public that the contractual arrangements are fair.
- 4.19 Further, IPSA is not persuaded at this time to move away from individual contract approval. Currently, around 50% of contracts are returned to MPs for clarification or alteration prior to being approved. This error rate is too high for a relaxation of the rules which still maintains the safeguards of having the model documents. IPSA will review the position in its next annual review of the Scheme to see if it is then appropriate to move to a lighter-touch approach in this area.

*Question 33: Should the requirement for notification of exceptions to the model pay ranges be removed?*

#### Consultation Responses

- 4.20 Roughly two-thirds of the 30 respondents to this question argued that MPs should continue to notify IPSA of exceptions to the model pay ranges. The reasons, when given, were that otherwise the number of exceptions might increase and the safeguards provided by set pay ranges would be rendered ineffective.
- 4.21 Those in favour of removing the requirement, which included a mixture of MPs, their staff and the public, gave the following reasons: that IPSA should know already who it pays more than the pay range, that these are too rare to merit separate provisions, and that exceptions should be removed by paying all staff within the new pay ranges.

#### IPSA’s Position

- 4.22 The rule providing MPs to notify IPSA of exceptions to the pay ranges was important in the transition to IPSA’s Scheme being in place. Combined with the approval of staff contracts, it ensured that all new staff were paid within the pay ranges set by IPSA, and that where the pay range was not applied, IPSA knew it related to a pre-existing contractual arrangement with that staff member. This may not always be apparent from payroll data, as an individual may be paid above the pay range for their job but still within the overall reach of IPSA’s salary ranges. After 11 months of operation, the rule has served its purpose and is removed

from the Third Edition of the Scheme. This decision has been taken in the context that all new members of staff must be paid in accordance with the relevant IPSA pay range and no further exceptions will be approved.

*Question 34: Are there any further changes needed to the rule on the payment of interns? Should a rule be introduced for apprenticeships?*

#### Consultation Responses

- 4.23 There were around 50 responses to this question, about half of which were from the public. In relation to interns, the majority view amongst the public was that the current provisions in the Scheme should remain unchanged. Amongst MPs and their staff, different opinions were expressed, and there were calls for the following:
- a. an end to the practice of unpaid interns, on the basis that they perpetuated a political elite and excluded those unable to work for free. This view was supported by, amongst others, Unite the Union and the Chartered Institute of Personnel and Development;
  - b. an increase to the scope of the incidental expenses available to interns to include accommodation costs, in order to assist people without independent wealth to become interns; and
  - c. the need for a central ‘intern fund’ over and above individual staffing budgets. The argument for a central intern fund was based on the need for interns to supplement staff rather than replace them. Several responses requested this be tied to a prescriptive set of rules around interns – one intern per MP, for example – but with a more generous set of expenses for them, in order to encourage greater participation by those who cannot afford to work for free.
- 4.24 In addition, there were calls from individual MPs for intern expenses to be taken from the Travel and Subsistence budget rather than the Staffing Expenditure budget.
- 4.25 The views on apprenticeships were broadly in favour of their being included in the Scheme. MPs in particular were keen to be able to provide the types of opportunities that apprenticeships allow. Dawn Primarolo MP, for example, said the following:

*“Our view is that apprenticeships are often a very helpful way for less advantaged members of society to find a pathway into work. We support the proposal to introduce a specific rule regarding apprentices, and ask that here also, the need to make reasonable adjustments is given due regard.”*

#### IPSA’s Position

- 4.26 Since July 2010, IPSA has reimbursed claims for incidental expenses (travel, food and non-alcoholic beverages) for interns. So far, around 40 MPs have made claims for interns’ expenses, the overwhelming majority of which claims were for less than £10. This cannot, however, be taken as an indication of the number of interns working for MPs, as there will be some who do not claim expenses from IPSA and about whom it would not know.

- 4.27 Opinions on the role of the intern in general (as opposed to in Parliament) differ on the extent to which the intern system is fair and/or perpetuates an elite of individuals able to work for no financial reward. On the one hand, there are calls for the concept of an unpaid internship to end in favour of paid employment. On the other hand, there are calls for unpaid internships to be expanded as it provides useful skills for future employment. There are also concerns about unpaid interns taking the place of paid staff. It is not for IPSA to tell MPs where to sit in this debate. Nor is it for IPSA to dictate how Parliament treats the interns within its system. IPSA will therefore continue to maintain a neutral position in this debate.
- 4.28 The Scheme provides for 'paid interns' to be paid at the National Minimum Wage or above, or for 'unpaid interns' to claim incidental expenses. A central intern fund would not add to these provisions, but would simply move the cost of interns' expenses from individual MPs' staffing budgets to a central and additional budget. In doing so, it could tacitly encourage MPs to recruit interns on expenses only, as this would maximise the number they could recruit. A central budget would therefore shift IPSA from its neutral position. Consequently, the provisions relating to interns will remain unchanged.
- 4.29 The few MPs who currently have apprentices are handled on a case by case basis. IPSA will continue in this way, but has amended the Scheme explicitly to refer to apprenticeships.

*Question 35: For the avoidance of doubt, should payment of cover for maternity, paternity and adoptive leave be separately identified from contingency arrangements in the Scheme?*

#### Consultation Responses

- 4.30 The overwhelming majority of the 49 responses to this question (from MPs, their staff and public) called for the provisions for the payment of cover for maternity, paternity and adoptive leave to be set out clearly in the Scheme, separate from the arrangements for the Contingency Fund.

#### IPSA's Position

- 4.31 The payment of cover for maternity, paternity and adoptive leave was never intended to be subject to the conditions placed upon a contingency payment (which is made at the discretion of IPSA). However, it has come from the same central Contingency Fund budget, so that it did not impact on the MP's staffing budget, which continues to pay for the person on leave.
- 4.32 IPSA has separated the provisions for the payment of cover for maternity, paternity, adoptive and long-term sickness leave from the contingency payment arrangements. These will now be placed within the Staffing Expenditure provisions in the Scheme. These costs will continue to be met from a central budget and not by each MP's staffing budget. The process to notify IPSA of the need for cover will remain unchanged.

*Question 36: Should IPSA alter its policy on publication of MPs' staff salaries so that only the annual expenditure for each MP, along with any connected parties' salary ranges, is published annually?*

#### Consultation Responses

- 4.33 There were around 50 responses to this question, and they fell into an almost uniform split between the public on the one hand, and MPs and their staff on the other. The public were in favour of maximum transparency in relation to staffing, while the public and their staff questioned what benefit the publication of salaries in £5,000 bands would bring. One member of the public, D Noble, said, for example:

*"No this would reduce transparency and public confidence - the government has taken the decision to publish salaries of named civil servants and some of these organisations can be small in size. It is often in small, personally arranged offices such as these, that the absence of clear recruitment and pay policies can lead to inequitable payments and transparency prevents this from developing. The risk to privacy is limited and has to be balanced by the countervailing public benefit of confidence in the system."*

- 4.34 Countering this, Barry Gardiner MP articulated the views of many of his colleagues:

*"MP's offices are small and so the identity of staff is easy to work out. Staff should have the right to privacy about their exact salary and therefore it should be sufficient to know that all staff are paid within the IPSA pay scale for that role."*

- 4.35 This view was not universal amongst MPs, however. One anonymous MP commented that altering the policy would single out connected parties (who will have their salary details published) in a way that was unfair:

*"No, if you want to publish pay bands for connected parties, then you should publish them for everyone. To do otherwise suggests malpractice. Connected parties should be treated the same."*

- 4.36 The Information Commissioner's Office expressed the view that the current publication policy – including the publication of staff job titles and salaries in £5,000 bands, should remain:

*"We believe that current IPSA policy on this issue achieves an acceptable balance between the need for transparency and the need to protect the personal data of MP's staff. Our guidance 'When should salaries be disclosed' sets out the key considerations for determining whether routine publication of salary details is appropriate. Given the overwhelming public interest in the issue of MP's expenses which continues, and notwithstanding the representations you have received from some MP's staff, it is our view that this information should be made available. We consider that this information would have to be disclosed in the event of an information request."*

### IPSA's Position

- 4.37 MPs' staff are paid by taxpayers' money, and MPs must be accountable for how they spend that money. Consequently, there is a powerful argument in favour of publishing an appropriate level of detail about staff salaries. IPSA does not agree that the publication of salaries in £5,000 bands unduly compromises staff security or would be unfair to MPs' staff. IPSA not publishing such details is not an answer to issues within MPs' offices about pay.
- 4.38 IPSA is persuaded, however, that the majority of MPs' staff should not face any additional scrutiny over and above that faced by others who are paid for by taxpayer funds. Currently, all central government officers who earn more than £58,200 have their salaries published in £5,000 pay bands. IPSA will adopt the same approach for MPs' staff, meaning that the following data will be published annually:
- a. for each MP, the total amount spent on MPs' staff and the number of staff employed; and
  - b. details of all MPs' staff earning more than £58,200, including their job title, salary (in £5,000 bands) and the MP they work for.
- 4.39 The policy concerning connected parties is unchanged, in order to maintain the safeguards on the employment of connected parties.

## CHAPTER 5: OFFICE COSTS

- 5.1 The Constituency Office Rental Expenditure (CORE) and the General Administrative Expenditure (GAE) budgets provide the MP with resources to run and equip constituency offices and to hold surgeries for constituents. This expenditure should be distinguished from personal expenses or travel and subsistence claims which most ordinary citizens could claim on expenses. They are office costs, which cover the non-staffing costs associated with running a constituency office and providing services to constituents.

*Question 11: Should the CORE and GAE budgets be merged? What should the overall budget be?*

### Consultation Responses

- 5.2 IPSA received 68 responses to this question, of which 33 were from MPs, eight were from MPs' staff and the remainder were from the public or other organisations.
- 5.3 MPs and their staff overwhelmingly argued in favour of merging the CORE and GAE budgets into one office budget. The reasons given for this was that the increased flexibility would give them the ability to manage their offices as they saw fit in order to provide the best service to their constituents, and that one budget would cater for the many and varied ways MPs ran their offices. Examples were given of MPs who struggled to manage within their CORE budget due to high office rental costs in their area, but could cope comfortably with their GAE budget.
- 5.4 The public responses were more ambivalent about the benefits of this approach, concerned that it might lead to less transparency about the expenses that MPs claimed.

### IPSA's Position

- 5.5 IPSA is persuaded that the CORE and GAE budgets should be merged, giving MPs the freedom to decide how to allocate those funds in total. All expense claims will continue to set out what the expense was for, and these will continue to be published. IPSA is confident that combining the budgets will not reduce transparency and accountability.
- 5.6 A new Office Costs Expenditure budget has been created, the purpose of which will be to meet the costs of renting, equipping and running an MP's office or offices and surgeries, where these costs are not claimable from other budgets under this Scheme, or from other sources. The level of the budget will be different for London Area and non-London Area MPs, as this reflects the fact that the old CORE budget differed between these two areas. The 2011-12 Office Costs Expenditure budget will therefore be as follows: for London Area MPs, £24,000, and for non-London Area MPs, £21,500.

**Question 8: Do you think the budget limits for CORE should be changed? If so, how? Is there merit in introducing a more varied form of regional banding than the current two tier approach?**

#### Consultation Responses

- 5.7 IPSA received 52 responses to this question, with a roughly even split between MPs and their staff, and the public. The majority were opposed to radical change to the level of the CORE budget. The views from the public were similarly that regional banding is unnecessary. The responses from MPs and their staff recognised that costs will differ depending on where the constituency is located, but there was no call for introducing any further gradation into the budget. One MP staff member, Andre Walker, articulated the position as follows:

*“I think it is clear that renting an office in Sunderland is cheaper than renting one in Tunbridge Wells, but then again these variations exist within regions and even small towns. I think that whilst most MPs under spend outside London the limit should remain high to accommodate for this. Once again, those MPs with overly expensive offices will be exposed by local media. It’s also clear that MPs have no particular interest in ‘spending up to the limit’ so why alter it.”*

- 5.8 A small number of general views about the CORE budget were also put forward, including the suggestions that office space is provided centrally by Government or a sub-contractor, that the budgets should be high enough for offices to be in central town locations and, conversely, that costs could be restrained by basing offices in out-of-town locations that are still served by public transport.

#### IPSA’s Position

- 5.9 Evidence from the expenses system shows that most MPs are able to manage within the current CORE budgets for London and non-London Areas. Around 40 MPs so far have required additional funds on top of the budget, with the average amount provided being £4,776 for 2010-11. These claims have generally been based on high rental costs in certain parts of the MPs’ constituencies. This points to three conclusions:
- a. the current budget levels are adequate for the majority of MPs;
  - b. the merger of the CORE and GAE budgets could provide the flexibility required by these outliers; and
  - c. in the absence of an unjustifiable increase to the budget for everyone, there will continue to be a small number of MPs who exceed it, and whose particular circumstances can best be dealt with on an exceptional basis through the Contingency Fund.
- 5.10 Consequently, there will be no change to the financial limits provided for CORE.



Question 9: Should there be any changes to the approach taken to, or the level of, the GAE budget?

Consultation Response

- 5.11 The majority of the 53 respondents to this question felt that the current GAE budget of £10,394 was sufficient, although several London-based MPs argued that the budget was inadequate to meet the needs of their busy offices. Several members of the public felt that office costs could be reduced through the central provision of office supplies.
- 5.12 A small number of the public responses raised the possibility for confusion around what the GAE budget covered. This centred on whether to apply a broad definition of office costs, or to include a list of allowable items. PJ Jones, a member of the public set out his view:

*“I suggest that there is an insoluble problem with having a list of examples of allowable expenditure or not having such a list. If there is no list of examples human nature will ensure that IPSA will receive very many queries from some MPs and others will go ahead without thinking and earn public opprobrium over their choices. I was surprised that the examples quoted of office cleaning materials and local paper subscriptions were not already listed.”*

- 5.13 Most of the MPs who responded requested more flexibility to determine what they needed to spend on running their office, and there were suggestions about whether particular items – training for staff, pooled resource costs – should come from the GAE budget or from Staffing Expenditure.

IPSA’s Position

- 5.14 Two key messages came out of the consultation responses and the evidence IPSA holds on claims under the GAE budget. The first is that the current GAE budget limit is, for the most part, sufficient for MPs. The main exception is for new MPs who faced start-up costs. This is the subject of the next question.
- 5.15 The second key message is that the list of allowable expenditure under this budget that was given in the Scheme was, in practice, unhelpful. Being a non-exclusive list, it was not meant to cover all possible expenditure, but the mere presence of the list created the impression that if an item was not on it then it could not be claimed. The list has therefore been removed from the new edition of the Scheme. Instead, MPs have discretion to decide how to spend their Office Costs Expenditure budget, within certain constraints. The costs must be within the purpose of the budget, which is to meet the costs of renting, equipping and running an MP’s office or offices and surgeries, where these costs are not claimable from other budgets under this Scheme, or from other sources. Further, IPSA will not reimburse the cost of newsletters, campaign expenditure, any political expenditure, personal accountancy or tax advice, or goods or services from connected parties. Within these parameters, the decision is left with individual MPs about how to allocate and spend their Office Costs Expenditure budget to best maintain their office and provide services to their constituents.

- 5.16 Each individual claim will still be subject to IPSA's claims validation processes and evidence requirements. Further, the expenses system will require MPs to submit claims within certain categories of expenditure ('stationery', for example, or 'venue hire'). This serves two important purposes: it ensures that when the claims are published it is clear what they were for, and it provides IPSA with information about the nature of claims under this budget which it can use as evidence in future reviews.
- 5.17 Finally, a small uplift has been given to the GAE element of the new OCE budget to cater for inflation. This has been incorporated in the figures given for the OCE budget limits in paragraph 5.6 above.

<p><i>Question 10: Should there be a separate start-up budget for new MPs?</i></p>
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Consultation Response

- 5.18 Around 20 individual MPs replied to this question, with a slight majority of those having been elected in May 2010. All MPs argued that a start-up budget should be provided to cover the up-front costs of establishing an office. Barry Gardiner MP gave an account of the difficulties faced:

*"Yes I agree that there should be a separate start up budget for new MPs. The [Parliamentary Labour Party] submission contains case studies of new MPs having to spend the first few months of their parliamentary career in large amounts of debt and borrowing money off friends and family to set up an office. This comes after a time when they are likely to have had to give up work over the election period, so losing their income and therefore placing MPs without independent financial resources as at grave disadvantage. It is difficult enough for new MPs to be inducted into parliament and its procedures, without the additional stress and anxiety of acquiring substantial personal debt. Employees in other sectors would not have to fund their own office equipment out of their pocket so why should MPs? I am concerned this will lead to an elite House of Commons where only MPs with their own significant financial means could afford to become an MP putting the diversity of the House of Commons at risk."*

- 5.19 Two MPs suggested that the budget be given by way of a package of office equipment provided by IPSA to the MP, similar to the arrangements in place at the Scottish Parliament.
- 5.20 The public responses were also broadly in favour of a start-up budget being provided to new MPs, although there were calls for a financial limit to be placed upon it, and for its purpose to be clearly defined. Three members of the public suggested that instead of a budget, a loan be provided. Three more thought that no start-up budget should be made available because the new MP could take over the office and equipment of their predecessor.

IPSA's Position

- 5.21 The evidence from the expenses system demonstrates that new MPs do face initial start-up costs that cannot always be covered by the standard GAE budget. During 2010-11, for example, over 20 new MPs have been given an average of around £4,000 from the

Contingency Fund to cover these costs, with the highest requests being in the region of £6,000. It is clear that ISPA does need to make separate provision for new MPs.

- 5.22 Consequently, all new MPs from 1 April 2011 onwards will have access to a budget of £6,000 to cover their start-up costs. This amount will cover the vast majority of claims made to the Contingency Fund this year. The budget will be available for one calendar year only from the date after their election. It must be used for the fixed or one-off costs associated with establishing an office, and will exclude the purchase of consumables or any ongoing resource costs.
- 5.23 As with all elements of the Scheme, IPSA encourages MPs to consider value for money when establishing their office. If they are able to make use of equipment left by their predecessor, then they should do so. IPSA will not, however, require them to do so as each new MP needs the flexibility to set up the office they think will serve their constituents best. For the same reason, IPSA is not attracted to the idea of a package of office furniture and equipment being given to new MPs. While this has the benefit of simplicity, it is also highly inflexible and would not give any opportunity to realise potential savings from taking over the equipment of the former MP.

*Question 37: Do you have any comments on possible changes to how we treat buildings insurance, accountancy services and office removal costs?*

#### Consultation Responses

- 5.24 There were 37 responses to this question, with roughly equal numbers from MPs and the public. In general, the public responses indicated that MPs should be able to claim for buildings insurance and office removal costs. There was less unanimity on the issue of accountancy services, although one member of the public suggested IPSA negotiate a contract with an accountancy firm to act for all MPs.
- 5.25 MPs generally encouraged IPSA to allow claims for these items.

#### IPSA's Position

- 5.26 IPSA will allow MPs to claim for buildings insurance. Claims for accountancy work will also be allowed, but only where they relate specifically to an MP's parliamentary duties. Personal tax advice cannot be claimed in any circumstances. Given its 'one off' nature, claims for office removal costs will be moved to the Contingency Fund.

*Question 38: Are there any other issues of detail, which would not be resolved by the merger of CORE and GAE, which you wish to raise?*

- 5.27 A small number of comments were made under this question, most commenting on how the Scheme applies to particular items that can be claimed from GAE, or on using the expenses system. These do not require any revisions to the Scheme, but the comments and suggestions made have been noted.

## CHAPTER 6: CLAIMS PROCESSES

*Question 12: Should there be a change to the 90 day rule for making claims? If so, what would be the best alternative?*

### Consultation Responses

- 6.1 IPSA received 58 responses to this question, 20 of which were from individual MPs, one from the Parliamentary Liberal Democrat Party, three from non-parliamentary organisations and a further four were from MP's staff. The remainder were from the public.
- 6.2 While the responses from MPs and their staff varied, the majority argued that 90 days is too short a time to submit expenses after they have been incurred. The reasons given included the fact that they are often reliant on a third party (a utility company, for example) to supply a receipt to them, and this reduced the time available to then submit the claim. Some MPs also argued that their workload was such that they could not submit expenses within so short a time period. Alternative options put forward were for the deadline to be 120 days, or simply by the end of the financial year.
- 6.3 The majority of responses from the public took an opposing view, arguing that 90 days is a reasonable length of time within which to submit expenses, and that most expense schemes have an even shorter deadline. The Association of Chartered Certified Accountants, for example, said:

*“Over a number of years there has been a strong emphasis on public services (including Parliament) to produce timely and accurate financial accounts. Reporting timescales have become much shorter. With this in mind, the same standards of timeliness should apply to MPs submitting claims. Three months (90 days) is considered generous in most private and public sector organisations. Rather than dispensing with the 90 day rule or increasing it, we would advocate IPSA explore shortening the timescales to facilitate budget monitoring.”*

### IPSA's position

- 6.4 There is a need for MPs to be held accountable for the expenses they claim, given they come from taxpayers' money, and without the routine submission of claims there can be no routine publication of expense claims. IPSA is not persuaded that there are grounds to extend what it considers to be a reasonable length of time for an MP to submit an expense, and thus the 90 day deadline will remain.
- 6.5 During the first year of IPSA's operation, extensions to the 90 day rule have been granted where exceptional circumstances have meant an MP could not submit a claim on time. These circumstances generally related to the need for training on the expenses system, and registering the MPs' accommodation and offices on the system. Now the system has been in place for 11 months, these reasons have less force.

- 6.6 From 1 April 2011 onwards, IPSA expects all MPs to submit claims within 90 days of the expense being incurred, unless a genuine emergency prevents them. An MPs' routine workload will not be considered sufficient reason to extend the deadline.

*Question 13: Should MPs be able to delegate authority to submit claims to their proxies?*

#### Consultation Responses

- 6.7 There were 60 responses to this question, with mixed views overall. The individual MPs who replied were broadly in favour of being able to delegate the authority to submit claims, generally because it meant that the submission of expenses was not dependent on their availability. A further argument put forward in favour was that as MPs trusted their staff, there was no good reason not to allow them to submit claims. Two responses stated that this would simply legitimise a practice that already occurs in some MPs' offices.

- 6.8 These views were not universal, however. Two arguments were put forth:

- a. first, that on a practical level, and especially for accommodation, travel and subsistence claims, only the MP knew the details needed to input the claim. Michael McCann MP wrote, for example:

*"The suggestion is that MPs do not have to personally input into the system. That might be the case in some situations, however, for the reconciliation of the [Payment Card] for example I am afraid that the only person that can do that is the MP. If you give it to a member of staff you have to explain each entry and provide a receipt for each entry which is frankly time consuming."*

This was actually listed under Question 16 though it does relate to paragraph 82 of the consultation document.

- b. second, that it should not be the responsibility of staff members to check and submit claims, and there is a risk the staff member may be blamed for any claims that are not paid by IPSA. Michael McCann MP also said:

*"No, because if that happens there is scope for a MP to claim that they did not know what was being submitted and it would strike me as being a fundamental breach of the principle of the IPSA rules."*

- 6.9 This latter point was echoed in the majority of the 32 responses from the public to this question. For these respondents, the risk of an MP seeking to abrogate responsibility if a claim was not paid or subsequently found to be fraudulent was too high.

#### IPSA's Position

- 6.10 The current system allows an MP's staff member to collate and input expenses, but then it requires the MP to log on, using a unique code, to submit them. Some MPs have chosen to complete the entire process themselves, while others work alongside their staff members. MPs are required to declare annually that all the expenses they claimed were legitimate.

- 6.11 IPSA has listened to concerns from MPs regarding the impact of the requirement for their personal involvement in the submission of claims on their working time. It is satisfied that it is possible for MPs to delegate the task of the submission of claims with no loss of responsibility or accountability for those claims. Consequently, claims may be submitted by a staff member nominated by the MP, rather than by the MP personally. However, the MP will need formally to appoint the staff member as their agent while confirming that they – the MP – remain wholly responsible for all matters relating to their expense claims. Further, the vital safeguard of claim publication will remain.

*Question 14: Should MPs be able to redact any information on the evidence provided to support a claim? If so, should the type of evidence where this is permitted be limited to a specific list of items?*

#### Consultation Responses

- 6.12 IPSA received around 40 responses to this question, with over half coming from the public. The rest came from MPs or their staff. The majority of public responses argued that no redaction should be allowed, even from a specific list of items, for reasons of openness and transparency. The responses from MPs overwhelmingly, but not exclusively, were in favour of being allowed to redact personal or irrelevant information from receipts prior to submitting them to IPSA, because they felt that this exceeded the information required to validate the claim.

#### IPSA's Position

- 6.13 IPSA's starting point has been that evidence for claims must be submitted in full, with no redactions. IPSA is not persuaded this should change.
- 6.14 The difficulty with providing a list of items that can be redacted is that once they are redacted, IPSA has no way of telling whether the MP has complied with the list. By definition, IPSA cannot see what has been redacted. There would be a risk that in order to comply with its high standards of claims validation, IPSA would need to return claims to MPs to clarify what they have redacted. This step will inevitably lengthen the time taken to process claims. Further, IPSA's publication processes ensure that no security-related or personal information will be published. Aside from the publication of claims, IPSA is subject to data protection and freedom of information legislation and will always comply with this legislation as it relates to the limits on the release of personal or sensitive information.

*Question 15: Should error by the MP be a criterion for allowing a review of a claim that has been determined as 'not paid' by IPSA?*

#### Consultation Responses

- 6.15 Amongst the 15 responses from MPs received on this question, the message was clear that a review on the basis of MP error should be allowed. The respondents made a distinction between errors that were later corrected (and the claim paid), and deliberate attempts to claim funds wrongfully. Both resulted in a 'not paid' claim status and were the subject of media stories, but qualitatively, the two are very different.

- 6.16 The public view was mixed, with some taking the approach that MPs should have one chance only to submit a claim correctly. D Noble, a member of the public wrote:

*“No – they are responsible for reading and understanding draft legislation and voting on it – they must therefore be able to read and understand the IPSA rules and guidance.”*

- 6.17 Others amongst the public accepted that mistakes will happen and that no one is infallible. In these cases, the responses recommended that discretion is allowed for MPs to correct genuine mistakes, but that a pattern of repeated errors would be cause of concern.

#### IPSA's Position

- 6.18 It is important, in the interests of transparency and public accountability, that wrongfully made claims are not paid, and that this is published. However, IPSA agrees that there is a difference between such wrongful claims, and a genuine administrative error in submitting an expense. This is especially the case where the claim is legitimate and can be paid once the error is corrected. That said, IPSA does not want to create a sense that claims can be entered without due care and attention, because there is another chance to get it right.
- 6.19 Given these complexities, a formal review may not be the best mechanism to cater for errors in inputting claims. IPSA will therefore take some further time to consider how best to provide scope in the expenses system for genuine errors by MPs and their staff to be identified and corrected prior to a claim being determined.

*Question 16: Are there any other rules in Parts 2 (Making Claims) and 3 (Determination and Review of Claims) of the Scheme which should be reconsidered?*

- 6.20 IPSA received 30 responses to this question, from the public, MPs and MPs' staff. They commented on the efficacy of the online expenses system, the prospect of extending the use of the Payment Card for incurring expenses, and the rigour of IPSA's claims validation processes. These comments do not necessitate revisions to the Scheme, and are being reviewed as part of IPSA's continual focus on improved working practices, within its fundamental principles of fairness, workability and transparency.

## CHAPTER 7: ACCOMMODATION EXPENSES

- 7.1 The Accommodation Expenses budget covers the expenses incurred by MPs in having a second residence, reflecting the fact that they work in two places: Parliament and their constituency. It is available only to non-London Area MP (as London Area MPs can commute to Westminster from their constituency) and cannot be claimed if the MP does not require expenses for their accommodation because, for example, they have grace and favour accommodation provided for them.

*Question 4: Do you have any views on how the regional bandings for accommodation costs have worked and how they might be improved?*

### Consultation Responses

- 7.2 IPSA received 24 responses to this question: six were from MPs, 14 were from the public, and the remainder were from organisations or anonymous respondents. 24 is a relatively low number of responses compared to the total number who responded to the consultation document overall and also low in comparison to other questions.
- 7.3 The responses expressed a variety of views, ranging from demands for MPs not to receive any accommodation expenses, to those who said that the current rules are reasonable, and then to those who said that a simple system is best. One individual suggested that the market rent should be certified by a letting agent, and that no rent should be paid to connected parties. Others had envisaged more creative options, such as those quoted below.

*“No direct opinion, although in my work I travel extensively, and see the regional differences. This is one reason why a prescriptive scheme, that defines the standard of accommodation (or whatever) works best, rather than some arbitrary limit, the cost of accommodation becomes variable (based on location), but the standard stays the same.” (Max Loosi)*

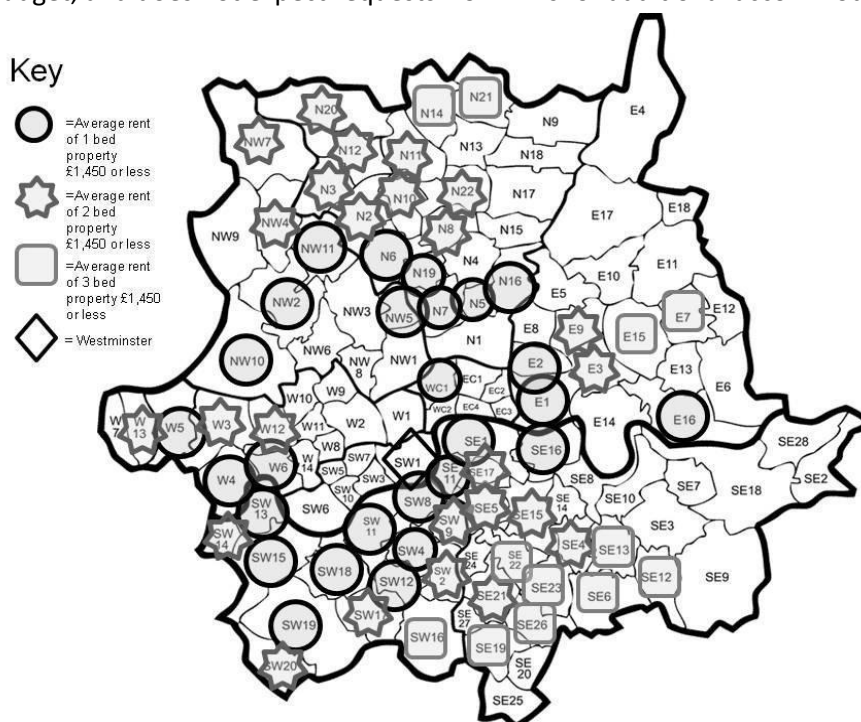
*“For an MP living outside the 50 mile radius who chooses to retain their property – No expenses. For an MP living outside the 50 mile radius who sells their existing property and buys another within the 50 mile radius – appropriate expenses based on the difference between the costs of the old property and the new for a period of 5 years. If the position of MP is retained beyond 5 years, the expenses payable should be reduced by 20% per year.” (Brian Riches)*

- 7.4 In addition to the regional bands, the Scheme provides a budget limit for MPs who rent in the London Area. The overall budget limit is £19,900 per year, within which up to £1,450 per month (this does not include the additional budget for those with caring responsibilities) can be spent on rent. Two MPs argued that the rental limit of £1,450 per month is insufficient to rent suitable accommodation in London, particularly if they want to live in central London.



## IPSA's Position

- 7.5 There is no evidence from the expenses system that the regional bands require change. No MPs have requested additional funding for their rent in the constituency, and the rents they are paying indicate the bands are adequate. Consequently, and subject to paragraph 7.5 below, they have not changed.
- 7.6 From the research into rental rates in London, IPSA is not persuaded that there is justification to raise the Accommodation Expenditure limit in London. In February 2011, IPSA analysed the average rental prices for accommodation in London to ascertain where flats were available for £1,450 a month. The analysis drew on data from London Property Watch, a website showing the current and historic rental prices for properties throughout London<sup>1</sup>. It concluded that there are 76 postcodes within London where the average rent of a one-bedroom property is £1,450 a month or less. In addition, in 44 of those postcodes the average two-bedroom property is £1,450/month or less, and in 16 the average rent for a three-bedroom property was £1,450/month or less. The map<sup>2</sup> below shows where these are. Consequently, the budget is not being raised.
- 7.7 However, for the Third Edition of the Scheme, IPSA has removed the rental limit from within the overall budget, giving MPs one budget to cover all their rental and associated expenditure costs. This is both to simplify the provisions and to add flexibility for MPs at no higher cost to the taxpayer, as the overall budget limits will not be increased. This simplification will apply to the rental limits both in the London Area and elsewhere.
- 7.8 MPs should note that IPSA sees no reason why MPs cannot balance those costs within the budget, and does not expect requests from MPs for additional accommodation funding.



<sup>1</sup> London Property Watch: [http://www.londonpropertywatch.co.uk/average\\_rental\\_prices.html](http://www.londonpropertywatch.co.uk/average_rental_prices.html).

<sup>2</sup> Map of London from London Simplified 2010: <http://www.londonsimplified.co.uk/images/postcode-map.gif>.

*Question 18: Do you agree that the rules on associated expenditure should remain as they are except for a clarification on the types of expenses which are, and are not, claimable?*

#### Consultation Responses

- 7.9 IPSA received 39 answers to this question. The majority of respondents agreed with the proposition that, with the exception of any necessary clarifications on claimable expenses, the rules on associated expenditure should remain unchanged.
- 7.10 There were some differing views, including calls from some MPs to extend associated expenditure because they believed the current limit can prove quite tight, leaving some MPs subsidising certain elements of their costs. There were five responses from the public calling for the rule to be restricted or scrapped, with reasons given including that associated expenditure should be paid from salary and not through expenses. This quote was from C Hammond, a member of the public:

*"As a pensioner I am expected to maintain my home completely. Even though I am only a part-owner and pay a Housing Scheme for maintenance, I am liable for all works."*

- 7.11 Finally, a minority of MPs favoured scrapping the rules in favour of an 'allowance' instead. This is discussed in the introduction to this Report.

#### IPSA's Position

- 7.12 IPSA has not made any substantive changes to the list of associated expenses for accommodation, although it has clarified some elements of that list. It has set out in the Scheme certain expenses that cannot be claimed from IPSA, including expenses for cleaning, gardening and the purchase and maintenance of furniture. These items will not be provided for by the taxpayer. In addition, IPSA has confirmed that MPs who own their own homes may claim for buildings insurance.

*Question 19: What are your views on the rules governing MPs who share accommodation? Is the two-thirds rule acting as a disincentive to sharing?*

#### Consultation Responses

- 7.13 There were 31 responses to this question: eight believed the four-thirds rule acts as a disincentive to sharing and should be reviewed, five thought the rule and all claims for accommodation expenses should be restricted or abolished, and 10 thought it was fair and should be left as is. The remaining responses were not related directly to the question.
- 7.14 Those who replied were divided over whether the four-thirds rule acts as a disincentive to MPs sharing accommodation. Some felt that the Scheme was overly generous in this area, whilst others noted the distinction between two spouses/partners sharing accommodation, versus two individuals who are flat sharing. The following quotes are representative of those who commented on the effects of this rule:

*"I know some of the MPs sharing and they felt that the system was designed with the assumption that only partners who are both MPs would*

*share. Experience in EuroParl should have shown that younger MPs are happy to share accommodation in the same way that they would in normal life. I think there does need to be a distinction between who MPs living together, and those who embark on a flat share. Couples should receive one LALP [London Area Living Payment] because they still only need a one bedroom flat, whilst flat sharers shouldn't be restricted from claiming the full amount.” (Andre Walker)*

*“The only incentive for sharing would be to get a better place to live. The two thirds rule restricts this and should therefore be reviewed. I am not sure what the situation is for married people/partners sharing accommodation, but feel that the needs of a couple sharing accommodation are different to that of two acquaintances, so the two thirds rule should be applicable in those circumstances where those sharing are living as a couple.” (Verity Collett)*

#### IPSA's Position

- 7.15 This rule provided that where two MPs share a residence, they are together entitled to four-thirds of the accommodation budget. This reflected the generally lower costs of sharing accommodation. There is evidence that limiting the expenses available when two MPs share accommodation to four-third is discouraging MPs from sharing. The numbers sharing accommodation are low, and IPSA is aware that some MPs who were sharing have since extricated themselves from their lease because they found their budget insufficient. This is contrary to the intention of the rule, which was simply to recognise the often lower costs of sharing without discouraging this lower cost option.
- 7.16 IPSA does not consider the four-thirds rule to be achieving its aim. It unnecessarily negatively impacts on a small number of MPs, while saving the taxpayer very little money. We have therefore abolished the four-thirds rule and will allow MPs who share accommodation to have access to their full accommodation budget. These MPs will still only be able to claim for the costs they actually incur, so if two MPs share the cost of their accommodation equally, each MP would only be able to claim 50% of the total.

**Question 20: Is the £130 cap on hotel costs in London too restrictive?**

#### Consultation Responses

- 7.17 46 respondents answered this question. 23 responses wanted to keep the cap as is, although the majority of responses from the public stated that the £130 limit is generous and arguably too high. One respondent, Michael Reid, said:

*“£130 sounds reasonable as the norm for MPs staying in a London hotel. If, on occasion, a hotel room cannot be found within this budget, then the balance should be met by the MP through their salary. I have never worked in a job with an accommodation allowance as generous as £130/night, even for London*

*accommodation, and have frequently had to top up my expenses with my own salary. MPs should do likewise.”*

- 7.18 MPs and their staff argued that the £130 cap on London hotels is too low and that they frequently experience problems booking a hotel within the limit, especially at the last minute and/or within the peak tourist season. This was a particular issue because of the nature of their Parliament’s unpredictable hours, which meant that booking in advance was not always possible. David Davies MP said, for example:

*“It is usually possible to find hotels in central London for under £130 but NOT always. On one occasion I sent a copy of an email from the House of Commons travel office showing that there were no hotels available (due to an event) If we knew which days we were required in London and could book a week ahead then there would never be a problem but often we cannot be certain what days we are going to be needed.”*

- 7.19 Some MPs stated that when they could not find a hotel within the budget, they had no choice but to subsidise the cost from their own pocket, or to sleep in their offices. David Davies MP went on to say:

*“I sometimes sleep on an airbed when there is no alternative but I don’t find this inconvenient at all, in fact sometimes it is more convenient than going to a hotel. The House of Commons authorities are not happy about this, I wonder if IPSA should suggest that MPs be allowed to do this if they wish to as it could save the taxpayers money and the MPs time.”*

- 7.20 In all, 11 respondents saw £130 as too restrictive and wanted to see it raised. These included four members of the public, three MPs and the rest were from other organisations.

#### IPSA’s Position

- 7.21 Compared to the UK’s Devolved Assemblies and Parliaments, IPSA has the lowest cap for hotels in the London Area. IPSA’s own research suggests that while the cap is generally enough for finding a hotel room with advance notice, availability within budget decreased dramatically when trying to book for the same day. Consequently, the evidence supports raising the budget limit for London Area hotels. IPSA has raised this limit to £150 per night, bringing it into line with the budget limits for the Northern Irish and Welsh Assemblies.

- 7.22 Similar arguments apply to the budget limits that apply for hotels outside the London Area, and abroad. These have been raised to £120 and £150 per night respectively.

*Question 21: IPSA does not expect to change the rules on mortgage interest and recoupment of capital gains. Do you think that it should be changed? If so, how? What do you think the impact of any change would be on public confidence?*

#### Consultation Responses

- 7.23 58 responses were received to this question, and they were broadly in favour of keeping this rule as it is. The same result was found by IPSA’s online consultation survey, where 1,483 people responded to Question Ten, which asked: ‘Do you agree that MPs should continue to

receive a mortgage interest subsidy if that arrangement is cheaper than the MP renting a one-bedroom flat?’ 31.2% answered yes, and 68.8% answered no.

- 7.24 The responses from members of the public were overwhelmingly clear that no change should be made to the transition rules for mortgage interest and recoupment of capital gains. Members of the public were particularly concerned with MPs profiting through the mortgage subsidy policy. The following quotes are representative of the majority of the responses we received to this question:

*“Any profit made on the subsequent sale of houses in London which have been funded by the taxpayer should be classed as a benefit in kind and taxed appropriately.” (Chris Pearson)*

*“It is utterly offensive for MPs or Peers to make capital gains out of second homes funded by the state.” (Richard Hering)*

- 7.25 Of the few responses that IPSA received to this question from MPs, a small number voiced objections to the two-year transitional policy on claims for mortgage interest, based on arguments of inconvenience and the impact on their own finances. Others pointed out that IPSA’s outlay for rent and hotels is likely to be more expensive to the taxpayer than mortgage interest subsidy. The Leader of the House of Commons said, for example:

*“The end of Mortgage Interest Subsidy in 2012 is likely to place more MPs in a position where they cannot continue to live in mortgaged property which they already own.”*

#### IPSA’s Position

- 7.26 The decision to end the provision of the mortgage interest subsidy on second residences was about more than saving money. It signalled an end to the opportunity for MPs to realise personal profit through taxpayer funds by way of capital gains increases. As such, and as the responses to this consultation shows, it is vital for public confidence in the expenses system that mortgage interest subsidies come to an end. Undoubtedly there will be difficulties for some MPs who will no longer have their mortgage interest paid. This does not outweigh the fact that the taxpayer should not be paying their mortgage interest.
- 7.27 IPSA has seen no persuasive argument to extend the transitional period of two years prior to ending the subsidy. This period of time was provided to allow MPs to make alternative arrangements when the subsidy comes to an end. None of the responses to this question gave a clear account of why 28 months is insufficient to do this. IPSA is also mindful that some MPs have made a decision to cease claiming the subsidy already. Numbers have fallen from those claiming it in the previous Parliament. To change the policy now risks being unfair to those who have taken early steps to change their accommodation circumstances.
- 7.28 A small number of MPs have objected to the proposal to recoup the notional capital gains attributable to the interest subsidy. They argue that although their house price may have risen from May 2010 to August 2012 (the transitional period where MPs can still claim the subsidy), it may have fallen from the time they first bought the house. Thus they would need

to repay a 'gain' to the taxpayer, while having made no actual capital gain overall on the property. IPSA recognises this as a possibility, but whatever the house price was when the MP first bought the property, they have nonetheless benefited from the mortgage interest subsidy from May 2010. It remains right, therefore, that the proportion of that gain attributable to the subsidy is recouped. Of course, if the house price has not increased since May 2010, there would be nothing to recoup. In addition, IPSA has expressed its intention to help MPs who cannot afford to pay a large amount of capital gains in one go by allowing repayment to take place over the lifetime of this Parliament.

- 7.29 The policy on the mortgage interest subsidy and the recoupment of capital gains therefore remains unchanged.

## CHAPTER 8: TRAVEL AND SUBSISTENCE

*Question 23: For the avoidance of doubt, should the rules in paragraph 7.3 of the Scheme be amended explicitly to exclude the daily commute from reimbursable expenses?*

### Consultation Response

- 8.1 IPSA received 50 responses to this question, the majority (35) of which were from the public. Seven responses were from MPs, with the rest from MPs' staff or from other organisations. The overwhelming response from the public was that the Scheme should state as clearly as possible that MPs cannot claim expenses for their daily commute. This was based on the fact that ordinary citizens need to pay for their daily commute to work.
- 8.2 The responses from MPs and their staff were split down the middle on this issue. Those in favour of explicitly excluding the daily commute did not elucidate their reasons why. Those against excluding it argued their position on the grounds of principle and practicality. The following two representative quotes set out the arguments used:

*“No – quite the reverse; the whole concept of a so-called “daily commute” should be erased from IPSA’s thinking and travel between constituency and Westminster should be allowed for all MPs as legitimate Parliamentary business. (If MPs choose to live somewhere else altogether then home to Westminster should not be claimable). The position of an outer London/home counties MP is not comparable to members of the general population who make a lifestyle/economic choice to live further out and then commute. MPs are required as part of their job to operate in constituency and Westminster.” (Anonymous MP)*

*“No - this would make the scheme over complicated eg If a London MP travels from their constituency office to Westminster very frequently and it is convenient to buy a travel card how would this be regulated if they also use this travel card to go from home to Westminster.” (Simon Hughes MP and his staff)*

### IPSA’s Position

- 8.3 IPSA has amended the Scheme to state explicitly that the cost of an MP’s daily commute cannot be claimed on expenses. This clarifies, rather than alters, the position already set out in the Scheme, and reflects IPSA’s fundamental principle that an MP should be treated, in the manner of expenses, as far as possible like other citizens. The Scheme already allows MPs to claim for travel that is on parliamentary business so we do not consider, and nor has IPSA received any evidence to suggest, that excluding the daily commute in any way hinders an MP from conducting their parliamentary duties. In this context, IPSA notes that HMRC does not regard this journey as a ‘business expense’ for tax purposes.
- 8.4 IPSA does not consider that this exclusion is over-complicated. The Scheme already provides that an MP may claim for a Travelcard if the number of work-related journeys they will make using it means it is value for money. However, MPs should be aware that if they claim

for journeys that are expressly disallowed under the Scheme then they are wrongfully claiming expenses. Those claims, where IPSA is aware of them, will not be paid.

*Question 24: Should rule 7.3(b), which excludes claims for travel between MPs' constituency homes and constituency offices be removed, on the grounds that the journey does not represent a daily commute and creates unnecessary bureaucracy?*

#### Consultation Responses

8.5 49 responses were received to this question. 23 were in favour of removing the rule and allowing MPs to claim for travel between their constituency home and constituency office. Two of those responses felt that in particular, travel between the constituency home and constituency office for MPs with rural constituencies should be claimable. 22 responses were received from 20 members of the public, and one MPs' staff member and the Taxpayers' Alliance which argued that such journeys should not be claimable as they constitute a commute, daily or otherwise. Four additional responses stated that MPs should not receive any travel expenses at all.

8.6 The following quotes illustrate the two sides of the argument:

*This [rule] needs looking at again as it does not take account of how MPs work within their constituencies. We don't have a commute to the office from home, we spend constituent days driving round meetings and surgeries and usually drive into the office more than once a day (Greg Mulholland MP)*

*"The location of their constituency office in relation to their home is under their control, they are not forced to set up an office miles away from their home location, they do this out of personal choice so they should not be allowed to claim for home to office, just as the majority of public body employees pay their own travel costs to work, why should MP's be treated more favourably." (Phil Stout)*

#### IPSA's Position

8.7 IPSA remains convinced that travel between a constituency home and constituency office constitutes that of a commute, and therefore the policy remains unchanged. IPSA understands that unlike the average person, who may have one commute between their home and office, MPs essentially have two, those journeys between their constituency homes and offices and those journeys between their London area residence and Westminster. However, this does not detract from the principle that the daily commute is not claimable.



Question 25: Should the rule on extended travel of the Scheme be expanded to take in some of the guidance in order to make it clearer? Or is it better to allow scope for MPs to exercise responsibility for what they claim?

#### Consultation Responses

- 8.8 40 responses were received to this question. 13 responses stated that the rules on extended travel should be expanded to give MPs more direction on what is, and is not, claimable. The two quotes which follow support the providing MPs guidance in this area:

*“History suggests MPs should be well-guided.” (Robin Hull)*

*“Some clarification of the principles applied may be helpful but trying to cover every eventuality would, as indicated in the paper, be a bad idea.” (PJ Jones)*

- 8.9 An additional 13 responses were in favour of leaving the rules as they were and allowing MPs to exercise responsibility for what they claim.

- 8.10 The remaining 14 respondents were not clear in their answers about which position they favoured. One member of the public, for example, said the following:

*“The system should be descriptive and inflexible so that MP’s are aware that they can only claim for legitimate pre-defined travel costs to prevent any misuse or fraudulent claims. MP’s should not be allowed scope to exercise responsibility for what they claim, as this facilitates the ability for MP’s to make claims which are not in the true light of the allowance criteria. (sic)” (Phil Stout)*

#### IPSA’s Position

- 8.11 The Guidance Notes which accompany the rules on extended travel have to date focused on journeys which MPs may claim for matters relating to their constituencies, but not specifically for other Parliamentary duties. To better support MPs, both in their Parliamentary duties and in clarifying which travel expenses are claimable, the Third Edition of the Scheme has expanded the rules on extended UK travel to include the following journeys which relate either to:

- a. a matter currently before the House;
- b. a matter currently before a Select Committee on which the MP serves, and for which is not claimable through other funding arrangements;
- c. a constituent or general constituency matter; or
- d. any necessary travel for Parliamentary duties.

- 8.12 Whilst IPSA recognises that it would be impractical to detail every individual journey that an MP may claim under this category, (and nor would it want to), these broad categories will give MPs a better understanding of the types of journeys for which they may claim.

*Question 26: Should IPSA, subject to the availability of funding, reimburse extended travel claims made by MPs on select committee or opposition front bench business?*

Consultation Responses

8.13 Of the 41 responses to this question, 11 agreed that funding should be provided for necessary select committee and opposition front bench travel and 22 argued against reimbursing such expenses. Seven respondents were unsure if IPSA or the House should fund travel in these circumstances.

8.14 Those in favour of IPSA paying select committee or opposition front bench travel felt that select committee and opposition front bench business are an inherent part of MPs' duties and therefore claims for such travel should be claimable. Responses from some MPs, as highlighted in the quotation as follows, felt that the system does not make adequate provision for such work:

*"The current system makes a largely artificial distinction between Members' select committee work and other Parliamentary business. It has produced a material change to the categories of expenditure which can be supported through allowances, without a clear rationale. The assumption that all committee work is carried out collectively, and so funded by the House, impairs Parliament's scrutiny function. This is unsustainable." (Andrew Tyrrie MP)*

8.15 Those who felt that the rules should not be changed largely believed that the funding be provided by the House of Commons, rather than IPSA.

IPSA's Position

8.16 IPSA's previous rules on extended travel have supported MPs with travel which is necessary for constituency business, but not for other types of Parliamentary work which it felt were more appropriately funded by the House. However, IPSA has recognised that there may be a gap between the travel which is funded by the House, and the journeys which are claimable from IPSA. For this reason, IPSA has extended the claimable journeys detailed under "extended UK travel" to include necessary journeys for Parliamentary purposes, which includes travel for Select Committees or other UK travel which is not covered by other funding arrangements. More information on these arrangements can be found above under the response to question 25.

*Question 27: Do you agree that individual cases which are just outside the rules should continue to be dealt with by the exercise of discretion or through contingency? Should there be a rule which explicitly allows for this in respect of travel claims?*

Consultation Responses

8.17 The majority of the 31 respondents to this question felt that individual cases which fall outside the rules should be considered on a case by case basis and dealt with through the exercise of discretion. Dr Simon Howard, for example, wrote:

*“...discretion should always be allowed as there will always be exceptions to the rule. I don't think there needs to be a specific rule outlining this in this section, I think it should be a general approach taken by IPSA.”*

8.18 There were, however, opposing views. Another member of the public, Dr Robert J Whittaker, for example, said:

*“No. The rules are there for a reason. If there is a wish to extend the scope of payments, then the rules should be changed. This ensures fairness for all MPs (rather than favouring those who try to play the system), greater transparency, and less effort from IPSA in evaluating claims and any arguments over what is allowable. If such discretionary claims are to be allowed, then it is imperative, that they are flagged as such in the published data on claims, so such actions are transparent.”*

8.19 Most of the respondents who agreed with the application of discretion called for clarity on how and when it would be exercised, how it related to the Contingency Fund arrangements, and whether a specific rule was required to give IPSA discretion over such claims.

#### IPSA's Position

8.20 This question highlights the challenge of seeking to produce a Scheme that covers every eventuality an MP may face. Were the Scheme to seek to do so, it would be so complex as to risk unworkability. Instead, IPSA has added a rule to the Scheme which gives it the discretion to consider and reimburse claims which may not be explicitly covered by the Scheme, but which are for any costs which were required by the MP to carry out his or her Parliamentary duties. The rule applies to the Scheme as a whole, not just Travel and Subsistence claims.

8.21 All individual claims submitted after a discretionary decision by IPSA will be published as part of the routine publication of MPs' expenses.

*Question 28: Do you agree that the value for money should remain the central criterion for public transport claims, and that first class travel should only be allowed if its cost falls below the relevant measures of value for money for each type of public transport?*

#### Consultation Responses

8.22 The overwhelming majority of the 60 responses to this question favoured value for money when claiming expenses for travel by public transport. There were differing opinions, however, on what this meant for first class travel. The following two quotes are typical of the views expressed by the public and by MPs.

*“I agree wholeheartedly that value for money is paramount and must be retained as the central criterion and as a way of measuring the validity of a claim. Most public servants are being asked, or sometimes forced to travel Standard Class where this is cheaper, so why should MPs be any different in this case?” (Phil Stout)*

*“Yes, but whose value for money? I now travel by train much less than I used to because the journey is ‘dead time’ when I cannot work, unless I pay the First Class*

*premium personally. In practice I do this quite often to ensure I can maximise the value of my journey, but it does mean that I am once again subsidising the cost of my work out of taxed income, as I am required to do in so many different ways. In the current climate I see little prospect of reinstating the old rules on First Class travel, but it should be noted that the changes have definitely produced worse value for money overall by reducing the working time of MPs, especially those with longer journeys.” (Peter Luff MP)*

- 8.23 In addition to the consultation responses, our survey of public opinion conducted in November 2010 raised the issue of first class domestic travel. The survey results were that 89% of the public felt that MPs should not be able to claim expenses for first class domestic travel.

#### IPSA’s Position

- 8.24 One of the fundamental principles of the Scheme is that it should provide value for money for the taxpayer, and that value for money should not necessarily be judged by reference to financial costs alone. In relation to public transport and taxis, however, it is important to balance financial cost against appropriate support for MPs and public confidence in the Scheme. IPSA remains to be persuaded that there is a value for money argument that MPs are unduly prevented from carrying out their work by travelling in Standard Class. For this reason, the policy remains unchanged: MPs may claim for First Class travel only in the circumstances where, due to booking in advance for example, it is cheaper than the same journey made in Standard Class.

*Question 29: In relation to claims for the use of taxis, should IPSA have more description in the rules of what is reasonable, or should it relax the rules and rely on MPs taking responsibility for what it is reasonable to claim? Or should the rules remain as they are?*

#### Consultation Responses

- 8.25 IPSA received 41 responses to this question, of which just over half (27) were from members of the public. Their views were divided between those who believe that the current rules are robust and that MPs should take the responsibility for deciding what is appropriate to claim, and others who feel that IPSA should issue more descriptive guidance to assist MPs in their judgements. The following two quotes are representative of the comments made:

*“I think there should be a general principle that taxis are not to be taken except in the most exceptional circumstances, and that MPs should justify their use on a case-by-case basis judged by IPSA. If MPs would find more description of what is acceptable useful, then sobeit (sic).” (Dr Simon Howard)*

*“IPSA should ALWAYS be able to determine what is reasonable. Too many years have politicians determined what is reasonable and look what it brought us - the expenses scandal.” (Steve Paul)*

- 8.26 Seven MPs replied to this question, all of whom felt that there should be more flexibility about when an MP can claim a taxi. Michael McCann MP said, for example:

*“I think the rules should be relaxed and the word “reasonable circumstances” should be placed within the rules to allow MP’s (sic) to make a judgement. For example, on several occasions I have arrived on a Sunday night at Paddington station only to find that the tube services are extremely restricted. I have been carrying luggage I have been carrying shopping and the prospect of waiting on a train which I know will be delayed because of the information I have, has led me to make the choice, which I do not think is unreasonable, that a taxi fare was justified. IPSA have clearly agreed with this because they have paid the claims I made, however, if you look at the rules and how they are currently worded I would have been reticent about claiming a taxi fare in those circumstances.”*

#### IPSA’s Position

- 8.27 The Scheme currently states that taxi claims may be submitted (a) if the journey could not be undertaken by any other reasonable method of transport, or (b) if alternative methods of transport are in impractical due to reasons such as pregnancy or illness. Barring late night sittings, which are dealt with below, we are not persuaded that there are any other clear grounds for changes. Both of the existing rules encompass the scenarios in which we would expect MPs to exercise their own discretion when evaluating whether a taxi journey should be claimed, and to explain the reason they incurred the expense. Consequently, there is no change to the rules on taxi claims.

**Question 30: Should the 24 single journeys rule for MPs’ staff travel be changed? If so, how?**

#### Consultation Responses

- 8.28 The 45 responses to this question gave a wide range of views. Members of the public were divided between leaving the rules as they are, allowing MPs to apply for additional trips as required, introducing a capped budget for staff travel, and not paying any expenses for staff travel at all. There was a view amongst a small number of the public that introducing flexibility in this area could lead to a watering down of the need to decide if the journey is really necessary. The Taxpayers’ Alliance, for example, said:

*“The 24 single journeys for staff rule is reasonable. No additional burden for further trips should be placed on IPSA or taxpayers. IPSA should not allow any transfer of entitlements; that would mean taxpayers paying for journeys when they may not be absolutely necessary.”*

- 8.29 MPs and their staff were broadly in favour of pooling the number of journeys, given the impact the cap had on their working arrangements. One member of staff, Matthew Scott, wrote:

*“The current staff travel budget is fundamentally flawed because those staff that work from constituency will often need to travel much more for meetings in Westminster and London. The budget should be enough so that each member of*

*staff who works in a constituency can travel at least once every two weeks to Westminster while the House is seated."*

#### IPSA's Position

- 8.30 The 24 single journeys cap applies only to journeys undertaken by staff members between the MP's constituency and Westminster. IPSA proposes to merge these allocations into a central pool. Given that very few MPs currently use up to the maximum allocation per staff member, the evidence does not support concern that a change along these lines would encourage greater use/potential misuse of the rule.
- 8.31 Staff travel patterns within an MPs' office will depend on the manner in which that office is organised and the tasks that fall to each staff member. It is unnecessary for IPSA to put in place a limit that restricts the ability of the MP and his staff to arrange their work as they think best. Consequently, IPSA has replaced the 24 journey per staff member cap, with an overall cap per MP of 96 single journeys for staff members between the MP's constituency and Westminster. This cap is based on MPs having four actual members of staff making up the 3.5 FTE staff members on which the Staffing Expenditure budget is based.

*Question 31: Should any changes be made to the rules on travel and subsistence for late sittings of Parliament? Should any late working be eligible for a subsistence claim?*

#### Consultation Response

- 8.32 A total of 43 responses were received for 28 members of the public, 10 MPs, two members of MPs' staff, and one Peer, one organisation, and one parliamentary group. Of these, 14 respondents were in favour of leaving the rules as they were. 13 respondents felt the rules should be changed in some manner, providing suggestions such as if an MP has to work past 10pm and must return to work before 7am, then overnight accommodation should be claimable, and also a response which argued that the same travel and subsistence policy for "civil service expenses" should apply for MPs. Some MPs were in favour of making the system more flexible; Penny Mordaunt MP, for example, said the following:

*"Late sittings are only one reason why MPs work late. Apart from one sitting which ran on until after 2am I have always worked at my desk for between one and two hours after each late sitting. MPs work late not just because of the business on the flow of the house. Making personal allowances more flexible would enable MPs to judge whether they can return to the constituency or stay overnight. I do not think MPs should claim for food when working late. I have access to a fridge and microwave as well as the Palace's catering - which is reasonably priced."*

- 8.33 Some members of the public were in favour of Parliament reforming its working practices:

*"We should build a system which penalises the sitting government for excessive late night sitting and late night working. It is late night working which is the biggest barrier to diversity in politics, not expenses rules. IPSA*

*could be used as a tool to reform the late night culture. Late night culture is created by poor leadership and incompetence.” (Chris Greenwood)*

- 8.34 Further, seven responses stated that MPs should not receive any travel or subsistence expenses for late sittings, with respondents arguing on similar lines as the member of the public who said the following:

*“MPs should not receive a subsistence payment for late sittings of Parliament. They already receive subsidised meals. If they can't afford that, they should pack a lunch. Late working should not be eligible for a subsistence claim. It wouldn't be for me unless I was on a business trip and therefore unable to pack a lunch.” (Sharon Ewing)*

- 8.35 The remaining nine respondents did not provide a clear answer to the question.

#### IPSA's Position

- 8.36 IPSA is aware that some MPs, particularly those in the outer reaches of the London Area, have found the late sittings rule problematic. Evidence suggests that MPs may experience difficulties making last minute bookings for hotels, and they have argued that the unpredictability of their schedules makes it tricky to put arrangements in place in advance. Other MPs have expressed a desire to return home at night but have said that the rules, which as previously drafted only allowed them to claim a taxi if the House sat after 11pm, restricted their ability to get home. Several MPs said they were sleeping in their offices as a direct result of IPSA's rule.
- 8.37 Several members of the public have criticised MPs' late working and argued that Parliament should be reformed to follow a more traditional working day. It is neither IPSA's role and nor within its power to reform the workings of Parliament; it is within IPSA's remit to ensure that in the matter of expenses it supports MPs to fulfil their parliamentary duties when that means their working late within Parliament. For this reason, IPSA has given MPs the discretion to claim expenses for a taxi home or a hotel room if they are required to work late at the House. All MPs will now have flexibility to claim for a taxi or a hotel if they work late and they deem it necessary to incur such expenses. This policy applies to situation where there is a late sitting of the House or other circumstances MPs are undertaking Parliamentary functions.
- 8.38 This policy change will both better support MPs in their parliamentary duties and make the Scheme more workable in practice when MPs are required to make arrangements at short notice. The onus remains on the MP to make responsible, value for money judgements when incurring taxi or hotel expenses that they intend to claim from IPSA, and all expenses will be published in the normal fashion.

## CHAPTER 9: WINDING UP COSTS

*Question 39: Do you have any comments on the winding up expenses rules?*

### Consultation Responses

- 9.1 The majority of the 34 responses IPSA received on this question came from members of the public. There was a clear focus in those responses on the winding-up process being as rapid and as cheap as possible, and that only the actual costs incurred in winding up an MP's office should be claimable.
- 9.2 The responses from MPs showed a general satisfaction with the budget limit on winding up expenses, but concerns were raised about the need to ensure staff members were not penalised because their employer ceased to be an MP. The Parliamentary Labour Party, for example, said:

*“Winding up allowances should be sufficient to meet existing commitments (e.g. rent and equipment hire). Redundancy payments for staff should not be based on the amount of unused budget, ie there should be separate provision for this.”*

### IPSA's Position

- 9.3 The winding up provisions in the Scheme require MPs to submit expenses for reimbursement, meaning that only the actual costs incurred will be paid. The limit for 2010-2011 was based on three month's worth of the office-related budgets (CORE, GAE and Staffing Expenditure). This level appears right and will continue, subject to the following point.
- 9.4 Where an MP has members of staff who are paid towards the top of their pay scales, there is a risk that their redundancy payments will absorb the majority of the winding up budget, leaving little for the remaining costs. IPSA will therefore move the winding up costs relating to staff redundancies to the Contingency Fund. This mirrors the position if a staff member is made redundant during the year, when the costs are met from the Contingency Fund.
- 9.5 With this alteration, the winding up budget limit will be based on three months' worth of the Office Costs Expenditure budget. For London Area MPs, this is £46,500; for non-London Area MPs, it is £45,500.

*Question 40: Do you agree that any one-off payments to MPs on leaving Parliament should be a matter for consideration when IPSA conducts a review of MPs' pay and pensions in 2011-12? Should there be any interim arrangements? If so, how should the payments be calculated?*

### Consultation Responses

- 9.6 IPSA received 43 responses to this question. 24 responses were from the public, and 11 were from MPs. The remaining few were from MPs' staff and non-parliamentary organisations. Respondents were broadly in favour of an interim arrangement, until the full



review of MPs' pay and pensions. However, there was no consensus on what rules should apply. Some respondents favoured extending the scheme that applied in the previous Parliament, or one of the standard public sector schemes. Of those that expressed a preference, the majority said that the standard statutory minimum should apply, as it does for MPs' staff. Several respondents noted the similarity with redundancy payments, which are not generally available where an employee resigns voluntarily.

#### IPSA's Position

- 9.7 Given its integral link to MPs' pay and pensions, IPSA does not believe it can properly consider the issue of whether there should be a resettlement grant or how it should be formulated as a separate issue. IPSA will not, therefore, introduce an interim measure but will consider the issue as part of its planned review of MPs' pay and pensions once the legal responsibility for those matters passes to IPSA.

*Question 41: Do you have any views on what approach IPSA should take to office equipment paid for from the public purse when an MP leaves Parliament?*

#### Consultation Responses

- 9.8 The 24 responses from members of the public highlighted two main methods of dealing with office equipment when an MP leaves Parliament. These were:
- a. procuring office equipment centrally, so that the central contractor could take the equipment back and reissue it as appropriate; or
  - b. requiring the outgoing MP to give the equipment to the incoming MP.
- 9.9 Both MPs and members of the public noted some of the complications with this approach, around issues of the depreciation in value of some items, and of how to deal with specialist equipment such as that adapted for disabled people. A small number of respondents suggested that IPSA collect the equipment and then either reissue it to MPs, or dispose of it. One response also raised the point that a new MP might not want the equipment left by their predecessor. Most respondents suggested that if the proposals above proved unworkable, the MP should be able to buy or scrap the equipment, or give it to charity.

#### IPSA's Position

- 9.10 Given the storage and logistical resources involved, IPSA is not able to take possession of the equipment left by outgoing MPs.
- 9.11 One strong theme of the responses is that individual MPs will want to treat their equipment in different ways, with some wanting to pass it on and others wanting to give it to charity, for example. IPSA sees no benefit in tying the hands of either the outgoing or the incoming MP in respect of office equipment. There are potential tax implications with any approach to this issue, and IPSA is currently in discussion with HMRC regarding these. Guidance on this issue will be published in due course.

## CHAPTER 10: MISCELLANEOUS ISSUES

*Question 42: Are there any aspects of the arrangements for disability assistance, security assistance, insurance, contingency and financial assistance that you think could be improved?*

### **Disability Assistance**

#### Consultation Responses

- 10.1 Only three responses commented on the provisions for disability assistance in the Scheme. Two (one member of the public and one MP) made the general comments that such assistance is vital, and that it should cover everything that a reasonable employer would.
- 10.2 The third response came from the charity POhWER. Much of their response was relevant to the Equality Impact Assessment and is covered in that document. Three points, however, are covered here. These are:
- a. that the support for MPs and their staff with disabilities should be covered from one budget, rather than support for staff being drawn from the Contingency Fund, because otherwise the provisions for staff members have a lower status (being paid at IPSA's discretion rather than as an allowable expense under the Scheme);
  - b. that explicit provision should be included for reasonable adjustments for candidates for interview by MPs; and
  - c. that IPSA reconsider its requirement for an assessment from a suitably qualified person before providing disability assistance, especially where it refers to the Access to Work scheme before support will be given to staff members. The Equality Act 2010 provides that people with certain conditions are automatically considered disabled, and no further assessment is required. Further, in most cases, POhWER argued, the individual will be the expert on their needs and the employer, when it is the MP, is expected to provide what is deemed 'standard equipment' automatically, without an Access to Work assessment.

#### IPSA's Position

- 10.3 Having considered these responses, IPSA will make clear in the Scheme that Disability Assistance covers necessary additional expenditure (including all 'reasonable adjustments' within the meaning of the Equality Act 2010) incurred in the performance of an MP's parliamentary functions, which are reasonably attributed to the disability of an MP, or a member of their staff. Further, we will no longer require an assessment by Access to Work prior to approving claims relating to a disabled staff member of an MP. It is for the MP to decide, as the employer, what adjustments are reasonable to make for their staff. Finally, we will specify that disability assistance will be made available to reimburse claims for making reasonable adjustments for candidates at interview.

- 10.4 Related to this question one respondent, the charity POHWER, raised a further point about the ability of disabled staff members (and family members) to travel. They said the following:

*“We welcome the fact that the scheme includes provision for the travel costs of disabled relatives to be supported. However, it is not clear whether the scheme supports the travel costs of a carer/personal assistant for someone to travel with the disabled person. In some cases it will not be possible for a disabled person to travel independently, and this should therefore be clarified.”*

- 10.5 IPSA agrees with this recommendation, and will allow claims for the travel of a carer both for disabled family members and for MPs’ staff members who are disabled.

### **Security Assistance**

#### Consultation Responses

- 10.6 IPSA received six comments on Security Assistance, with two from MPs, one from Unite the Union and three from members of the public. The overall view was that the Scheme should continue to include provision for security costs incurred by MPs, and no major changes were suggested to the budget. There was a general perception from MPs and Unite the Union that the budget was not well known.

#### IPSA’s Position

- 10.7 The Scheme will continue to contain provisions for Security Assistance. IPSA does not intend to alter the requirement for a security assessment by the police or other appropriate security agency prior to allowing claims on the budget. The Scheme had included a notional annual cap per MP of £2,000, unless advice from the police or other security agency advised that a higher cost was required. As all claims are subject to this specialist advice, the notional cap is obsolete. IPSA will instead consider claims on the basis of the security assessment.

### **Insurance**

- 10.8 Four members of the public commented on the provision of insurance for MPs, and none proposed changes to the current provisions. These will remain unchanged, although the guidance on the Scheme will record, for clarity, those types of insurance for MPs paid for centrally by IPSA (currently, Employers’ and Public Liability Insurance).

### **Contingency Fund**

#### Consultation Responses

- 10.9 The Contingency Fund may be accessed by MPs who wish to claim for legitimate expenses not covered in the Scheme, or that exceed a financial limit in the Scheme. Two respondents (one member of the public and one MP) commented on the contingency arrangements, stating that it was an appropriate method to deal with the types of claims that are covered by it.

### IPSA's Position

- 10.10 For the first year of IPSA's Scheme being in operation, the Contingency Fund has been used for a range of costs associated with commitments made by MPs prior to IPSA existing, which have meant they were unable to operate within budget. This may be, for example, an office lease that is too expensive for the standard budget. Where it provides value for money for an MP to maintain these contracts until they end rather than pay an extrication or release fee, IPSA will look to provide contingency funds to the MP until the end of the contract (or until the end of the Parliament or the MP otherwise ceases to be an MP). This will require a one-off application by the MP for contingency funds to cover the duration of the contract.
- 10.11 The consultation responses summarised above are supplemented by the results of the omnibus survey of public opinion we commissioned in November 2010. This showed that 72% of the public agreed that MPs should have to stick to a budget, even if that meant a reduction in the services provided to constituents. Given the changes to the various budgets throughout the Scheme, IPSA is content that it is providing adequate funds for the vast majority of MPs, and so the vast majority of MPs should reasonably be able to manage within those budgets. Consequently, IPSA has introduced a new criterion into the definition of when the Contingency Fund might be available to MPs. This states that the MP must demonstrate the cost they intend to claim is the result of 'exceptional circumstances'.
- 10.12 This new test will not apply to certain specified expense types that are funded from the Contingency Fund, such as staff redundancy costs. These will be set out in the guidance to the Scheme.

### **Financial Assistance**

- 10.13 No responses commented explicitly on the provisions in the Scheme for financial assistance. IPSA has made no changes to these provisions.

*Question 43: Do you agree that IPSA should introduce a rule which allows MPs to claim for the cost of taking out legal expenses insurance?*

### Consultation Responses

- 10.14 There were around 30 responses to this question, and the majority agreed that MPs should be able to claim for the cost of taking out legal expenses insurance. Four respondents suggested that IPSA pay for the premium centrally for all MPs.

### IPSA's Position

- 10.15 Claims for legal expenses insurance can now be claimed, with the cost coming from the Office Costs Expenditure budget. It will be for individual MPs to arrange their insurance, rather than IPSA providing it centrally. There are two reasons for this:
- a. the cost of the premiums will be based on the employment record of each individual MP, so a central assessment is not possible and could lead to some MPs costing more than would be the case if they were assessed individually; and

- b. there is an incentive for MPs to take steps to reduce their premiums by actively considering their management and employment practices. A lower risk assessment means lower premiums, which thereby take up less of the capped Office Costs Expenditure budget.

*Question 44: Are there any other aspects of the Scheme that you would like to comment on, or suggest changes to?*

- 10.16 There were a number of suggestions made to this question, including calls for the following:
- a. a return to a paper-based expenses system;
  - b. an increase to MP salaries and a commensurate reduction or removal of the expenses they can claim;
  - c. central procurement of office and residential accommodation for MPs; and
  - d. allowing HMRC to administer the expenses system rather than IPSA.
- 10.17 IPSA's job is to provide assurance and transparency to the public while operating a system which, while being robust, is as simple as possible for MPs to use. Along with the changes set out above to the Third Edition of the Scheme, IPSA is focusing on how best to support MPs in their work and minimise the burden on them; ensuring that its controls are proportionate and focused on the bigger risks and that it become ever more efficient. All the revisions to the Scheme and to the expenses system that IPSA has brought in are a reaffirmation of IPSA's commitment to provide a fair, workable, and transparent system while ensuring appropriate assurance that public money is being properly spent.

## ANNEX A: ONLINE CONSULTATION SURVEY RESULTS

1,498 responses were received to the online survey on IPSA's website from January-February 2011.

**Q1a – Q1c. Please rate the following statements in terms of their importance.**

Question	1- Very important	2	3- Somewhat important	4	5 - Unimportant	Total
There should be strict rules about what MPs can claim on expenses	1401	52	28	8	9	1498
	94%	3%	2%	0.50%	0.50%	100%
MPs should take responsibility for deciding what expense claims are legitimate within a clear framework of principles	767	165	126	82	280	1420
	54%	12%	9%	6%	19%	100%
The expense rules must be sufficiently detailed to take account of every eventuality	943	222	193	61	43	1462
	65%	15%	13%	4%	3%	100%

**Q2a – Q2d. How important to you are the following factors?**

Question	1 - Very important	2	3 - Somewhat important	4	5 - Unimportant	Total
The expense claims should be as simple as possible for MPs and their staff	759	233	277	78	120	1467
	52%	16%	19%	5%	8%	100%
Expense claims all be checked individually when they are submitted, no matter how low in value	965	212	161	90	51	1479
	65%	14%	11%	6%	4%	100%
Checks should be focused on higher value expense claims	650	256	192	114	188	1400
	46%	18%	14%	8%	14%	100%
IPSA should provide a good service to MPs as well as acting as a regulator	670	272	268	81	168	1459
	46%	19%	18%	6%	11%	100%

**Q3a – Q3d. MPs have to work from two locations and can legitimately claim expenses to support a residence in either their constituency or London. If the MP cares for children, should they be able to claim additional expenses for this residence to enable these children to stay with them, when the children are:**

Option	Yes	No	Total
Under 5 years old	675	794	1469
	46%	54%	100%
Between 5 and 16 years old	495	976	1471
	34%	66%	100%
Between 16 and 18 years old and in full-time education	191	1277	1468
	13%	87%	100%
Between 16 and 21 years old and in full-time education	85	1376	1461
	6%	94%	100%

**Q4. Do you agree that an MP's partner or spouse should be able to claim travel expenses between the MP's constituency and London in the following circumstances:**

Option	Yes	No	Total
When accompanying the MP's children aged under 5	502	983	1485
	34%	66%	100%
When accompanying the MP's children aged between 5 and 18	319	1163	1482
	22%	79%	100%
When visiting the MP on their own	102	1376	1478
	7%	93%	100%

**Q5. MPs whose constituencies are within the 'London Area' cannot claim accommodation expenses. Which of the following do you think should define the 'London Area'? You can select more than one option.**

Option	Responses
TfL zones 1-6	373
	18%
Areas covered by the London Boroughs and the City of London	383
	18%
All constituencies wholly or partly within 20 miles of Westminster	458
	22%
All constituencies within 60 minutes of Westminster by rail	875
	42%

**Q6. Should MPs be able to claim for the following expenses (assuming they all arise because of parliamentary work)?**

Option	Yes	No	Total
A hotel in London if the MP is unable to get home on public transport before midnight	1043	446	1489
	70%	30%	100%
First Class travel if the MP is working on constituency cases on the train	305	1178	1483
	21%	79%	100%
Taxis, when the MP judges that is the best way for them to make a journey	421	1056	1477
	29%	71%	100%

**Q7. Newly elected MPs often incur extra costs in setting up their offices, which are not accounted for in the MPs' Expenses Scheme. Should they have a separate budget to fund these start up costs?**

Yes	No	Total
987	503	1490
66%	34%	100%

**Q8. On a scale of 1 to 5 how important is it that MPs stick to their budgets, even if that reduces the service they can offer to constituents?**

1: Very Important	1032	69%
2	246	17%
3: Somewhat Important	148	10%
4	33	2%
5: Unimportant	33	2%

**Q9. All MPs employ staff to help them carry out their parliamentary and constituency work. Should MPs be able to claim the following expenses?**

Option	Yes	No	Total
Performance-related bonuses to their staff	206	1278	1484
	14%	86%	100%
Low value vouchers for staff to reward and recognise significant achievements	543	942	1485
	37%	63%	100%

**Q10. Do you agree that MPs should continue to receive a mortgage interest subsidy if that arrangement is cheaper than the MP renting a one-bedroom flat?**

Yes	No	Total
463	1020	1483
31%	69%	100%

**Q11. How long should the MP be able to continue to claim the mortgage interest subsidy?**

Option	Yes
Until the end of this Parliament	77
	17%
Until the MP leaves Parliament	179
	39%
Two years (our current approach)	202
	44%



## ANNEX B: THE LONDON AREA

1	Barking	41	Greenwich and Woolwich
2	Battersea	42	Hackney North and Stoke Newington
3	Beaconsfield	43	Hackney South and Shoreditch
4	Beckenham	44	Hammersmith
5	Bermondsey and Old Southwark	45	Hampstead and Kilburn
6	Bethnal Green and Bow	46	Harlow
7	Bexleyheath and Crayford	47	Harrow East
8	Brent Central	48	Harrow West
9	Brent North	49	Hayes and Harlington
10	Brentford and Isleworth	50	Hendon
11	Brentwood and Ongar	51	Hertford and Stortford
12	Bromley and Chislehurst	52	Hertsmere
13	Broxbourne	53	Holborn and St Pancras
14	Camberwell and Peckham	54	Hornchurch and Upminster
15	Carshalton and Wallington	55	Hornsey and Wood Green
16	Chelsea and Fulham	56	Ilford North
17	Chingford and Woodford Green	57	Ilford South
18	Chipping Barnet	58	Islington North
19	Cities of London and Westminster	59	Islington South and Finsbury
20	Croydon Central	60	Kensington
21	Croydon North	61	Kingston and Surbiton
22	Croydon South	62	Lewisham East
23	Dagenham and Rainham	63	Lewisham West and Penge
24	Dartford	64	Lewisham, Deptford
25	Dulwich and West Norwood	65	Leyton and Wanstead
26	Ealing Central and Acton	66	Mitcham and Morden
27	Ealing North	67	Mole Valley
28	Ealing, Southall	68	North East Hertfordshire
29	East Ham	69	Old Bexley and Sidcup
30	East Surrey	70	Orpington
31	Edmonton	71	Poplar and Limehouse
32	Eltham	72	Putney
33	Enfield North	73	Reigate
34	Enfield, Southgate	74	Richmond Park
35	Epping Forest	75	Romford
36	Epsom and Ewell	76	Ruislip, Northwood and Pinner
37	Erith and Thamesmead	77	Runnymede and Weybridge
38	Esher and Walton	78	Sevenoaks
39	Feltham and Heston	79	Slough
40	Finchley and Golders Green	80	South West Hertfordshire

- 81 Spelthorne
- 82 St Albans
- 83 Streatham
- 84 Sutton and Cheam
- 85 Thurrock
- 86 Tooting
- 87 Tottenham
- 88 Twickenham
- 89 Uxbridge and South Ruislip
- 90 Vauxhall
- 91 Walthamstow
- 92 Watford
- 93 Welwyn Hatfield
- 94 West Ham
- 95 Westminster North
- 96 Wimbledon
- 97 Windsor

**ANNEX C: LIST OF CONSTITUENCIES WHOSE MPS ARE ELIGIBLE FOR ADDITIONAL LONDON AREA LIVING PAYMENT OF £1,330**

1. Beaconsfield
2. Brentwood and Ongar
3. Broxbourne
4. Dartford
5. East Surrey
6. Epping Forest
7. Epsom and Ewell
8. Esher and Walton
9. Harlow
10. Hertford and Stortford
11. Hertsmere
12. Mole Valley
13. North East Hertfordshire
14. Reigate
15. Runnymede and Weybridge
16. Sevenoaks
17. Slough
18. South West Hertfordshire
19. Spelthorne
20. St Albans
21. Thurrock
22. Watford
23. Welwyn Hatfield
24. Windsor



# **Equality Impact Assessment of the MPs' Expenses Scheme on MPs and their Staff**

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## INTRODUCTION

### **The Equality Act 2010- Duties for public sector organisations**

- 1.1 The Equalities Act 2010 came into force in October 2010, bringing with it new duties for public sector organisations. As an organisation, IPSA carries out two roles, that of regulator and a service provider for MPs. Although the obligations for an organisation such as IPSA are ambiguous under the Equality Act because it does not, strictly speaking, provide public services, IPSA wishes to ensure that the MPs' Expenses Scheme is having no unfair impact on any MPs or their staff. For this reason, IPSA has undertaken an Equality Impact Assessment (EIA) in parallel with the first Annual Review of the MPs' Expenses Scheme. This is in line with good practice which suggests that all public sector organisations should carry out an EIA to review the impact of the policies they implement.

### **Equality Impact Assessments- What they are and how they are used**

- 1.2 An EIA is the process of assessing the impact of a policy or a proposed policy on particular groups to ensure that they are inclusive of everyone who is or may be affected by them, and that the policy does not cause any unlawful or unjustified discrimination. Conducting an EIA involves systematically assessing the likely or actual impact of policies on individuals in respect of the "protected characteristics." These characteristics, as identified by the Equality Act 2010, include the following:
- a. Age
  - b. Disability
  - c. Gender reassignment
  - d. Marriage and civil partnership
  - e. Pregnancy and maternity
  - f. Race
  - g. Religion or belief
  - h. Sex (gender)
  - i. Sexual orientation

## The Scope of the EIA

- 1.3 IPSA's EIA considers the impact of the Scheme on MPs and their staff based on the nine protected characteristics listed above.
- 1.4 In addition, IPSA assessed the impact of the Scheme on those MPs and MPs' staff with caring responsibilities. This is a key theme in IPSA's Annual Review, and an area for which IPSA required additional evidence in order to understand how many MPs have caring duties and how the provisions of the Scheme may affect their family life. One of the fundamental principles of the Scheme is that it should be flexible enough to take into account the diverse working patterns and demands placed upon individual MPs, and that it should not unduly deter representation from all sections of society. For this reason, IPSA wished to assess the impact of the Scheme on those MPs and staff members to assess whether any changes were required to mitigate the impacts on any individuals with caring responsibilities.
- 1.5 The EIA also includes a section on the impact of the Scheme on MPs' finances under a section entitled 'Socioeconomic issues'. Whilst it is not a formal duty under the Equality Act, IPSA acknowledges that the Scheme's impact on personal finances has been raised as a key concern by some MPs, and thus it merits further assessment through this EIA.
- 1.6 This EIA builds upon an initial EIA screening which the IPSA Implementation Team carried out in Spring 2010. The finding of the initial screening concluded that:

*"We do not believe that an expenses scheme alone should have an impact, adverse or positive, on the diversity of MPs. We have, however, ensured the scheme does not provide unnecessary barriers, and this can be seen in key areas when necessary support has been maintained (such as through the provision of additional funding for MPs with caring responsibilities and providing the necessary funding for disabled MPs)."*
- 1.7 One year on, IPSA wishes to review how the Scheme is impacting on its service users.



## EVIDENCE

### Public Data

- 1.8 IPSA does not hold equality and diversity statistics for MPs and their staff. Statistics which are publicly available on MPs include that of their gender, and if they come from a minority ethnic background. Aggregated headline figures show that the average age for those elected in 2010 was 50. Of those, the oldest MP was Sir Peter Tapsell, Conservative MP for Louth and Horncastle, aged 80, and the youngest MP was Pamela Nash, Labour MP for Airdrie and Shotts, aged 25.<sup>3</sup>
- 1.9 Table 1 in the Annex shows statistics for gender and race, as well as identifying the number of returning and new MPs, which are useful in identifying how many MPs will have operated under the previous scheme administered by the House of Commons. The data from Table 1 shows that the majority of the House of Commons is male (78%) and 4% are minority ethnic.

### Data from the Annual Review

- 1.10 To support our understanding of the effect of the Scheme on MPs and their staff, IPSA included an analysis of equality and diversity impacts as part of the Annual Review of the MPs' Expenses Scheme. From 5 January to 11 February 2011, IPSA conducted a public consultation on the Scheme, which attracted over 350 written consultation responses from members of the public, MPs, MPs' staff, and other interested parties. The consultation's second question asked respondents,
- “What impact do you believe the MPs' Expenses Scheme and the specific issues within this consultation may have on equality and diversity within the House of Commons?”*
- 1.11 74 responses were received to this question from a variety of respondents. Table 2 in the Annex shows which characteristics respondents identified as being impacted by the MPs' Expenses Scheme, by type of respondent.
- 1.12 Table 2 shows that majority of respondents felt that the Scheme has no impact on equality and diversity within the House of Commons. Of those who felt that the Scheme is negatively impacting upon individuals based on one or more protected characteristics, the largest impact was thought to be on sex (gender). Respondents also felt that Scheme impacts negatively upon those with caring responsibilities, and on individuals without significant personal financial resources.

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<sup>3</sup> Data from the House of Commons Library, General Election 2010: Detailed Analysis Research Paper 10/36, 8 July 2010. Available at <http://www.parliament.uk/briefingpapers/commons/lib/research/rp2010/RP10-036.pdf>. Accessed 6 December 2010.

- 1.13 In addition to the consultation exercise, IPSA also sought to engage directly with its service users as part of the EIA. All 650 MPs and over 2,500 MPs' staff members were invited to complete the IPSA Equality Impact Assessment Questionnaire. The EIA Questionnaire asked for views on the perceived impact of the Scheme on equality and diversity, and asked for evidence of any negative impacts. It also contained three additional questions for MPs only to gather data on the Scheme's impact on those with caring responsibilities. Finally, the EIA Questionnaire asked for suggestions as to how IPSA could mitigate any negative impacts of the Scheme.
- 1.14 IPSA received a total of 82 completed EIA Questionnaires: 44 from MPs and 38 from staff members. This equates to 6.8% of all MPs and 1.4% of all staff. The low level of response at the surface may suggest that an overwhelming majority of MPs and their staff does not feel that the Scheme has an impact on equality and diversity. However, IPSA accepts that there will be a variety of possible reasons for the low response rate, and there is little value in speculating about them.
- 1.15 The low response rate also means that the data are not statistically relevant. Nonetheless, the feedback to each question has been included in the assessment that follows. Readers are requested to note that the EIA Questionnaire was anonymous and none of the quotations in this document comes from the Questionnaire (rather they come from responses to the public consultation).
- 1.16 Table 3 in the Annex presents the number of responses to the EIA Questionnaire which suggested that the Scheme impacts unfairly against individuals based on a protected characteristic, caring duties, or socioeconomic status. Of those respondents which identified a negative impact of the Scheme, the majority felt that the Scheme has the most impact on those with caring responsibilities and on MPs' financial resources.

## THE ASSESSMENT

- 2.1 The assessment that follows looks at the impact of the Scheme on the nine protected characteristics in the Equality Act, and on those with caring responsibilities and on financial resources. Policy changes which have been implemented as a result of this EIA are identified.

### Age

- 2.2 IPSA received two responses to the EIA Questionnaire which suggested that the Staffing Expenditure budget had a negative impact on older staff members. These respondents felt that Scheme is unfairly benefiting young people over old people. They perceived a trend towards recruiting younger, more inexperienced staff due to cost implications of hiring older, more experienced staff within what was considered to be a low Staffing Expenditure budget. They also believed that the insufficient level of the budget encourages the practice of taking on interns for little or no salary, thus favouring young people who can survive on a meagre salary in central London, which in turn implies a level of wealth and/or privilege. No respondents to the consultation question directly identified Age as a characteristic impacted by the Scheme.
- 2.3 Throughout the course of the January 2011 consultation, IPSA met with a variety of MP groups and civil society organisations, some of whom stated there is a need to address the system of low-paid/unpaid interns working for MPs and the negative effects this may have on equality and diversity in Parliament. Some groups expressed their preference for a separate central intern budget or fund, possibly raised through charitable donations or administered by the House of Commons, which they felt would give equal opportunity to those who cannot afford to live on the low or non-existent wages of an MP's intern. There were also calls to raise the staffing budget in order to better enable the employment of older, more experienced staff. In a similar vein, there was a suggestion to have a centrally-funded scheme to encourage those from ethnic minorities to work for MPs.

### IPSA's Position

- 2.4 IPSA does not have conclusive evidence that the MPs' Expenses Scheme discriminates against any MPs or their staff based upon their age. Anecdotal evidence has suggested that younger, graduate-level staff are paid less than older, more experienced staff, but contradictory accounts have been put forth that older, more experienced staff are paid less than their younger, newly-recruited counterparts.

- 2.5 At this time, IPSA is content that the Scheme treats all MPs and staff equally based on their age. No evidence has been put forth which suggests that age discrimination is occurring due to an MP's age. With regards to MPs' staff, the model contracts and job descriptions allow for modification based upon employment duties. This ensures that those on IPSA's payroll have a legitimate contractual relationship in place between staff and the MPs who are their employers, and the salary bands are sufficiently broad to cater for new and experienced staff. The decision of where to place a particular staff member rests with the MP as the employer and should be decided based on the employee's capability and experience. However, to investigate the anecdotal evidence further, IPSA is currently undertaking a review of all staff contracts. Any findings that suggest that inequities do exist because of an individual's age will be addressed appropriately.
- 2.6 With regard to interns, the practice of using volunteers and interns is controversial, not only in Parliament but across a variety of professions. Opinions are divided between completely prohibiting unpaid internships, versus expanding the opportunities for internships so that individuals can gain pre-employment experience. There are also concerns about unpaid interns taking the place of paid staff. IPSA does not believe it should tell MPs where to stand on this debate, or how to treat interns already within Parliament. As an independent regulator, IPSA will remain neutral in this debate.
- 2.7 The Scheme permits MPs to claim incidental expenses for interns, or to put interns on a contract of employment and pay them the National Minimum Wage or higher. A central interns' fund would not change the rules of the Scheme, merely which budgets were used to fund the practice of interns. Funding interns from a central, additional budget may also encourage MPs to recruit more interns than they currently have. This effect would shift our neutral position to one that seems to encourage the practice of interns. For this reason, IPSA is not altering its policy on interns at this time.

### **Disability**

- 2.8 Two respondents to the EIA Questionnaire addressed disability. One respondent questioned whether the Scheme has adequate provisions for the disabled, particularly in relation to travel and subsistence claims; and as a consequence the respondent felt that IPSA could be seen as being reactive, rather than proactive, on equality issues. Both responses suggested that IPSA could consider developing an individual disability allowance for qualifying staff to ensure there is no discrimination arising from claims such as travel and subsistence.
- 2.9 IPSA also included a question in the consultation on whether any aspect of the arrangements for disability assistance, security assistance, insurance, contingency

and financial assistance could be improved (question 42). Three responses were received that were relevant to this EIA from an MP, a member of the public, and from the charity POhWER. The MP and the member of the public both noted that disability assistance is vital for MPs and their staff and that such assistance should provide everything expected of an employer. POhWER made the following points:

- a. that IPSA's requirement that claims for disability assistance must be accompanied by an assessment by a suitably qualified person specialising in the nature of the condition is "potentially obstructive" and not in accordance with best practice, and that consideration should be made to recent changes in the Access to Work Scheme to ensure that the MPs' Expenses Scheme clearly sets out the items that are claimable from IPSA;
- b. that clarity is required on whether or not the Scheme supports the travel costs for a carer for a disabled dependent of an MP;
- c. that reasonable adjustments for disability access to offices should be funded as it is a legal requirement for employers, and that an explicit provision should be included for reasonable adjustments for candidates for interview by MPs; and
- d. that the support for MPs and their staff with disabilities should be covered from one budget, rather than support for staff being drawn from the Contingency Fund.

#### IPSA's Position and Policy Change

2.10 IPSA recognises that disabled staff and MPs should be supported equally. Having considered the responses to the EIA Questionnaire and to the consultation, IPSA has made several amendments to the Scheme that are designed to provide better support individual MPs, staff and dependants with disabilities. The Third Edition of the Expenses Scheme therefore incorporates the following provisions:

- a. the Scheme has been amended to state explicitly that Disability Assistance covers necessary additional expenditure (including all 'reasonable adjustments' within the meaning of the Equality Act 2010) incurred in the performance of an MP's parliamentary functions, which are reasonably attributed to the disability of an MP, or a member of his or her staff. These claims will come from the Disability Assistance Budget rather than from the Contingency Fund. Please see paragraph 10.1 of the Scheme;
- b. Disability Assistance is also claimable for expenses incurred for reasonable adjustments for job applicants. Please see paragraph 10.1 of the Scheme;

- c. IPSA no longer requires an assessment by Access to Work or the House of Commons Health and Welfare Service prior to approving claims relating to a disabled staff member of an MP. However, IPSA reserves the right to request such an assessment where there are large costs involved. Please see paragraph 10.3 of the Guidance Notes which accompany the Scheme; and
- d. expenses may be now claimed for a carer to travel with a disabled staff member or an MPs' disabled dependant. Please see paragraphs 9.22 and 9.31-9.33 of the Scheme.

### **Gender reassignment**

- 2.11 No responses or evidence were received that suggests that the Scheme has an unfair impact on anyone based upon their gender reassignment. IPSA is content that our Scheme is compliant with the Equality Act 2010 in this area.

### **Marriage and civil partnership**

- 2.12 Two responses to the EIA Questionnaire (one from an MP and one from a staff member) suggested that the Scheme negatively impacts MPs who are married as it does not allow expenses for spouse travel if the spouse is not travelling with a child. In addition, one response was received to the consultation which stated that the Scheme discriminates against those based on their relationship status. Rt. Hon. David Maclean wrote,

*"[The Scheme] discriminates against people in relationships, even without children, as there are restrictions preventing couples staying together throughout the week"*

#### IPSA's Position

- 2.13 IPSA does not believe that the Scheme impacts unfairly upon any individual in regards to marriage and civil partnership. The Scheme imposes no restrictions on couples staying together throughout the week, as the quotation at paragraph 2.12 suggests, but IPSA will not fund additional accommodation for a spouse or partner.
- 2.14 IPSA also supports spouse/partner travel when the spouse/partner is travelling in exercise of caring duties for a dependant, but not if the spouse/partner is travelling alone. One of the fundamental principles of the MPs' Expenses Scheme, the presumption should be that in matters relating to expenses, MPs should be treated in the same manner as other citizens. On that basis, IPSA does not think it is appropriate to fund all spouse/partner travel, a policy which is generally consistent across other public and private sector organisations. For this reason, IPSA does not believe that the Scheme discriminates against MPs who have or who have not entered into marriages and civil partnerships. Conversely, IPSA has recognised that

the Scheme does have an impact on those MPs with dependants and has undertaken steps to mitigate the effect of the Scheme on those with children. This is covered in the section on Caring Responsibilities.

### **Pregnancy and maternity**

2.15 One MP and six MPs' staff members noted in the EIA Questionnaire that the Scheme has an unfair impact on individuals who become pregnant or are on maternity leave. The MP felt that IPSA does not support MPs with their expenses when they are on maternity leave. The staff members believed that the guidelines for staff maternity and paternity leave are unclear and they expressed concerns as to their eligibility. Respondents suggested that this could discourage MPs from employing a person of child-bearing age. Four responses requested that maternity/paternity pay be 'centrally funded' instead of being paid from the Contingency Fund, and for there to be clearer policies in this area.

2.16 The Annual Review's consultation included a question on maternity, paternity and adoptive leave, which asked:

*"For the avoidance of doubt, should payment of cover for maternity, paternity and adoptive leave be separately identified from contingency arrangements in Part 12 of the Scheme?" (Question 35)*

2.17 49 responses were received to this question, the majority of which called for the provisions for the payment of cover for maternity, paternity and adoptive leave to be removed from contingency payment arrangements and requested instead that it was clearly set out elsewhere in the Scheme. One respondent alleged that IPSA has reduced maternity benefits and set out his view of the impact of this on staff as follows:

*"[The] reduction in maternity benefits is not helpful in the recruitment and retention of staff and under the current arrangements for maternity, particularly for female staff who are generally under-represented within the Unit." (Iain M Corby of the Parliamentary Resources Unit)*

2.18 Respondents also questioned how MPs on maternity or paternity leave were expected to submit their expenses.

#### IPSA's Position and Policy Change

2.19 In the First and Second Edition of the Scheme, the payment of maternity, paternity and adoptive **leave** came out of MPs' Staffing Expenditure budget, and maternity, paternity and adoptive **cover** has been paid from the Contingency Fund, which was covered under Part 12 of the Scheme. If the cover came from an MP's Staffing

Expenditure budget, IPSA felt that MPs might feel reluctant to hire or continue to employ any individuals who may be entitled to maternity, paternity, or adoptive leave in the future because of budget concerns. However, the unintended consequence of this arrangement, as highlighted in responses to the EIA Questionnaire, was an uncertainty among MPs' staff of funding for their leave.

- 2.20 Contingency payments are for instances where an MP has necessarily incurred expenditure or liability for expenditure not covered by any of the other budgets included in the Scheme, or if the expense exceeds the MP's budget. They are paid through application only and subject to declarations by the MP about why the expense was unavoidable and why refusal of payment will significantly affect their ability to perform their Parliamentary functions.
- 2.21 Payments for maternity, paternity and adoptive **cover** have never been subject to the conditions placed upon a contingency payment. They have come from the Contingency Fund to ensure that these costs were met by a central budget rather than an MP's individual Staffing Expenditure budget.
- 2.22 However, we recognise that including such payments under the Contingency Fund provisions has caused uncertainty for some MPs' staff. For this reason, IPSA has moved the provisions for the payment of cover for maternity, paternity, adoptive and long-term sickness leave from the contingency payment arrangements and placed them with the Staffing Expenditure budget part of the Scheme. These costs will continue to be met from the central budget and not from the MP's staffing budget, but they are now contained within the staffing section of the Scheme to make clear that such payments are a legitimate part of employing staff. The process to notify IPSA of the need for cover will remain unchanged. Please see paragraph 7.4 (a) of the Third Edition of the Scheme for maternity, paternity, and adoptive leave.
- 2.23 To address the point on the perceived reduction in maternity budget raised at paragraph 2.17, there has not been a reduction in maternity benefits since IPSA has taken over the payment of staff salaries, and IPSA can confirm that the maternity leave entitlement exceeds that of the statutory entitlement. All employees are entitled to 26 weeks' ordinary maternity leave and 26 weeks' additional maternity leave. If an employee has worked a continuous period of at least 26 weeks ending with the qualifying week (that is, the 15th week before the expected week of child-birth) the entitlement will be 26 weeks ordinary maternity leave on full pay and 13 weeks' additional maternity leave paid at the statutory rate of maternity pay depending on the individual's average weekly earnings. The 13 week period of additional maternity leave following this will be unpaid.
- 2.24 With regard to the question on how MPs on maternity, paternity or adoptive leave are expected to submit their expenses, the guidance to the Second Edition of the



MPs' Expenses Scheme is that any MPs taking such leave can delegate the authority to submit claims to another MP or their proxy (please see Part 2 of the Guidance). This arrangement is designed to support MPs during the time when they are on leave and thus are unable to fulfil their Parliamentary duties. It remains unchanged in the Third Edition of the Scheme.

## **Race**

- 2.25 Five responses were received to the EIA Questionnaire which said that the Scheme impacts on individuals because of their race. Three gave no examples but said that the Scheme impacts on ethnic minorities, and two suggested that in terms of race, white people are unfairly favoured by the Scheme because people of this ethnic group are more likely to be from higher socio-economic groups, therefore enabling them to act as an MP's intern, which they felt frequently leads to a career in Parliament.
- 2.26 Three responses were received to the consultation question relating to race. These responses suggested the following:
- a. one anonymous response said that the Scheme impacts on ethnic minorities, but gave no examples of how or why this is the case;
  - b. Interns Aware and Interns Anonymous stated that as "resources are not distributed equally across ethnic groups it is highly likely that internships are a form of indirect discrimination;" and
  - c. Barry Gardiner MP wrote that the "cost [of staff travel incurred above the IPSA limit] could make it restrictive for staff who may get into financial difficulties and put off those from less wealthy backgrounds from applying to become MP's staff... given that there is often a link between race and socio - economic background, these concerns may also result in disproportionately putting off staff and MP's from BAME [Black, Asian and Minority Ethnic] groups."

## IPSA's Position

- 2.27 IPSA is content that the Scheme does not impact on any staff or MPs unfairly because of their race. IPSA has already stated its position on interns under the Age assessment above. Likewise, IPSA does not consider that it should comment on the diversity of staff employed by MPs.

## Religion or belief

- 2.28 No responses or evidence were received that the Scheme has an unfair impact on anyone based upon their religion or belief. IPSA is content that our Scheme is compliant with the Equality Act 2010 in this area.

## Sex (gender)

- 2.29 14 responses were received on the EIA Questionnaire which suggested that the Scheme could disproportionately affect women, particularly those with children and/or caring responsibilities. Some respondents felt that the new IPSA scheme is regressing on equality and diversity because the previous scheme administered by the Fees Office until 2010 was perceived to have more family-friendly policies and allowances.
- 2.30 One key reason given was the perceived lack of provision for children and families to be together given that an MP is required to live and work in two locations (London and the constituency). Respondents also suggested that the cut-off age of children for whom an MP can claim additional accommodation expenses is seemingly arbitrary. Some respondents saw this rule as imposing a barrier to a female MP wanting to join Parliament because it may constrict her ability to have a full family life.
- 2.31 Responses to the consultation question were consistent with those of the EIA Questionnaire, and largely focused on the impact of the Scheme on women with caring responsibilities. The following three quotes are representative of the responses that identified a negative impact of the Scheme on women:

*“We have had reports that some women decided not to stand at the last election because of the effect on their family life. Women have also expressed doubts about whether they will be able to remain members in future if their family circumstances change.” (Kate Green, Chair of the Women’s Parliamentary Labour Party)*

*“These family issues affect men and women, but are likely to be a greater disincentive to women to stand for Parliament outside London, we know already that some women have left Parliament because they found combining family and work too difficult and women are still fewer than 25% of all members. Addressing these points is important if we are to have a more balanced Parliament.” (Submission by Helen Goodman MP, Ann Coffey MP, Tristram Hunt MP, Lisa Nandy MP, Rob Ffello MP, and Mary Glendon MP)*

*These family unfriendly rules act as a deterrent to people, especially women, who might otherwise consider standing for parliament.  
(Campaign for Gender Balance and Women Liberal Democrats)*

#### IPSA's Position

- 2.32 Whilst IPSA has not received evidence that the Scheme directly impacts MPs or their staff based on gender, responses received to the EIA Questionnaire and the consultation suggest that the Scheme may disproportionately impact on female MPs with children. IPSA believes that MPs, regardless of their gender, should not be negatively impacted by the Scheme, and these concerns have been addressed below in the section on Caring Responsibilities. The decision to stand as an MP is a personal decision which individuals make during their professional career and which has significant implications on family life. IPSA's role is to support the work of these individuals, but it is not within IPSA's power to reform the working practices of the House of Commons or the lifestyles of MPs. IPSA is content that the Scheme does not impact on gender equality within Parliament.

#### **Sexual orientation**

- 2.33 No responses or evidence were received that the Scheme has an unfair impact on anyone based upon their sexual orientation. IPSA is content that our Scheme is compliant with the Equality Act 2010 in this area.

#### **Caring responsibilities**

- 2.34 The most frequent impact on equality and diversity that the EIA Questionnaire highlighted was in relation to the negative effect of the Scheme on family life and those with caring responsibilities. 30 responses were received in this area. Of those, just under half identified the cause of the impact as the IPSA definition of caring responsibilities and restrictions on what can be claimed on expenses as a result of this definition. 13 respondents suggested that IPSA extend the additional caring budget to include children over the age of five, and expand the provisions for family travel, to better support an MP's family life.
- 2.35 Some respondents noted that under the old expenses scheme administered by the Fees Office, childcare for MPs' staff was given in addition to salary, whereas IPSA has introduced a scheme whereby childcare costs are deducted through a salary sacrifice scheme. Respondents felt that these provisions are less generous.
- 2.36 Two respondents to the EIA Questionnaire believed that the Scheme does not adequately take into account the status of separated or divorced people, and by extension their caring responsibilities, and noted that a single parent with caring

responsibilities may need to pay for childcare costs both in their constituency and Westminster. These respondents felt the Scheme implies the existence of a spouse who will automatically assume childcare responsibilities. However, they also noted that this is a trend that pre-dates the creation of IPSA.

- 2.37 24 of the 74 responses to the consultation question suggested that the Scheme unfairly impacts those with caring responsibilities. The two quotes that follow, one from a member of the public and one from an MP, set out how they view the Scheme's impact on those with caring responsibilities and the risks that ensue:

*“The main risk in the present scheme is that, by limiting secondary accommodation to a single bedroomed flat, it can make life difficult for anyone with caring responsibilities” (PJ Jones, member of the public).*

*“As a husband and a father of two children I believe that the MP's expenses scheme forces me to make choices about doing my job and seeing my family. And I think that is wrong... I think I make a considerable contribution to public life in the role that I perform as a MP but it doesn't mean that I am going to sacrifice my family life as a consequence and the expenses rules, in my opinion, are framed in a fashion which prevent people from even considering pursuing a career as a Member of Parliament” (Michael McCann MP).*

#### IPSA's Position and Policy Change

- 2.38 Whilst IPSA does not have evidence that the public would feel discouraged from running for office as a result of the Scheme, it has implemented policy changes to mitigate any potentially negative impact on MPs' family life. These changes are as follows:
- a. IPSA has extended the definition of caring responsibilities from children up to age five, to children up to the age of 16, and those aged 17 and 18 in full-time education. This amendment allows MPs to claim the additional Accommodation budget if they have dependent children as described. The revised definition should better support MPs with caring responsibilities to find suitable accommodation for them and their dependants. Please see paragraph 4.21-4.22 of the Third Edition of the MPs' Expenses Scheme;
  - b. in line with the rule above for Accommodation, MPs may now claim for spouses' or partners' travel if the spouse/partner is travelling with, or exercising care for, the MPs' dependent child. Such claims are limited to 30 single journeys. Please see paragraph 9.21 of the Third Edition of the MPs' Expenses Scheme;

- c. MPs may now claim salary sacrifice for childcare vouchers. This is an operational change and thus it does not need to be reflected in the MPs' Expenses Scheme; and
  - d. guidelines have been published to provide clarity to MPs on the additional Accommodation budget. The guidelines state that MPs become eligible once they notify IPSA that they have, or are expecting, a dependant. Guidelines can be found at paragraph 4.21 of the Guidance Notes which accompany the Third Edition of the MPs' Expenses Scheme.
- 2.39 With the following changes implemented with immediate effect, IPSA believes it better supports MPs with caring responsibilities.
- 2.40 To address the point on childcare at paragraph 2.35, IPSA operates a childcare vouchers scheme as a salary sacrifice rather than an additional payment. This is a non-taxable benefit which equates to a saving of £75.33 per calendar month, or £903 per year on the maximum voucher allowance based on a 20% tax payer. IPSA recognises that its Scheme is less generous than the previous Scheme administered by the House of Commons, but it believes its Scheme provides a suitable level of support to staff members, comparable to the schemes administered by other public sector organisations.

### **Socioeconomic issues**

- 2.41 The second most frequent characteristic in which respondents to the EIA Questionnaire perceived a negative impact (after Caring Responsibilities) was on the impact of the Scheme on those MPs without significant personal financial resources (29 responses). Reasons given by respondents included that MPs have to pay up front for many expenses which can run into thousands of pounds, and also that budgets do not adequately fund what MPs are being asked to achieve. For this reason, respondents suggested that MPs must have an additional, independent source of income to supplement their outlay.
- 2.42 Respondents felt MPs from a wealthy background were unfairly favoured by the Scheme for a variety of reasons, ranging from being in a position to claim fewer expenses to avoid media scrutiny, which suggests they can "buy themselves out" of the Scheme, to being able to afford large upfront expenses. In the extreme, some respondents felt that MPs would become less representational of British society owing to the Scheme and that this would have negative effects on the democratic process.
- 2.43 Some respondents stated that negative equality and diversity impacts could be mitigated by replacing the current Scheme with a flat-rate allowance.

- 2.44 25 responses were received to the consultation which said that the Scheme impacts those without significant personal financial resources. The following three quotes are representative of those from MPs.

*“The existing system reduces equality and diversity. We are headed back to a Parliament open to the rich and to the poor, to a Parliament easier for the flasher and the church mouse. The middle income groups and the ordinarily embarrassable people will be excluded, will exclude themselves or be discouraged” (Sir Peter Bottomley MP)*

*“If left unaddressed, we are in danger of creating a two-tier Parliament that favours those with personal wealth” (Charles Walker MP)*

*“There are of course many Members of Parliament with vast personal financial resources for whom the payment up front of office costs is not an issue. But those of us with more modest means, it is a real problem. I think that in time, if unchanged, the IPSA regime will deter those from more modest backgrounds from becoming Members of Parliament and we could return to the days when Parliament was the preserve of the rich” (Pete Wishart MP)*

#### IPSA’s Position and Policy Change

- 2.45 Loans, advances, direct payments for rented accommodation and offices, and payment cards are available to assist MPs with cash-flow. But IPSA also recognises that new MPs may have start-up costs which put pressure on personal finances. For this reason, IPSA included a question in the consultation to ask whether it should develop a start-up budget for new MPs. Responses received from MPs and the public were broadly in favour of this. Thus, the Third Edition of the MPs’ Expenses Scheme contains provision for all new MPs from 1 April 2011 onwards to have access to a budget of £6,000 to cover their start-up costs. This budget will be available for one calendar year only from the date after their election. It must be used for the fixed or one-off costs associated with establishing an office, and will exclude the purchase of consumables or any ongoing resource costs. Please see Chapter 8, Part A of the Third Edition of the Scheme for the Start-Up Budget.
- 2.46 Regarding the suggestion for a flat rate allowance for MPs, suggested at paragraph 2.43, IPSA does not believe that a flat rate allowance would mitigate the impact of the Scheme on MPs or their staff. MPs with dependants, for example, would be expected to fund accommodation and travel from the flat-rate allowance which MPs without dependants would not have to fund. Thus, MPs with dependants would be worse off financially than their colleagues without families. At this time, IPSA does

not consider it appropriate to move from an expenses system to one of flat-rate allowances.

## CONCLUSION

- 3.1 The majority of responses that were received by IPSA suggest the Scheme has little if any impact on the protected characteristics of MPs and their staff within the House of Commons. Many of the responses to both the EIA Questionnaire and to Question 2 within the consultation document identified factors such as Parliament's sitting hours and working practices, as well as a lack of provision for childcare, as negative influences affecting MPs. Pressure on financial resources was also raised as an issue, particularly for new MPs. Staff members felt strongly that the Scheme needed improvement in the provisions for maternity leave. IPSA has addressed these concerns where it agrees the Scheme is an influencing factor, although it cannot change the working practices of the House of Commons. Thus, policy changes have been made where IPSA considers it can better support MPs and their staff.
- 3.2 IPSA does believe it is not part of its remit to provide a scheme that increases the diversity of Members of Parliament. But, in its role as a service provider to MPs, IPSA has undertaken steps to mitigate any potential negative impact the Scheme may have upon individuals' protected characteristics, and to better support MPs and their staff in their duties. IPSA believes that these changes will make the MPs' Expenses Scheme more fair and workable. It will continue to monitor the impact of the Scheme and it would welcome feedback on how the changes included in this document, and those in the response to the 2011 Annual Review, are working for those who use IPSA's services.
- 3.3 In conclusion, IPSA is confident that it conforms to best practice as a public sector organisation under the Equality Act 2010.



## ANNEX

Table 1: Gender, Minority Ethnic and Previous Parliamentary Experience Data by Political Party<sup>4</sup>

Party	Male (MPs)	Male (%)	Female (MPs)	Female (%)	Minority Ethnic (MPs)	Minority Ethnic (%)	Returning (MP)	New (MP)	Total
Conservative	257	84%	49	16%	11	4%	159	147	306
Labour	177	69%	81	31%	16	6%	195	63	258
Lib Dem	50	88%	7	12%	-	-	47	10	57
Green	-	-	1	100%	-	-	-	1	1
SNP	5	83%	1	17%	-	-	5	1	6
Plaid Cymru	3	100%	-	-	-	-	2	1	3
DUP	8	100%	-	-	-	-	6	2	8
SDLP	2	67%	1	33%	-	-	2	1	3
Sinn Féin	4	80%	1	20%	-	-	5	-	5
Alliance	-	-	1	100%	-	-	-	1	1
Other	1	50%	1	50%	-	-	2	-	2
<b>All</b>	<b>506</b>	<b>78%</b>	<b>143</b>	<b>22%</b>	<b>27</b>	<b>4%</b>	<b>422</b>	<b>227</b>	<b>650</b>

<sup>4</sup> Data from the House of Commons Library, General Election 2010: Detailed Analysis Research Paper 10/36, 8 July 2010. Available at <http://www.parliament.uk/briefingpapers/commons/lib/research/rp2010/RP10-036.pdf>. Accessed 6 December 2010.

Table 2: Data from the Consultation on the Perceived Impact of MPs' Expenses Scheme on Equality and Diversity within the House of Commons, by Protected Characteristic

Characteristic / Type of Respondent	Age	Disability	Gender Reassignment	Marriage & Civil Partnership	Pregnancy & Maternity	Race	Religion & Belief	Sex (Gender)	Sexual Orientation	Caring duties	Socio-economic	No impact
Anonymous						1		1			1	
Peer				1						1	1	
MP						1		4		13	20	1
MP Staff											1	1
MP's Wife								1		1		
Organisation		1				1		1		1		4
Parliamentary Group								3		3	3	
Pooled Staffing Resource					1			1				
Public								1		4		24
Union										1		
<b>TOTAL</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>0</b>	<b>12</b>	<b>0</b>	<b>24</b>	<b>25</b>	<b>30</b>

Table 3: Data from the Equality Impact Assessment Questionnaire on the Perceived Impact of the MPs' Expenses Scheme on Equality and Diversity within the House of Commons, by Protected Characteristic

	Age	Disability	Gender Reassignment	Marriage & Civil Partnership	Pregnancy & Maternity	Race	Religion & Belief	Sex (Gender)	Sexual Orientation	Caring duties	Socio-economic	No impact
<b>Number of Responses</b>	2	2	0	2	6	5	0	14	0	30	29	7