

Assurance Review: Changes to Scheme rules in the 2017-18 financial year

Analysis of expenditure and compliance

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Independent Parliamentary Standards Authority

Assurance Review: Changes to Scheme rules in the 2017-18 financial year

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July 2020

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Introduction

1. This report sets out the findings and recommendations from IPSA's assurance review into the effects of changes made to the 2017-18 edition of the Scheme of MPs' Business Costs and Expenses ('the Scheme'), related to late-night hotel and taxi claims, European travel, spouse and dependant travel, hospitality and the employment of connected parties.
2. Following the 2015 General Election, IPSA conducted a comprehensive review of the Scheme rules, which resulted in changes that were implemented in the 2017-18 financial year. The changes included increased discretion for MPs in relation to their business costs and expenses and the removal of some caps and cost limits that had been previously applied. In one case, a new restriction was introduced, in relation to the employment of 'connected parties'.
3. The findings below highlight high compliance by MPs with the rules. While the changes have resulted in higher spending in some areas, this is in line with expectations and the intention to provide MPs with have greater discretion and additional support for their family and caring responsibilities. The review has also found that there are some areas in which our guidance can be improved to better support MPs, as well as areas in which our internal processes and data quality can be strengthened to aid in analysis and compliance.

Changes made to the Scheme in the 2017-18 financial year

4. IPSA conducted a comprehensive review of the Scheme, to assess how the rules had operated during the 2010-2015 Parliament. This resulted in some significant changes to the Scheme, many of which were intended to increase the discretion that MPs could exercise over their business costs claims, and to remove caps and limits that had been carried over from the pre-IPSA expenses system. These changes took effect from 1 April 2017.
5. One set of changes related to MPs' ability to claim for hotel stays and taxi journeys on occasions when they are working late. Prior to 2017-18, the rule stipulated that the House must be sitting beyond 11 p.m. for MPs to claim for late-night taxi journeys, and beyond 1 a.m. for MPs to claim to stay in a hotel. Following the comprehensive review, IPSA partly removed these restrictions; the new rule stated that MPs could claim for a hotel stay or a taxi to their London Area residence or hotel, if they were working late on parliamentary matters after 10 p.m. (the House did not have to be sitting). This was to ensure that MPs did not face unnecessary risks to their safety due to their parliamentary work. We also lifted the cost cap of £80 for late-night taxi journeys; the intention was to ensure MPs could get back to their London Area home after working late, and it would not be appropriate to place a cap on costs. As with all claims made under the Scheme, MPs must have regard to the fundamental principles when making decisions about their expenditure, which include value for money.
6. In relation to European travel, prior to 2017-18 the rules stated that MPs could make a maximum of three journeys per year, which must be to the national Parliaments of Council of Europe member states, or institutions and agencies of the European Union. In allowing MPs to exercise greater discretion over how they conduct their parliamentary functions, IPSA lifted the three-

journey cap and also extended the definition of claimable journeys to any destination in Europe, so long as the journey was parliamentary in nature. All claims must still adhere to the fundamental principles and other rules and conditions of the Scheme.

7. IPSA made two changes to support MPs and their families. In previous versions of the Scheme, MPs' dependants were able to claim for 30 journeys per year between London and the constituency, and MPs' spouses and partners could only claim for such journeys when accompanying the dependants. Following the review, the restrictions on both dependant and spouse/partner travel were removed, meaning that they can now claim for as many journeys as they need during the year. This was in recognition of the diversity of MPs' circumstances and was intended to enable MPs to arrange their family lives and caring responsibilities in the way that suits them best. Although we anticipated that these changes may result in higher spending, we judged better support for MPs' family lives as being more important.
8. In addition, IPSA removed a rule which had been in place since 2015 prohibiting claims for hospitality costs, such as providing tea and coffee for visitors at an MP's constituency office. Since 2017-18, MPs have again been able to claim for such costs.
9. Lastly, in one area, IPSA introduced a restriction, prohibiting the employment by MPs of any new 'connected parties', such as family members and close business associates. The employment of connected parties was considered a number of times since IPSA was set up. In 2010, IPSA decided to allow the practice to continue, but put a number of safeguards in place to mitigate the risk of increasing an MP's household income at the taxpayers' expense. However, during the comprehensive review, IPSA's Board considered this question again. Although it noted that there was no evidence of abuse by MPs in relation to connected parties, the IPSA Board made the decision to end funding for new connected parties (those already employed were protected), on the basis that the employment of connected parties is out of step with modern employment practice, which requires fair and open recruitment and management of staff. If a staff member were to become a connected party during the course of their employment – for example by forming a relationship with the MP – there would be a transitional period of two years before IPSA funding for the employment would cease. This change came into effect after the 8 June 2017 General Election.

Scope and methodology

10. This review covers the two financial years immediately following the rule changes, 2017-18 and 2018-19. We have chosen to review data for both years, as the 2017 snap general election would have affected MPs' claiming patterns, making this a non-typical year. By including 2018-19 we have been able to look at spending patterns in both an election and non-election year. The aim of this review was to assess the impact of the changes to the Scheme rules; as such we looked at the claims made during the period studied and compared them to previous years. We also looked for any claims that were outliers, and examined the standard of evidence provided by MPs in support of their claims and any mis-coding of expense types.

Key Findings

11. **High Compliance.** Overall, compliance with Scheme rules in the examined areas is high. There was little indication of ineligible claims in any of the areas studied. A limited number of claims for both taxis and hotels and hospitality (5% of the sampled claims) were found to have insufficient supporting evidence. In July 2019, IPSA issued detailed evidence guidance, and so we expect this to have improved the standard of evidence since the review period.
12. **Increased claiming in some areas.** From the 2016-17 to the 2017-18 financial year, in line with the removal of caps and restrictions, spending increased in three areas: total spend on late-night hotels increased from £3,401 to £26,262 (672%), late-night taxi journeys from £2,975 to £11,018 (270%) and spouse travel from £28,862 to £60,884 (372%).
13. **Risk of personal benefit in relation to hospitality claims.** Although IPSA chose not to set out a specific definition of acceptable 'hospitality' costs, the intention was to enable MPs and staff to claim for the cost of refreshments at meetings and for visitors at the constituency office, so that these would not need to be covered out of MPs' or staff members' personal funds. Generally, claims for hospitality were compliant with the Scheme and the intention of the rule change. However, 11% of hospitality claims (£2,736) were used to take constituents and other parties out for meals; this was not the intended use of the expense type and could risk providing a personal benefit, where MPs regularly claim for the cost of their own or staff members' meals and drinks.
14. **Some issues with data quality.** During the course of the analysis, issues were encountered in analysing IPSA's data as some claims had been mis-coded by MPs or IPSA staff. Since the data was collected we have issued guidance to support MPs and to ensure claims are categorised correctly. There was also a small issue with a few claims being entered twice on our online systems. Where possible this has been rectified, but the quality of the data may have been affected.
15. **Limited findings on European travel.** There is no pattern to European travel claims following the rule change. This could be due to the exceptionality of the period studied given the snap general election and the UK's departure from the European Union. Due to the higher cost of this travel type, as part of this assurance work we also wanted to ascertain the purpose of European travel claims, which was not possible due to the information submitted by many MPs,

Recommendations

16. **IPSA should add guidance to the Scheme regarding the purpose of the hospitality expense type.** Though the majority of hospitality claims are for small and legitimate expenses such as tea, milk and coffee for the office, there were 11% claims for purchases at cafes and restaurants. Additional guidance would minimise the risk of MPs providing hospitality not intended by the rule change.
17. **IPSA should collect the purpose of European travel.** As there is a higher financial risk with claims for European travel, IPSA should consider collecting the purpose of journeys to ensure all are for parliamentary purposes.

18. **IPSA should implement a clear process for connected party registration.** IPSA needs to formalise this process to ensure that the employment of people who become connected parties is no longer publicly funded after two years, in accordance with the Scheme rules.

19. **IPSA should amend its evidence guidance regarding business class flights** to require evidence from MPs to show that the amount claimed for a business class flight is no higher than the cost of a standard class flight at the time of booking. In the period examined, MPs spent £1,944 on first class air travel, and we do not have the evidence to show whether these flights were within the rules as we do not know what the cost of a standard class ticket would have been.

Late-night hotel and taxi claims

20. This section sets out the findings of IPSA's review of hotel and taxi costs claimed between April 2017 and March 2019 under the "Hotels after 10PM" and "Taxis after 10PM" expense types.

Background

21. Earlier editions of the Scheme allowed MPs to claim for certain costs if the House of Commons sat late:

- A taxi fare from the House of Commons to their London Area residence (capped at £80) if the House was sitting later than 11p.m.; and
- Hotel costs capped at the standard nightly rate of £150, where the House was sitting later than 1a.m.¹

22. Following the comprehensive Scheme review that led to changes from 2017, the cap on taxi fares was removed and the eligibility for hotel and taxi claims was extended to all MPs who were working late on parliamentary matters past 10 p.m. (without the requirement for the House to be sitting until that time). This was to ensure MPs did not face any unnecessary risks due to their parliamentary work. In April 2018, the nightly limit for London hotels was increased from £150 to £175 a night to reflect evidence of increasing hotel prices in London.

23. Both taxi and hotel claims are made from the uncapped travel category of expenditure. MPs who claim for a London accommodation are therefore also able to claim for late-night hotel costs should they be working late on parliamentary matters.

Analysis of claims for late-night hotels

24. Between April 2017 and March 2019, a total of £45,600 was claimed under the 'hotels after 10PM' expense type. In this period, 29 MPs made 265 claims ranging from £25 to £500. The total aggregated values claimed by individual MPs under this expense type ranged from £125 to £12,600 over the two years studied.

25. For comparison, in 2016-17, a total of £3,400 was claimed by 10 MPs for late-night hotel costs under the comparative expense type. From 2016-17 to 2017-18 there was therefore a substantial increase in the total value claimed for late-night hotels, in line with the rule change to remove previous restrictions on these claims. Claims fell somewhat in the following financial year as shown in Figure 1. These figures may also reflect the increase in late sittings during the period, as a result of debates related to the UK's exit from the European Union.

¹ The relevant Scheme rules can be found in paragraph 9.37 of the 2016-17 Scheme of MPs Business Costs and Expenses

The chart below shows the total cost of hotel claims (£0 to £30,000) between financial years 2011 and 2019.

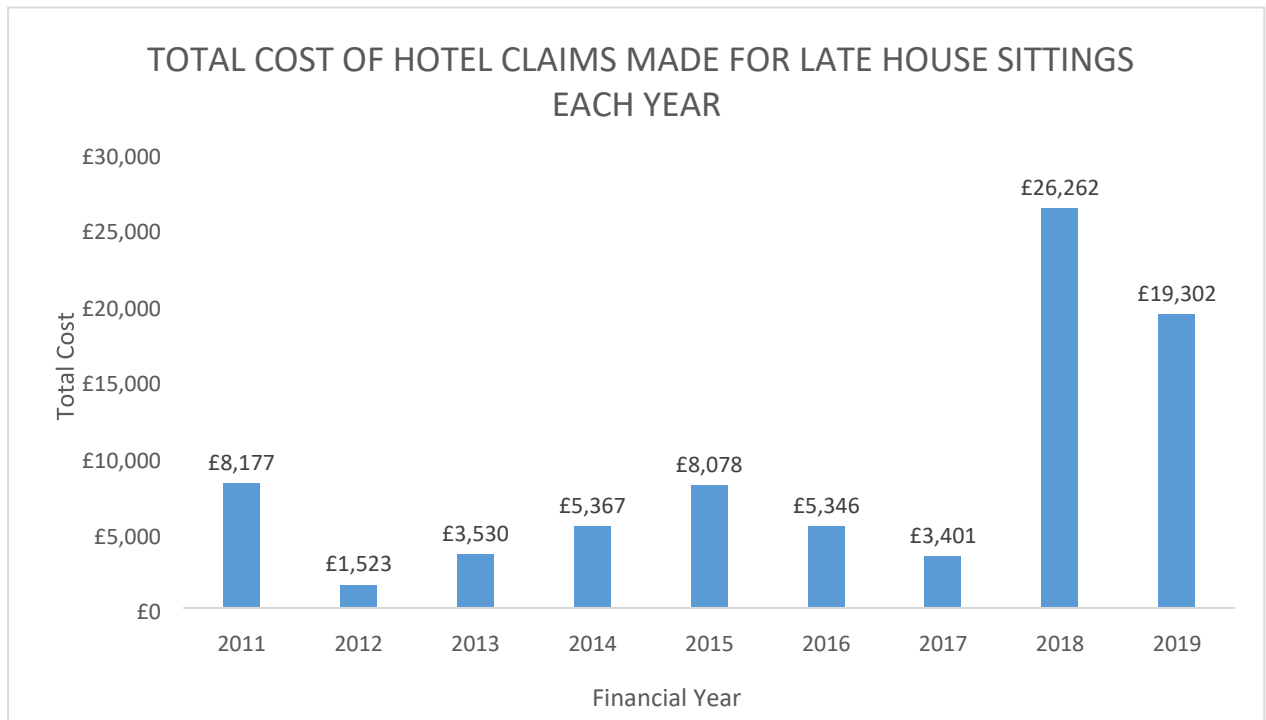


FIGURE 1 GRAPH SHOWING THE TOTAL COST OF HOTEL CLAIMS FOR LATE HOUSE SITTINGS EACH FINANCIAL YEAR²

26. Several MPs exclusively claimed hotel costs from this expense type; 19 MPs made no hotel claims under other expense types (such as for other types of parliamentary travel) between April 2017 and March 2019. One MP who was entitled to claim for London accommodation chose to claim over £5,500 of hotels from this expense type. Although this was allowable, this indicates a potential misunderstanding by the MP on the purpose of this expense type, as these costs may have been more appropriately claimed as hotel accommodation from the accommodation budget. We contacted the MP to inform them of the accommodation options available.
27. London area MPs are unable to claim for costs from the accommodation budget, as they are expected to commute to Westminster from their constituencies. However, London area MPs are able to claim for hotels from the travel budget when working late. One London area MP claimed for £12,600 of hotel claims between April 2016 and March 2019, equating to approximately 81 nights. This MP was contacted regarding these claims, and confirmed that these claims were all necessary due to late working in Parliament.

² Note: Graphs in this report show data by financial years, rather than calendar years. 2019 means the 201819 financial year, and so on.

Sample review of hotel claims after 10PM

28. A random sample of 100 claims was reviewed to ensure that sufficient supporting evidence had been provided. Of the 100 claims tested, 18 were found to have been submitted with insufficient evidence.
- Sixteen were submitted with a booking confirmation only; this is considered insufficient as it does not prove that the MP actually incurred the cost.
 - One was submitted with a card receipt; this is insufficient as it does not provide an itemised breakdown of the costs being claimed.
 - One was submitted with a transaction date which did not match the evidence provided.
29. Since these samples were taken we have issued guidance on the standards of evidence required, which has allowed IPSA to better enforce evidence requirements. As these expenses were submitted prior to publication of the guidance, we have not sought repayment or taken further action.

Analysis of claims for Taxis after 10PM

30. Between April 2017 and March 2019, a total of 974 claims were made by 168 MPs at a total cost of £20,135. Individual claims ranged in value between £3.10 and £180.60. The average individual claim was £20.67 and the median claim value was £13. This is reflective of the high outliers in the value of claims made; 95% of claims were less than £65 in value.
31. The total value of claims made by individual MPs between April 2017 and March 2019 ranged from £6 to £1,933. 88% of MPs claimed less than £200.
32. It is evident that a higher volume of claims was therefore made, in line with the removal of previous restrictions on late-night taxi journeys and the increase in work requiring late sittings. The total value of claims in 2017-18 was significantly higher than in 2016-17. This decreased slightly in in the 2018-19 financial year but still remained high, as shown in Figure 2.
33. Through this analysis it was noted that some claims under this expense type would have been more appropriately claimed under other expense types as they related to a journey between London and the constituency. However, as no costs were identified that would not have been eligible under other areas of the Scheme, IPSA did not take further action following the review.

The chart below shows the total cost of taxi claims (£0 to £12,000) between financial years 2011 and 2019.

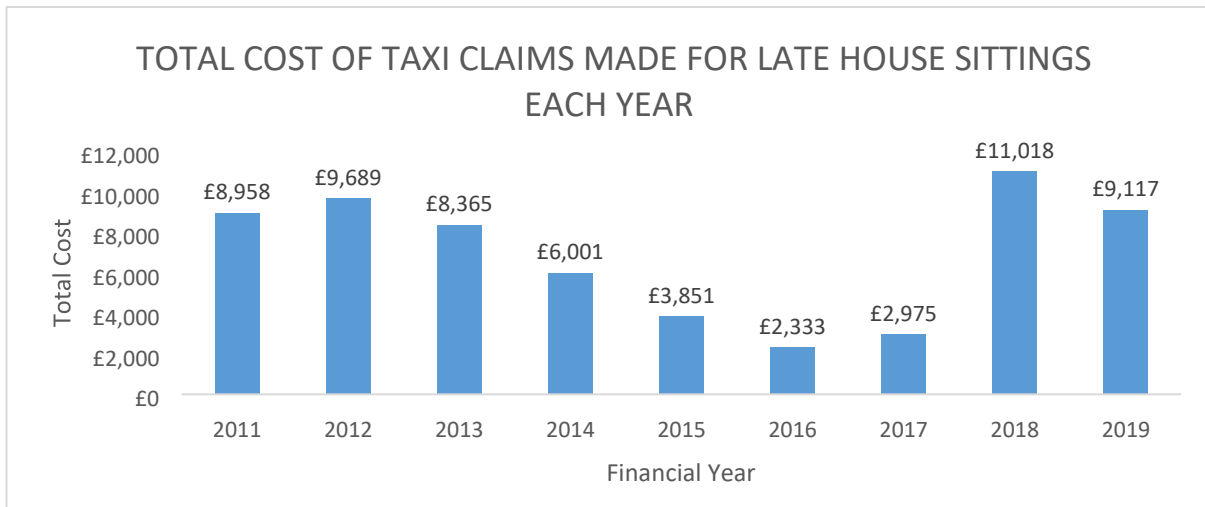


FIGURE 2 GRAPH SHOWING THE TOTAL COST OF TAXI CLAIMS FOR LATE HOUSE SITTINGS EACH YEAR

34. During the analysis it was also noted that some of the taxi claim destinations were outside the London area. Of the 20 highest-value claims, 50% were to homes outside the London area. Many of these claims present a high cost to the taxpayer. These MPs were contacted and informed that these claims are not eligible.

Sample review of claims for taxis after 10PM

35. A random sample of 120 claims was reviewed to assess if sufficient evidence was submitted to support the claim:

- Fifty-five claims did not contain evidence of the time the taxi journey was taken, and therefore it was not possible to confirm that the claims met the requirements in the Scheme.
- Seven claims were submitted without supporting evidence.
- A claim was made with an invoice for a one-month period. No itemisation was provided to show individual journeys.
- A further claim included a £2 tip for the driver; tips are not eligible to be claimed for under the Scheme.

36. We judged that it was not proportionate to take further action regarding these costs, which amounted to £1,569 overall, and often a few tens of pounds from individual MPs. All were submitted prior to the revised guidance issuing on evidence standards. We will review similar claims submitted in 2020-21 to ensure evidence standards have improved, and recover expenditure where appropriate.

Key Findings

37. **For both late-night taxi and hotel claims, the quality of evidence for some claims was poor;** 18% of hotel claims and 46% of taxi claims in the sample were submitted without sufficient evidence.
38. **The uptake has been high following partial removal of restrictions.** There have been higher claim volumes of late-night taxi and hotel claims compared to previous years.
39. **Both expense types are used by a small number of MPs.** Only 29 MPs made claims for Hotels after 10PM and 168 MPs made claims for Taxis after 10PM.

Hospitality Claims

40. This section of the report sets out the results of IPSA's review of hospitality costs between April 2017 and March 2019. As many of the amounts claimed for reimbursement are small, costs have been rounded to the nearest £1.

Background

41. Between April 2010 and March 2015 MPs were allowed to claim for 'hospitality', such as tea and coffee for visitors to their constituency office; however, in 2015 a rule which excluded hospitality claims was introduced as part of a wider review of MPs' remuneration. After a comprehensive Scheme review in 2016, the restriction was removed in 2017.

42. The Scheme does not specify what types of hospitality costs are eligible and gives MPs discretion to judge whether spending on hospitality is in support of their parliamentary functions in accordance with the fundamental principles. However, the intention of the rule change was to enable MPs and staff to claim for the cost of refreshments at meetings and for visitors at the constituency office, so that these would not need to be covered out of an MP's personal spending.

43. Hospitality can only be claimed from MPs' capped office costs budget (or the capped windingup budget for MPs who have lost their seats in Parliament). The budgets for each financial year can be found on IPSA's website in the relevant year's Scheme³.

Analysis of Hospitality Claims

44. During the period, £24,136 was claimed in total through 1,246 claims. Individual claims ranged from £1 to £720, with larger claims (such as the £720 claim) mostly for event catering. One claim for £297 was found to be ineligible and so was excluded from analysis; the MP was contacted and subsequently repaid this amount. The mean amount claimed across all MPs was £19 and the median was £8. The difference between the mean and the median suggests that although the majority of claims are low in value, high cost outliers skew the average. This is evidenced by 82% of claims for hospitality being under £30.

45. For comparison, the claims made for hospitality between April 2013 and March 2015 were analysed. The total claimed for hospitality in that period was £38,344 and individual payments ranged from £1 to £1,097. The median claimed was £4 and the mean was £12. Once again, this is reflective of the high value of several outliers and the type of hospitality claims being made, with 90% of individual claims for less than £30.

46. Between April 2017 and March 2019, a quarter of claims made were less than £3.50 in value, with 88% being less than £40. A number of aggregate claims were made, where the MP had made

³ The Scheme of MPs' Business Costs and Expenses for all financial years can be found on IPSA's website: <https://www.theipsa.org.uk/publications/scheme-of-mps-business-costs-expenses/>

several small value purchases and submitted them as one claim with multiple supporting receipts.

47. 210 MPs made claims for hospitality between April 2017 and March 2019. Only one MP made claims for hospitality from the winding-up budget during the review period, totalling £30. All other claims were made from the office costs budget.
48. The total amount claimed by each MP varied widely, with the lowest aggregate total amounting to less than £1. Ninety percent of MPs who claimed for hospitality costs in the period claimed less than £240 in total. The highest aggregated amount claimed by an individual MP was £1,433, with the five highest claiming MPs accounting for 26% of the total amount of hospitality claims in 2017-18.
49. An analysis was carried out of the free text entered in the 'description' field of the claims when submitted, in order to ascertain the purpose of the hospitality claims. This analysis can only be approximate, for several reasons: some of the claims are aggregated so may have dual purpose, and MPs provide only limited information about claims in the free-text fields. However, as shown in Figure 3, it appears that the majority (about two thirds) of claims are either supplies for the office, such as tea and coffee, or catering and refreshments for meetings and events. All of these claims are in accordance with the Scheme and the intention behind the change to the rules.
50. Approximately 11% of claims were for restaurant or coffee shop bills. As the Scheme does not set out a definition for the types of hospitality claims that are eligible, these claims are not contrary to the rules, though they are an area of higher risk. These claims present a risk for two main reasons:
 - MPs may use these claims to buy coffee or meals for themselves, which would be ineligible; and
 - These claims are more likely to contain costs such as tips or alcohol which are prohibited by the Scheme.
51. On investigation of these claims, it was not clear whether they were being used for these purposes. However, as there is still a risk, we recommend that guidance be produced to clarify the limits of acceptable claims for hospitality, such that the risk reduces in future.
52. As part of the analysis, we found a claim for £84.60 for a dinner for three including a £7 tip; and in another instance the same MP claimed for two glasses of wine. Both tips and the purchase of alcohol are outside the Scheme. These costs had not been checked before payment. We have subsequently sought and have received repayment for them.

The chart below shows hospital claims (£0 to £25,000) by category- catering/refreshment (blue), milk/tea/coffee (orange), café and restaurant bills (grey) and unable to classify (yellow).

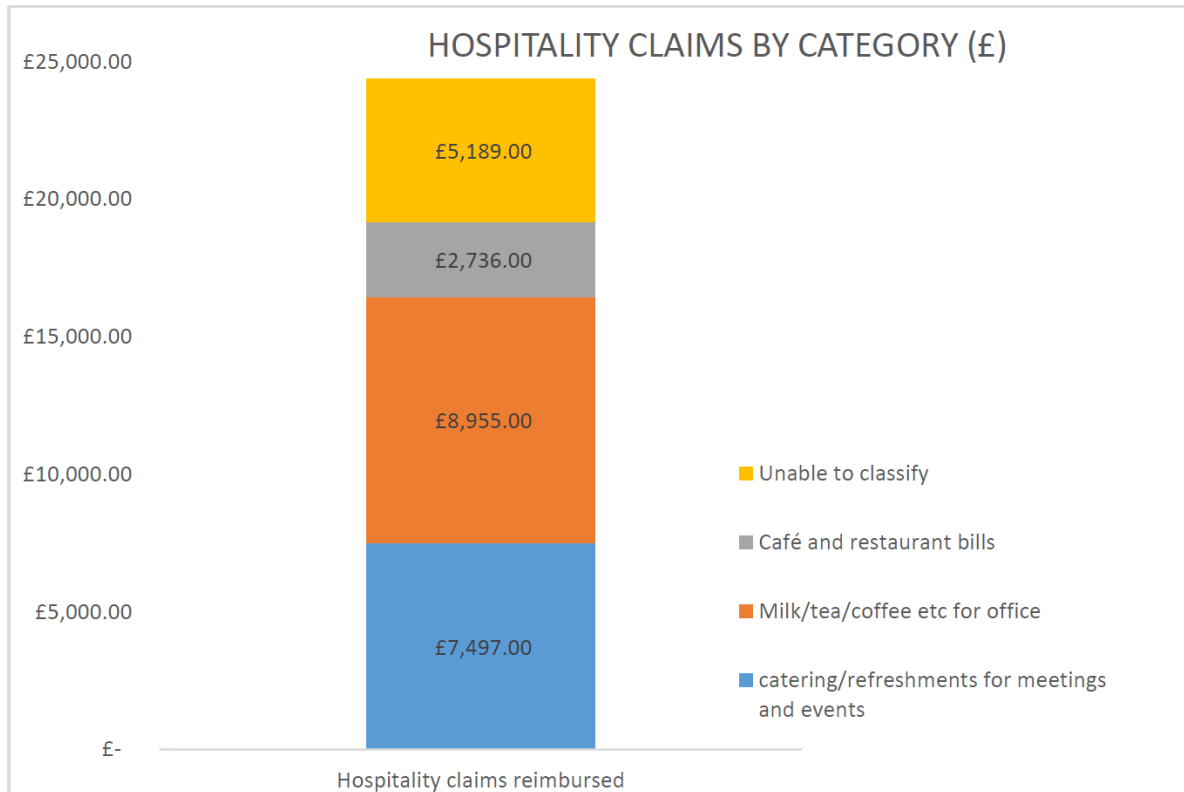


FIGURE 3 GRAPH SHOWING SPEND ACCORDING TO CATEGORY OF HOSPITALITY CLAIM

Sample review

53. A random sample of 120 hospitality claims were selected to examine the evidence provided to support the claim. The findings were as follows:

- In one instance, a lesser amount was claimed than was on the evidence provided.
- In one instance, the evidence included to support the claim suggested that the cost was incurred in 2016-17, when hospitality claims were ineligible. The MP was contacted and repaid the full amount.
- In two instances, no evidence was attached to the claim. The MPs were not contacted as the claim values meant that recouping the cost was not proportionate.
- In two instances, the receipts provided were not itemised so we do not know what was purchased. Due to the small value of the claims, it was not proportionate to contact the MPs for reimbursement.

Key Findings

54. **The total amount claimed for hospitality between April 2017 and March 2019 was £23,959.** £30 of this was claimed from the winding up budget and the rest from the office costs budget.
55. **88% of claims were less than £40 in value.** This suggests that the majority of the claims made from hospitality are for low value items and not for high cost expenditure, such as professional catering.
56. **There is generally high compliance.** Only four claims out of 120 sampled were not supported by the necessary evidence; two other claims were outside the Scheme for other reasons.
57. **There is a risk associated with restaurant and café hospitality claims.** There is a risk that MPs may use these claims to buy coffee or meals for themselves. In addition, these claims are more likely to include ineligible costs, such as alcohol. In response, we recommend that guidance should be added to the Scheme clarifying the intended purpose of this expense type.

European Travel

58. This section of the report sets out the results of IPSA's review of European travel costs between April 2017 and March 2019.

Background

59. Earlier editions of the Scheme specified that MPs could claim for "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."⁴ In 2017, these restrictions were removed, and MPs were given the discretion to decide the number of journeys necessary for their parliamentary function, as well as the specific destination of those journeys (so long as it was within Europe).

60. This review used data between April 2017 and March 2019. However, data in 2017-18 show that the dissolution period in the run-up to the 2017 general election had a significant impact on MPs' travel to Europe.

61. The data used may also be affected by the increase to the nightly limit for European hotel claims introduced in the 2018-19 edition of the Scheme, when the limit was raised from £150 to £175 a night.

Duplicate Data

62. During the analysis for this report, we found 15 duplicate claims within the data. There were three reasons for these duplicates:

- A small amount of data from a third-party supplier was uploaded twice into IPSA's system, resulting in nine duplicate claims.
- A small number of payment card transactions were also uploaded twice, resulting in five duplicate claims.
- One MP duplicated a claim in error.

63. Any claims found to be duplicates were manually removed from the data, resulting in a small risk to the accuracy of the remaining data. Since these issues occurred, we have launched a new online system for registering claims and introduced new processes to identify duplicates and to reduce the risk of these appearing in future.

Analysis of European travel claims

64. There was a significant reduction in the value of claims for European travel during 2017-18. However, 2018-19 saw the largest total value of claims since 2011. In that year the value of claims for European travel rose by 23%, as shown in Figure 4.

⁴ The relevant Scheme rule can be found in paragraph 9.2e of the 2016-17 Scheme of MPs Business Costs and Expenses

65. The data suggest that 2017-18 was anomalous, though we cannot be certain of this, as the review covered only one other financial year of data following the removal of restrictions on European travel for comparison. The low value of claims in 2017-18 may be due to the snap election in June 2017 and the uncertainty in the period preceding and following it.

The chart below shows total costs claimed for European travel (£0 and £90,000) between financial years ending 2011 and 2019.



FIGURE 4 GRAPH SHOWING THE TOTAL AMOUNT CLAIMED FOR EUROPEAN TRAVEL OVER TIME

66. Between April 2017 and March 2019, 177 MPs claimed for European travel. The average spend per MP was £648, with individual MP spending ranging from £1.95 (for a single Paris metro ticket) to £3,295.

67. Figure 5 shows the breakdown of European travel costs by category. Approximately 51% of the amount claimed for European travel between April 2017 and March 2019 was spent on air travel; 29% was spent on hotels; and the third highest area of expenditure was rail travel at 9%. Through this analysis we also found three claims which had been miscategorised, two for spouse travel and another for dependant travel.

The chart below shows European travel claims (£0 to £120,000) by category – air travel (light blue), rail travel (orange), taxi (grey), hotel (dark blue), food and drink (green) and all other travel (yellow).

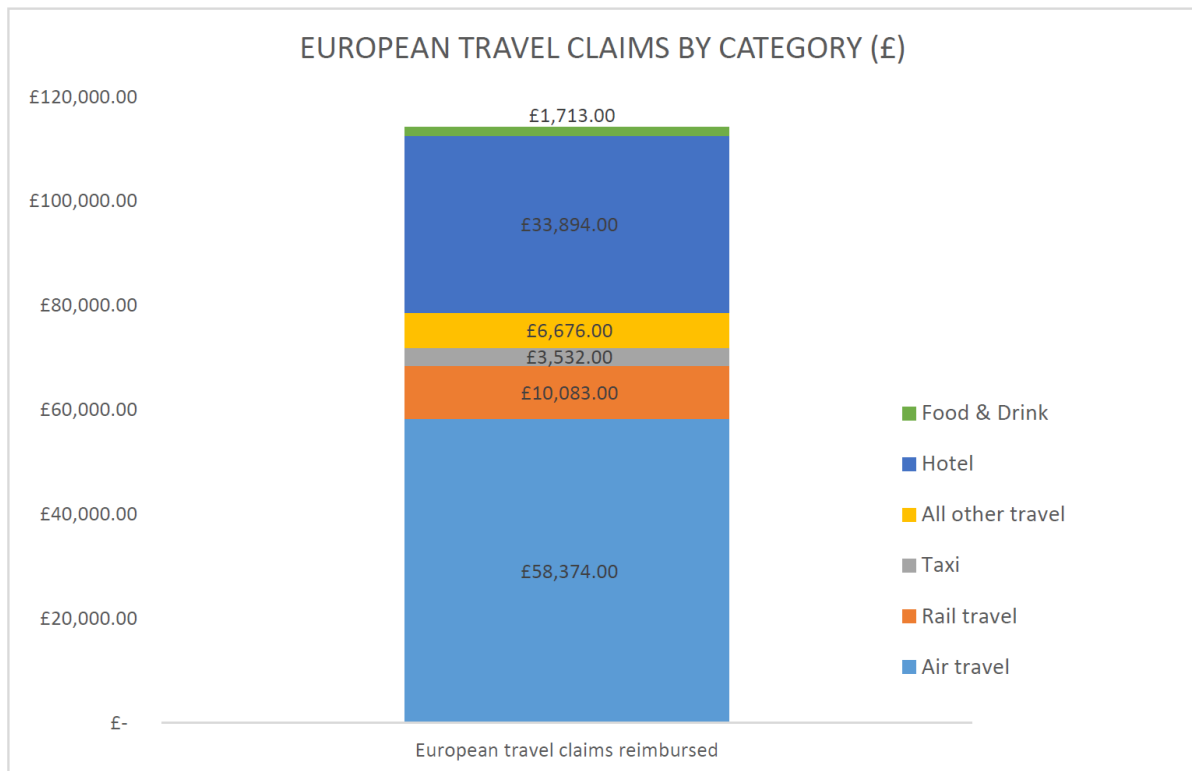


FIGURE 5 GRAPH SHOWING EUROPEAN TRAVEL CLAIMS BY CATEGORY

Spouse/partner and Dependant Travel claims

74. This section of the report investigates whether there were any changes to claims for spouse/partner and dependant travel following the changes to the Scheme rules in 2017-18.

Background

75. Prior to 2017, MPs could claim up to 30 single journeys for their dependants between their London Area residence and the constituency residence. This cap of 30 single journeys was lifted in April 2017 and MPs were allowed to claim journeys as needed for their dependants between London and the constituency. The Scheme of MPs’ Business Costs and Expenses defines dependants as those for “whom MPs have caring responsibilities” including dependent children up to the age of 18 and family members in receipt of certain forms of support. A full definition can be found in the Scheme⁵.

76. Prior to April 2017, MPs’ spouses and partners could only claim for travel costs that were incurred when accompanying dependants between the London home and constituency home. From April 2017, MPs could claim for their spouse/partner to travel between the constituency and London, without a dependant needing to travel with them.

⁵ The Scheme of MPs’ Business Costs and Expenses 2019-20, paragraph 3.17

77. In order to make claims for their spouse and dependants, MPs must register them on IPSA's system.

78. Where a dependant needs assistance from a carer other than an MP's spouse while travelling, the costs of the carer's journey may also be claimed. The rules regarding carer travel did not change following the review of the Scheme in 2016.

Analysis of spouse/partner travel

79. For the following analysis, all claims where the person travelling was registered as a spouse have been included, rather than using the spouse-specific expense types. This is due to the misclassification of a number of claims.

80. During the period studied for this review, spouse/partner travel was frequently inputted incorrectly by MPs (or their travel provider) as dependant travel under the spouse or partner's name. This is likely to be due to MPs being unaware of the introduction of a specific 'Spouse travel' category. This data entry issue has improved following the launch of the new online claims system in April 2019.

81. Between April 2017 and March 2019, 183 MPs made travel claims for their spouses/partners. Together these MPs made 2,183 claims totalling £166,931. Across the two financial years, the highest claiming MP claimed £11,601, and the MP with the lowest number of claims claimed £3.

82. Figure 6 shows the amount claimed for spouse travel over time. It is clear that uptake of the spouse/partner travel expense type has been high since its introduction. This is consistent with IPSA's intention in removing restrictions on spouse/partner travel, which was to provide additional support to MPs in maintaining their family lives.

The chart below shows total claimed for spouse travel (£0 and £120,000) between financial years 2011 and 2019.

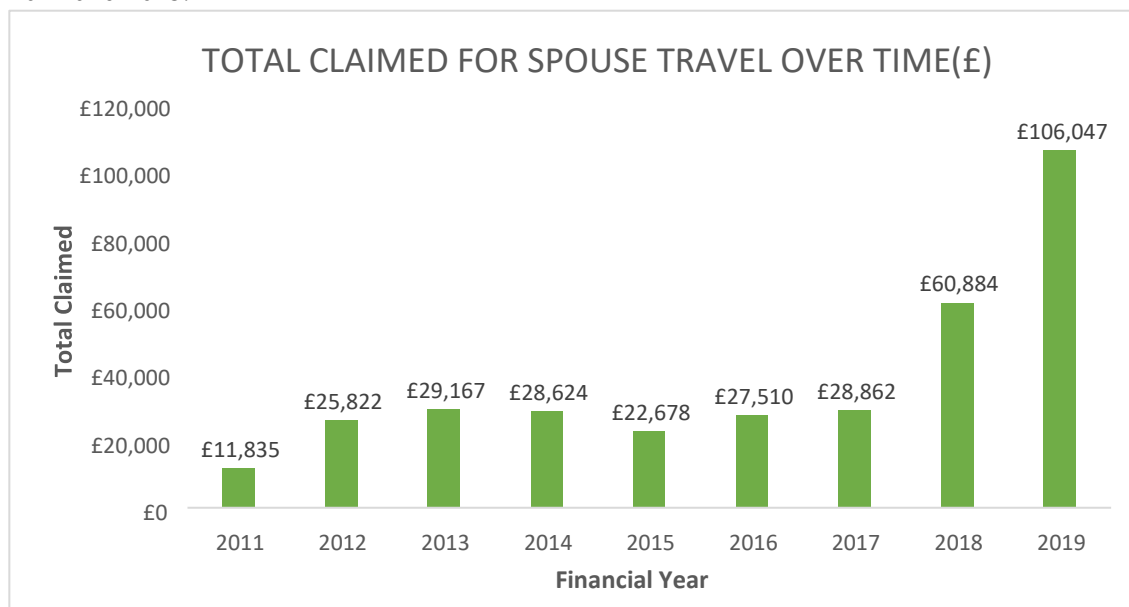


FIGURE 6 GRAPH SHOWING THE AMOUNT CLAIMED FOR SPOUSE TRAVEL OVER TIME

83. In the two financial years following the rule change £103,028 was spent on spouse/partner rail travel. Of this £103,028, £42,744 was spent on first class rail travel for spouses and partners, an increase of more than four times from previous years. Under the Scheme, spouses and partners, like MPs, are allowed to claim for first class travel if the value of the ticket is lower than the rate of an “anytime standard open” ticket.

84. Through the analysis of spouse/partner travel, we found several claims for dependant travel had been miscategorised. Approximately 20 claims appear to be for dependant travel but were in the wrong expense types. These have been included within the analysis as this classification may have been due to the spouse accompanying a child.

85. Following the rule change in 2017, claims for carer travel reduced significantly suggesting some spouses may have been incorrectly categorised as other types of carer in previous years.

Analysis of dependant travel

86. The only change to dependant travel in 2017 was the lifting of the cap of 30 single journeys. Between April 2017 and March 2019, £72,528 was claimed for dependant travel. This is a decrease on the 2015-16 and 2016-17 financial years, suggesting the rule change did not have a big effect on claims. In the period, 119 MPs made claims for dependant travel; the highest amount claimed by a single MP was £5,245, while the lowest amount was £2.

The chart below shows the total claimed for dependant travel (£0 and £60,000) between 2011 and 2019.

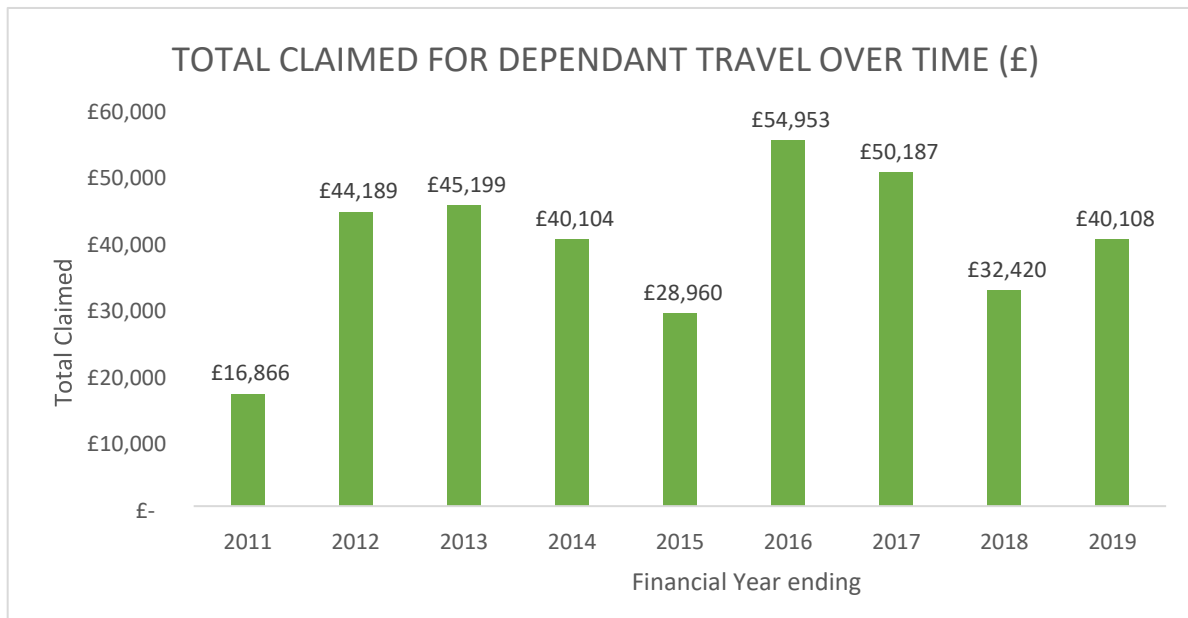


FIGURE 7 GRAPH SHOWING THE TOTAL CLAIMED FOR DEPENDANT TRAVEL OVER TIME

87. As the rule change involved lifting the cap on the number of journeys, an analysis was carried out on the average number of journeys claimed by dependants over time. Figure 8 shows that the rule change did not significantly affect the number of claims made for dependant travel; the average number was relatively low for both 2017-18 and 2018-19.

The chart below shows average number of claims made for dependants travel per MP (0 to 12) between financial years ending 2011 to 2019.

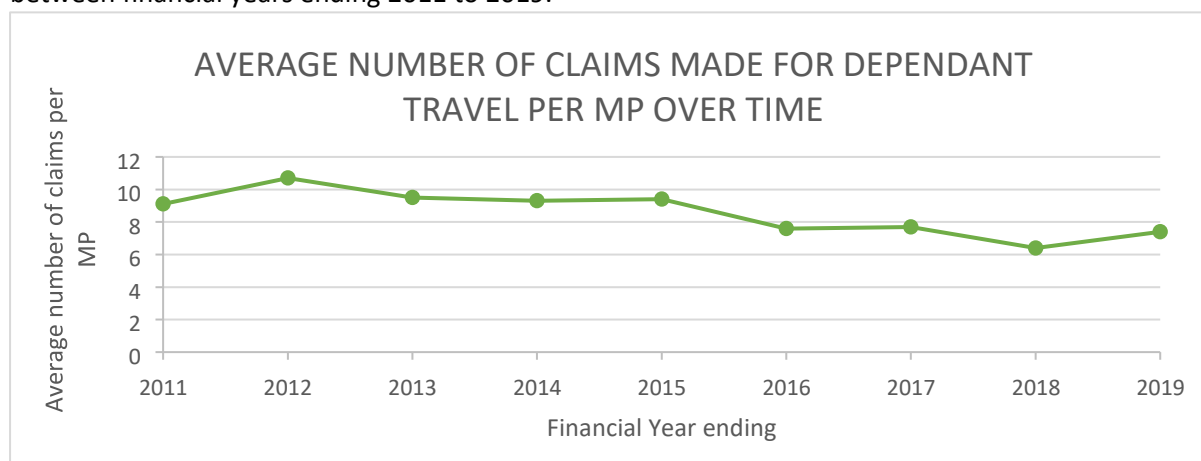


FIGURE 8 GRAPH SHOWING THE AVERAGE NUMBER OF CLAIMS FOR DEPENDANT TRAVEL PER MP OVER TIME

88. Initial analysis of the dependant travel journeys suggested eight journeys had been claimed incorrectly as they were for journey types not allowed within the Scheme, such as 'European Travel' and 'Within Constituency Travel'. However, more detailed analysis showed that these journeys had been miscategorised in our system and should have been claimed as London-toconstituency travel.

Key findings

89. **Poor quality of data.** Claims for spouse/partner and dependant travel were frequently miscategorised. This risk of mis-categorisation has diminished through the implementation of IPSA's new IT system and process for uploading claims. The expense types available to MPs have also been rationalised to help MPs categorise their claims effectively.

90. **High uptake of the spouse/partner travel expense type.** In the period there was a high volume of claims for spouse/partner travel, in line with expectations and the intention behind removal of restrictions in the Scheme.

91. **No significant change to dependant travel claims.**, There was a small reduction in dependant claims following the rule change, but more years of data will be needed to test whether this is a continuing trend.

Connected Party Registrations

92. This section of the report sets out the results of IPSA’s review of the changes made to the employment of connected parties following the 2017 general election. Connected parties are defined in the Scheme as family members or those who have a business relationship with the MP.

Background

93. Following a public consultation in 2016, IPSA made the decision to prevent MPs from employing new connected parties, on the basis that the employment of connected parties was out of step with modern employment practice. Connected parties who were already employed would have their employment contracts protected; but no new connected parties could be paid through IPSA funds, and any employees who became connected parties in the course of their employment would have a transitional period of two years, after which IPSA would cease funding their salaries.

94. IPSA uses the term “connected party” to mean immediate members of MPs’ families and business partners with whom they share significant interests (a full definition can be found in the Scheme)⁷.

95. This decision was made to encourage good recruitment and employment practice amongst MPs. It was announced to MPs in March 2017, and was to come into effect following the next general election. Shortly after the announcement of this policy change, a snap general election was called for June 2017, leaving a gap just under three months for MPs to register any connected parties before the restrictions came into effect.

96. This review investigated the effect of the rule changes on the numbers and registrations of connected parties.

Analysis

97. The number of connected parties on IPSA’s payroll has been in steady decline since 2015-16, as shown in Figure 9. The data include people who have worked for part of the year or the full year.

98. It was possible that the introduction of the new rules in 2017 might lead to an increase in the registration of connected parties with IPSA before the restrictions came into effect. However, this does not seem to be the case, as only two connected parties were registered between the changes to the rules being announced and the General Election.

⁷ The Scheme of MP’s Business Costs and Expenses 2019-20 paragraph 3.2 “For the purposes of this scheme a connected party is defined as:

- a. a spouse, civil partner or cohabiting partner of the MP;
- b. parent, child grandparent, grandchild, sibling, uncle, aunt, nephew or niece of the MP or of a spouse, civil partner or cohabiting partner of the MP; or
- c. a body corporate, a form or a trust with which the MP is connected, as defined in section 252 of the Companies Act 2006.”

The chart below shows the number of connected parties registered with IPSA (0 to 190) between financial years 2010-11 and 2018-19.

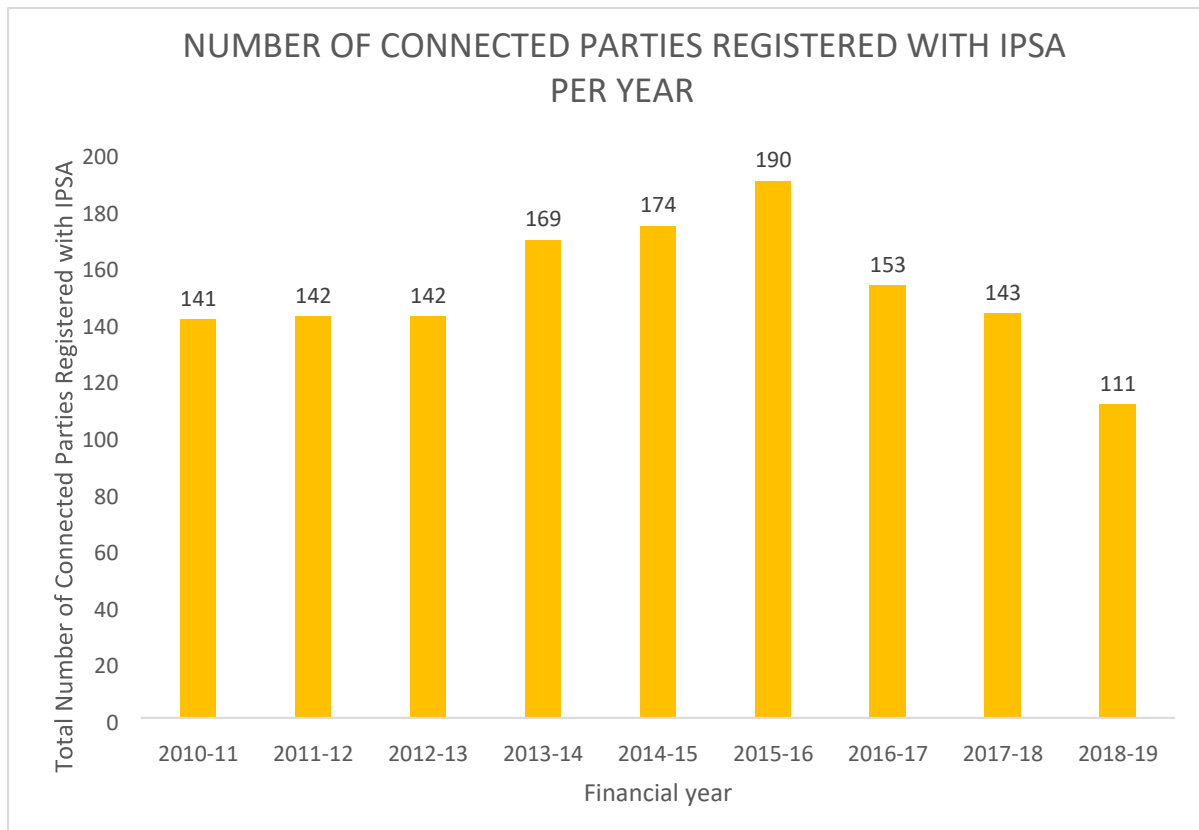


FIGURE 9 GRAPH SHOWING THE NUMBER OF CONNECTED PARTIES REGISTERED WITH IPSA

99. Since the introduction of the two-year rule regarding the registration of connected parties and ceasing employment, two connected parties have been registered with IPSA. This review noted lack of clarity about the process in place for registering connected parties on IPSA's systems.

Key Findings

100. **There was no surge in connected party registrations in the three-month period before the June 2017 election.** Two connected parties were registered after IPSA announced that it was going to end the employment of new connected parties.
101. **Since the rule change, two connected parties have been registered with IPSA.** These staff members have been informed that they will need to cease their employment with the MP concerned within two years.
102. **As of April 2019, there were 105 connected parties on the IPSA payroll.** No MP currently employs more than one connected party.